ANNUAL FINANCIAL REPORT
SMITH COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2012

TENNESSEE
COMPTROLLER
OF THE TREASURY

ANNUAL FINANCIAL REPORT

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FOR THE YEAR ENDED JUNE 30, 2012

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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State Auditors

This financial report is available at www.comptroller.tn.gov

SMITH COUNTY, TENNESSEE
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Audit Highlights

Annual Financial Report
Smith County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Smith County as of and for the year ended June 30, 2012.

Results

Our report on Smith County's financial statements is unqualified.

Our audit resulted in nine findings and recommendations, which we have reviewed with Smith County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings and Best Practices

The following are summaries of the audit findings and best practices:

OFFICE OF COUNTY MAYOR

- The Solid Waste Disposal Fund had a deficit in unrestricted net assets.
- Smith County did not account for American Recovery and Reinvestment Act grants separately from other county funds.
- Expenditures exceeded appropriations.

OFFICES OF COUNTY MAYOR AND ROAD COMMISSIONER

- Capital outlay notes were not issued in compliance with state statutes.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- Execution docket trial balances did not reconcile with general ledger accounts.
- Unclaimed funds were not reported and paid to the state.
- The office did not deposit some funds within three days of collection.

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER

- Multiple employees operated from the same cash drawer.

OFFICES OF ROAD COMMISSIONER, DIRECTOR OF SCHOOLS, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF

- Duties were not segregated adequately.

BEST PRACTICES

The Division of Local Government Audit strongly believes that the items below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Overton County.

- Smith County should adopt a central system of accounting, budgeting, and purchasing covering all departments.
- Smith County should establish an Audit Committee.

INTRODUCTORY SECTION

Smith County Officials
June 30, 2012

Officials

Michael Nesbitt, County Mayor
Steve Coble, Road Commissioner
Roger Lewis, Director of Schools
Lee Ann Williams, Trustee
Terry Collins, Assessor of Property
Clifa Norris, County Clerk
Myra Hardcastle, Circuit and General Sessions Courts Clerk
Thomas Dillehay, Clerk and Master
Jerri Lin Vaden, Register
Steve Hopper, Sheriff

Board of County Commissioners

Michael Nesbitt, County Mayor, Chairman
Tommy Bane
Billy Bass
Carolyn Boles
Pamela Billington
Andy Brimm
Ronnie Bussell
Ronald Cowan
Daniel Cripps
Linda Dickens
Phillip Enoch
Frank Gibbs
David Gross
Billy Halliburton
Sabra Hodge
Rob Hord
Barbara Kannapel
Charles Kent
Joshua Dean Kirby
Joseph Nixon
Linda Nixon
James Winfree
Billy Woodard
Frank Woodard
Michael Woodard

Board of Education

Tommy Manning, Chairman
William Barrick
Michael Collins
Richard Fulton
Sonja Hammond
Tim Maynard
Karen Shoulders
Joe Taylor

FINANCIAL SECTION

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

November 5, 2012

Smith County Mayor and
Board of County Commissioners
Smith County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Smith County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Smith County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Smith County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Smith County Emergency Communications District, which represent 2.1 percent and 1.2 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Smith County Emergency Communications District, is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Smith County, Tennessee, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2012, on our consideration of Smith County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

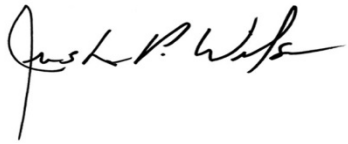
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 72 through 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Smith County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General and Education Debt Service funds, combining and individual fund financial statements of the Smith County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a

required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General and Education Debt Service funds, combining and individual fund financial statements of the Smith County School Department (a discretely presented component unit), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Basic Financial Statements

Exhibit A

Smith County, Tennessee
Statement of Net Assets
June 30, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Smith County School Department	Smith County Emergency Communications District
ASSETS					
Cash	$ 1,160	$ 0	$ 1,160	$ 0	$ 374,550
Equity in Pooled Cash and Investments	4,485,033	457,480	4,942,513	5,089,925	0
Deferred Outflow - Interest Rate Collar	1,345,677	0	1,345,677	0	0
Accounts Receivable	1,865,686	128,425	1,994,111	369	9,452
Allowance for Uncollectibles	(760,708)	0	(760,708)	0	0
Due from Other Governments	738,269	232	738,501	482,279	8,987
Internal Balances	195	(195)	0	0	0
Prepaid Items	0	0	0	0	1,162
Property Taxes Receivable	4,237,846	0	4,237,846	3,281,399	0
Allowance for Uncollectible Property Taxes	(210,016)	0	(210,016)	(162,616)	0
Notes Receivable	50,000	0	50,000	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	974,935	2,052,484	3,027,419	1,226,738	30,000
Construction in Progress	9,344	368,461	377,805	0	0
Intangible Assets - Indefinite Life	1,009,865	0	1,009,865	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	14,987,191	53,370	15,040,561	28,616,397	163,128
Infrastructure	18,879,776	0	18,879,776	99,706	0
Other Capital Assets	2,207,049	424,769	2,631,818	1,411,318	301,110
Landfill Facilities and Development	0	2,484,387	2,484,387	0	0
Total Assets	$ 49,821,302	$ 5,969,413	$ 55,790,715	$ 40,045,515	$ 888,389
LIABILITIES					
Accounts Payable	$ 6,134	$ 0	$ 6,134	$ 103,742	$ 10,973
Accrued Payroll	0	0	0	4,685	0
Payroll Deductions Payable	47,494	2,138	49,632	515,284	0
Accrued Interest Payable	342,411	0	342,411	0	0
Derivative - Interest Rate Collar	1,345,677	0	1,345,677	0	0
Deferred Revenue - Current Property Taxes	3,885,035	0	3,885,035	3,008,214	0
Noncurrent Liabilities:					
Due Within One Year	2,615,424	418,122	3,033,546	23,502	0
Due in More Than One Year	25,850,390	5,964,590	31,814,980	471,831	0
Total Liabilities	$ 34,092,565	$ 6,384,850	$ 40,477,415	$ 4,127,258	$ 10,973

(Continued)

Exhibit A

Smith County, Tennessee
Statement of Net Assets (Cont.)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Smith County School Department	Smith County Emergency Communications District
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	$ 22,789,300	$ 1,784,718	$ 24,574,018	$ 0	$ 0
Invested in Capital Assets	0	0	0	31,354,159	494,238
Restricted for:					
Drug Control	72,156	0	72,156	0	0
Highway/Public Works	692,275	0	692,275	0	0
General Debt Service	919,326	0	919,326	0	0
Education Debt Service	1,706,487	0	1,706,487	0	0
Capital Projects	357	0	357	0	0
Library Endowment	40,859	0	40,859	0	0
School Federal Projects	0	0	0	49,761	0
Central Cafeteria	0	0	0	544,196	0
Other Purposes	120,798	0	120,798	271,090	0
Unrestricted	(10,612,821)	(2,200,155)	(12,812,976)	3,699,051	383,178
Total Net Assets (Deficit)	$ 15,728,737	$ (415,437)	$ 15,313,300	$ 35,918,257	$ 877,416

The notes to the financial statements are an integral part of this statement.

Exhibit B

Smith County, Tennessee
Statement of Activities
For the Year Ended June 30, 2012

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
					Primary Government			Component Units	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Smith County School Department	Smith County Emergency Communications District
Primary Government:									
Governmental Activities:									
General Government	$ 1,204,361	$ 293,230	$ 376,700	$ 0	$ (534,431)	$ 0	$ (534,431)	$ 0	$ 0
Finance	515,406	444,175	0	0	(71,231)	0	(71,231)	0	0
Administration of Justice	509,760	347,736	9,000	0	(153,024)	0	(153,024)	0	0
Public Safety	4,018,580	1,618,223	129,736	0	(2,270,621)	0	(2,270,621)	0	0
Public Health and Welfare	1,822,087	1,332,917	5,969	0	(483,201)	0	(483,201)	0	0
Social, Cultural, and Recreational Services	278,469	22,095	40,149	0	(216,225)	0	(216,225)	0	0
Agriculture and Natural Resources	153,434	0	0	0	(153,434)	0	(153,434)	0	0
Other Operations	573,844	0	470	0	(573,374)	0	(573,374)	0	0
Highways/Public Works	2,418,956	25,603	1,778,723	359,675	(254,955)	0	(254,955)	0	0
Interest on Long-term Debt	1,136,401	0	0	0	(1,136,401)	0	(1,136,401)	0	0
Other Debt Service	106,842	0	0	0	(106,842)	0	(106,842)	0	0
Total Governmental Activities	$ 12,738,140	$ 4,083,979	$ 2,340,747	$ 359,675	$ (5,953,739)	$ 0	$ (5,953,739)	$ 0	$ 0
Business-type Activities:									
Solid Waste Disposal	$ 1,040,164	$ 857,721	$ 6,383	$ 0	$ 0	$ (176,060)	$ (176,060)	$ 0	$ 0
Total Business-type Activities	$ 1,040,164	$ 857,721	$ 6,383	$ 0	$ 0	$ (176,060)	$ (176,060)	$ 0	$ 0
Total Primary Government	$ 13,778,304	$ 4,941,700	$ 2,347,130	$ 359,675	$ (5,953,739)	$ (176,060)	$ (6,129,799)	$ 0	$ 0
Component Units:									
School Department	$ 26,314,856	$ 572,524	$ 3,192,373	$ 0	$ 0	$ 0	$ 0	$ (22,549,959)	$ 0
Emergency Communications District	293,310	260,737	0	0	0	0	0	0	(32,573)
Total Component Units	$ 26,608,166	$ 833,261	$ 3,192,373	$ 0	$ 0	$ 0	$ 0	$ (22,549,959)	$ (32,573)

(Continued)

Exhibit B

Smith County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Smith County School Department	Component Units: Smith County Emergency Communications District
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					$ 2,994,895	$ 0	$ 2,994,895	$ 2,965,680	$ 0
Property Taxes Levied for Debt Service					834,562	0	834,562	0	0
Local Option Sales Taxes					1,203,711	0	1,203,711	1,350,813	0
Wheel Tax					1,100,162	0	1,100,162	0	0
Litigation Tax - General					58,169	0	58,169	0	0
Litigation Tax - Jail, Workhouse, or Courthouse					45,970	0	45,970	0	0
Business Tax					124,735	0	124,735	0	0
Mineral Severance Tax					67,581	0	67,581	0	0
Wholesale Beer Tax					56,691	0	56,691	0	0
Other Local Taxes					5,469	0	5,469	777	0
Grants and Contributions Not Restricted to Specific Purposes					1,043,973	0	1,043,973	17,051,100	48,705
Interest Income					173,692	0	173,692	6,242	1,454
Miscellaneous					86,358	49,328	135,686	90,751	0
Sale of Equipment					799	0	799	4,204	0
Donation of Capital Assets					4,579,871	0	4,579,871	0	0
Total General Revenues					$ 12,376,638	$ 49,328	$ 12,425,966	$ 21,469,567	$ 50,159
Change in Net Assets					$ 6,422,899	$ (126,732)	$ 6,296,167	$ (1,080,392)	$ 17,586
Net Assets (Deficit), July 1, 2011					9,305,838	(288,705)	9,017,133	36,998,649	859,830
Net Assets (Deficit), June 30, 2012					$ 15,728,737	$ (415,437)	$ 15,313,300	$ 35,918,257	$ 877,416

The notes to the financial statements are an integral part of this statement.

Exhibit C-1

Smith County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2012

	Major Funds						Nonmajor Funds	
	General	Courthouse and Jail Maintenance	Ambulance Service	Highway / Public Works	General Debt Service	Education Debt Service	Other Govern-mental Funds	Total Govern-mental Funds
ASSETS								
Cash	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,160	$ 1,160
Equity in Pooled Cash and Investments	957,363	97,187	61,862	418,034	875,660	1,921,334	141,793	4,473,233
Accounts Receivable	66,269	300	1,798,957	0	0	0	160	1,865,686
Allowance for Uncollectibles	0	0	(760,708)	0	0	0	0	(760,708)
Due from Other Governments	193,322	191,695	0	269,416	0	83,836	0	738,269
Due from Other Funds	1,292	0	0	0	0	0	12,101	13,393
Property Taxes Receivable	3,116,727	0	0	197,756	494,766	428,597	0	4,237,846
Allowance for Uncollectible Property Taxes	(154,456)	0	0	(9,801)	(24,519)	(21,240)	0	(210,016)
Notes Receivable - Current	0	0	0	0	10,000	0	0	10,000
Notes Receivable - Long-term	0	0	0	0	40,000	0	0	40,000
Total Assets	$ 4,180,517	$ 289,182	$ 1,100,111	$ 875,405	$ 1,395,907	$ 2,412,527	$ 155,214	$ 10,408,863
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	$ 6,034	$ 0	$ 100	$ 0	$ 0	$ 0	$ 0	$ 6,134
Payroll Deductions Payable	35,719	1,316	9,626	0	0	0	833	47,494
Due to Other Funds	106	0	0	0	0	0	1,292	1,398
Deferred Revenue - Current Property Taxes	2,857,252	0	0	181,292	453,576	392,915	0	3,885,035
Deferred Revenue - Delinquent Property Taxes	98,387	0	0	6,242	15,618	13,530	0	133,777
Other Deferred Revenues	57,155	0	988,683	127,152	0	41,920	0	1,214,910
Total Liabilities	$ 3,054,653	$ 1,316	$ 998,409	$ 314,686	$ 469,194	$ 448,365	$ 2,125	$ 5,288,748
Fund Balances								
Nonspendable:								
Endowments	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 40,284	$ 40,284
Restricted:								
Restricted for General Government	11,097	0	0	0	0	0	0	11,097
Restricted for Administration of Justice	44,996	0	0	0	0	0	0	44,996
Restricted for Public Safety	3,532	0	0	0	0	0	72,156	75,688

(Continued)

Exhibit C-1

Smith County, Tennessee
Balance Sheet
Governmental Funds (Cont.)

	Major Funds						Nonmajor Funds	
	General	Courthouse and Jail Maintenance	Ambulance Service	Highway / Public Works	General Debt Service	Education Debt Service	Other Govern-mental Funds	Total Govern-mental Funds
LIABILITIES AND FUND BALANCES (CONT.)								
Fund Balances (Cont.)								
Restricted (Cont.):								
Restricted for Public Health and Welfare	$ 61,173	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 61,173
Restricted for Highways/Public Works	0	0	0	560,719	0	0	0	560,719
Restricted for Capital Outlay	0	0	0	0	0	0	357	357
Restricted for Debt Service	0	0	0	0	926,713	1,964,162	0	2,890,875
Committed:								
Committed for General Government	0	287,866	0	0	0	0	0	287,866
Committed for Administration of Justice	15,839	0	0	0	0	0	0	15,839
Committed for Public Health and Welfare	0	0	101,311	0	0	0	11,076	112,387
Committed for Social, Cultural, and Recreational Services	0	0	0	0	0	0	575	575
Committed for Capital Outlay	0	0	0	0	0	0	28,421	28,421
Assigned:								
Assigned for General Government	3,129	0	0	0	0	0	0	3,129
Assigned for Finance	815	0	0	0	0	0	0	815
Assigned for Administration of Justice	1,167	0	0	0	0	0	0	1,167
Assigned for Public Safety	198,024	0	0	0	0	0	0	198,024
Assigned for Public Health and Welfare	970	0	391	0	0	0	220	1,581
Assigned for Social, Cultural, and Recreational Services	3,902	0	0	0	0	0	0	3,902
Assigned for Agriculture and Natural Resources	420	0	0	0	0	0	0	420
Unassigned	780,800	0	0	0	0	0	0	780,800
Total Fund Balances	$ 1,125,864	$ 287,866	$ 101,702	$ 560,719	$ 926,713	$ 1,964,162	$ 153,089	$ 5,120,115
Total Liabilities and Fund Balances	$ 4,180,517	$ 289,182	$ 1,100,111	$ 875,405	$ 1,395,907	$ 2,412,527	$ 155,214	$ 10,408,863

The notes to the financial statements are an integral part of this statement.

Exhibit C-2

Smith County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2012

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		$ 5,120,115
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	$ 974,935	
Add: construction in progress	9,344	
Add: intangible assets - indefinite life	1,009,865	
Add: buildings and improvements net of accumulated depreciation	14,987,191	
Add: infrastructure net of accumulated depreciation	18,879,776	
Add: other capital assets net of accumulated depreciation	2,207,049	38,068,160
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: bonds payable	$ (14,279,717)	
Less: notes payable	(2,524,373)	
Less: other loans payable	(11,374,770)	
Less: compensated absences payable	(171,372)	
Less: other postemployment benefits liability	(115,582)	
Less: accrued interest on bonds, notes, and other loans	(342,411)	(28,808,225)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		1,348,687
Net assets of governmental activities (Exhibit A)		$ 15,728,737

The notes to the financial statements are an integral part of this statement.

Exhibit C-3

Smith County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	Major Funds						Nonmajor Funds	
	General	Courthouse and Jail Maintenance	Ambulance Service	Highway / Public Works	General Debt Service	Education Debt Service	Other Govern-mental Funds	Total Governmental Funds
Revenues								
Local Taxes	$ 4,053,025	$ 302,748	$ 0	$ 267,006	$ 497,556	$ 1,791,819	$ 0	$ 6,912,154
Licenses and Permits	78,460	0	0	0	0	0	0	78,460
Fines, Forfeitures, and Penalties	45,641	4,444	0	0	0	0	20,557	70,642
Charges for Current Services	135,377	0	866,616	0	0	0	311,885	1,313,878
Other Local Revenues	520,200	3,900	10,000	26,941	111,537	0	26,609	699,187
Fees Received from County Officials	816,666	0	0	0	0	0	0	816,666
State of Tennessee	1,574,542	443,862	0	1,835,161	0	0	0	3,853,565
Federal Government	84,373	0	0	27,629	276,284	0	0	388,286
Other Governments and Citizens Groups	81,306	0	0	0	0	296,000	0	377,306
Total Revenues	$ 7,389,590	$ 754,954	$ 876,616	$ 2,156,737	$ 885,377	$ 2,087,819	$ 359,051	$ 14,510,144
Expenditures								
Current:								
General Government	$ 1,125,369	$ 26,237	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,151,606
Finance	512,238	0	0	0	0	0	0	512,238
Administration of Justice	509,760	0	0	0	0	0	0	509,760
Public Safety	3,484,917	0	0	0	0	0	12,226	3,497,143
Public Health and Welfare	147,745	0	1,294,189	0	0	0	314,802	1,756,736
Social, Cultural, and Recreational Services	239,540	0	0	0	0	0	0	239,540
Agriculture and Natural Resources	153,434	0	0	0	0	0	0	153,434
Other Operations	549,970	3,127	0	0	0	0	20,747	573,844
Highways	0	0	0	2,834,462	0	0	0	2,834,462
Debt Service:								
Principal on Debt	135,276	342,843	22,500	17,276	407,838	1,100,000	0	2,025,733
Interest on Debt	60,474	305,676	5,750	3,369	86,606	693,400	0	1,155,275
Other Debt Service	0	56,515	0	0	20,418	22,259	0	99,192
Total Expenditures	$ 6,918,723	$ 734,398	$ 1,322,439	$ 2,855,107	$ 514,862	$ 1,815,659	$ 347,775	$ 14,508,963
Excess (Deficiency) of Revenues Over Expenditures	$ (403,323)	$ 894,746	$ (445,823)	$ (698,370)	$ 370,515	$ 272,160	$ 11,276	$ 1,181

(Continued)

Exhibit C-3

Smith County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds (Cont.)

	Major Funds						Nonmajor Funds	
	General	Courthouse and Jail Maintenance	Ambulance Service	Highway / Public Works	General Debt Service	Education Debt Service	Other Govern-mental Funds	Total Governmental Funds
Other Financing Sources (Uses)								
Notes Issued	$ 191,000	$ 0	$ 104,960	$ 225,000	$ 0	$ 0	$ 400,000	$ 920,960
Transfers In	0	0	321,439	399,643	0	0	0	721,082
Transfers Out	(321,439)	0	0	0	0	0	(399,643)	(721,082)
Total Other Financing Sources (Uses)	$ (130,439)	$ 0	$ 426,399	$ 624,643	$ 0	$ 0	$ 357	$ 920,960
Net Change in Fund Balances	$ 340,428	$ 20,556	$ (19,424)	$ (73,727)	$ 370,515	$ 272,160	$ 11,633	$ 922,141
Fund Balance, July 1, 2011	785,436	267,310	121,126	634,446	556,198	1,692,002	141,456	4,197,974
Fund Balance, June 30, 2012	$ 1,125,864	$ 287,866	$ 101,702	$ 560,719	$ 926,713	$ 1,964,162	$ 153,089	$ 5,120,115

The notes to the financial statements are an integral part of this statement.

Exhibit C-4

Smith County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit C-3)		$ 922,141
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	$ 769,256	
Less: current-year depreciation expense	(942,692)	(173,436)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized	$ 4,579,871	
Less: loss on disposal of capital assets	(118,435)	4,461,436
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2012	$ 1,348,687	
Less: deferred delinquent property taxes and other deferred June 30, 2011	(1,200,239)	148,448
(4) The issuance of long-term debt (e.g., notes, capital leases, bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Less: note proceeds	$ (920,960)	
Add: principal payments on bonds	1,148,360	
Add: principal payments on notes	451,673	
Add: principal payments on other loans	425,700	
Less: current-year portion of amortized debt issuance costs	(7,650)	1,097,123
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	$ 18,874	
Change in compensated absences payable	(18,640)	
Change in other postemployment benefits liability	(33,047)	(32,813)
Change in net assets of governmental activities (Exhibit B)		$ 6,422,899

The notes to the financial statements are an integral part of this statement.

Exhibit D-1

Smith County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2012

	Business-type Activities - Major Enterprise Fund Solid Waste Disposal Fund
ASSETS	
Current Assets:	
Equity in Pooled Cash and Investments	$ 457,480
Accounts Receivable	128,425
Due from Other Governments	232
Total Current Assets	$ 586,137
Noncurrent Assets:	
Capital Assets:	
Assets not Depreciated:	
Land	$ 2,052,484
Construction in Progress	368,461
Assets Net of Accumulated Depreciation:	
Landfill Facilities and Development	2,484,387
Buildings and Improvements	53,370
Machinery and Equipment	424,769
Total Noncurrent Assets	$ 5,383,471
Total Assets	$ 5,969,608
LIABILITIES	
Current Liabilities:	
Payroll Deductions Payable	$ 2,138
Due to Other Funds	195
Capital Outlay Notes Payable	379,999
Other Loans Payable	26,599
Accrued Liability for Landfill Closure/Postclosure Care Costs	11,523
Total Current Liabilities	$ 420,454
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	$ 2,772,436
Capital Outlay Notes Payable	1,335,767
Other Loans Payable	1,856,388
Total Noncurrent Liabilities	$ 5,964,591
Total Liabilities	$ 6,385,045
NET ASSETS	
Invested in Capital Assets, net of related debt	$ 1,784,718
Unrestricted	(2,200,155)
Total Net Assets (Deficit)	$ (415,437)

The notes to the financial statements are an integral part of this statement.

Exhibit D-2

Smith County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2012

	Business-type Activities - Major Enterprise Fund
	Solid Waste Disposal Fund
Operating Revenues	
Licenses and Permits	$ 780
Charges for Current Services	857,721
Total Operating Revenues	$ 858,501
Operating Expenses	
Other Waste Collection	$ 12,115
Landfill Operations and Maintenance	697,366
Depreciation Expense	204,099
Total Operating Expenses	$ 913,580
Operating Income (Loss)	$ (55,079)
Nonoperating Revenues (Expenses)	
Lease/Rentals	$ 1,100
Sale of Materials and Supplies	2,134
Sale of Recycled Materials	22,947
Miscellaneous Refunds	459
Gain on Disposal of Capital Assets	20,568
Grants Received	5,603
Sale of Equipment	2,120
Interest on Notes	(45,758)
Interest on Other Loans	(80,826)
Total Nonoperating Revenues (Expenses)	$ (71,653)
Change in Net Assets	$ (126,732)
Net Assets (Deficit), July 1, 2011	(288,705)
Net Assets (Deficit), June 30, 2012	$ (415,437)

The notes to the financial statements are an integral part of this statement.

Exhibit D-3

Smith County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2012

	Business-type Activities - Major Enterprise Fund
	Solid Waste Disposal Fund
Cash Flows from Operating Activities	
Receipts from Customers and Users	$ 856,889
Payments to Suppliers	(422,108)
Payments to Employees	(283,124)
Net Cash Provided By (Used In) Operating Activities	$ 151,657
Cash Flows from Noncapital Financing Activities	
Grants Received	$ 8,071
Net Cash Provided By (Used In) Noncapital Financing Activities	$ 8,071
Cash Flows from Capital and Related Financing Activities	
Sale of Recycled Materials	$ 26,109
Lease/Rentals	1,100
Sale of Materials and Supplies	2,134
Miscellaneous Refunds	459
Insurance Proceeds	32,250
Sale of Equipment	2,120
Proceeds from Capital Debt	508,138
Acquisition and Construction of Capital Assets	(638,367)
Principal Paid on Capital Outlay Note	(210,621)
Principal Paid on Other Loan	(25,494)
Interest Paid on Capital Outlay Note	(46,969)
Interest Paid on Other Loan	(80,826)
Net Cash Provided By (Used In) Capital and Related Financing Activities	$ (429,967)
Net Increase (Decrease) in Cash	$ (270,239)
Cash, July 1, 2011	727,719
Cash, June 30, 2012	$ 457,480

(Continued)

Exhibit D-3

Smith County, Tennessee
Statement of Cash Flows
Proprietary Fund (Cont.)

	Business-type Activities - Major Enterprise Fund
	Solid Waste Disposal Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities	
Operating Income (Loss)	$ (55,079)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	204,099
(Increase) Decrease in Accounts Receivable, Net	(1,612)
(Increase) Decrease in Due from Other Funds	1,916
Increase (Decrease) in Payroll Deductions Payable	2,138
Increase (Decrease) in Due to Other Funds	195
Net Cash Provided By (Used In) Operating Activities	$ 151,657

The notes to the financial statements are an integral part of this statement.

Exhibit E

Smith County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

	Agency Funds
ASSETS	
Cash	$ 1,346,435
Due from Other Governments	196,744
Cash Shortage	14,749
Total Assets	$ 1,557,928
LIABILITIES	
Due to Other Taxing Units	$ 196,744
Due to Litigants, Heirs, and Others	1,361,184
Total Liabilities	$ 1,557,928

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Smith County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Smith County:

A. Reporting Entity

Smith County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Smith County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Smith County School Department operates the public school system in the county, and the voters of Smith County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Smith County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Smith County, and the Smith County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Smith County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Smith County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Smith County Emergency Communications District
515 Jefferson Avenue, East
Carthage, TN 37030

Related Organization – The Industrial Development Board of Smith County is a related organization of Smith County. The county mayor nominates and the Smith County Commission confirms the board members, but the county's accountability for the organization does not extend beyond making the appointments.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Smith County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Smith County issues all debt for the discretely presented Smith County School Department. Smith County did not issue any debt for the School Department in the year ended June 30, 2012.

Separate financial statements are provided for governmental funds, the proprietary fund (enterprise fund), and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Smith County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Smith County reports one proprietary fund, an enterprise fund.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Smith County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines,

forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Proprietary fund and fiduciary funds financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Smith County reports the following major governmental funds:

General Fund – This is the county's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Courthouse and Jail Maintenance Fund – This special revenue fund is used to account for a special tax levied by private act on litigation, wheel tax, and prisoner board payments, which must be used to pay for improvements or maintenance to the courthouse and jail.

Ambulance Service Fund – This special revenue fund is used to account for transactions of the Ambulance Service. Patient charges are the foundational revenue for this fund.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county's Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

General Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Education Debt Service Fund – This fund accounts for the resources accumulated and payments made on behalf of the School Department for principal and interest on long-term general obligation debt.

Smith County reports the following major enterprise fund:

Solid Waste Disposal Fund – This fund accounts for transactions of the county-owned landfill.

Additionally, Smith County reports the following fund types:

Capital Projects Funds – These funds are used to account for financial resources to be used in the acquisition or construction of major capital facilities.

Permanent Fund – The Library Endowment Fund is used to account for resources that are being held in trust for library operations. Earnings on invested resources may be used to fund library operations, but the principal is required to be maintained intact.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Smith County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Smith County School Department reports the following major governmental fund:

General Purpose School Fund – This fund is the primary operating fund of the School Department. It is used to account for general operations of the School Department.

Additionally, the Smith County School Department reports the following fund type:

Special Revenue Funds – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise fund, subject to this same limitation. Smith County has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund used to account for the operations of the landfill. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the county's enterprise fund are tipping fees.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the Statement of Cash Flows, cash includes cash on deposit with the county trustee.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Smith County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Smith County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state

treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.5 percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements.

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of $10,000 ($25,000 for the School Department) or more and an estimated useful life exceeding one year (five years for the School Department). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the enterprise fund is included as part of the capitalized value of the assets constructed.

Property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Landfill Facilities and Development	25
Buildings and Improvements	7 - 40
Other Capital Assets	5 - 20
Infrastructure	20 - 75

Property, plant, equipment, and infrastructure of the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	20 - 40
Other Capital Assets	5 - 15
Infrastructure	20 - 40

4. Compensated Absences

Primary Government

It is the county's policy (with the exception of the Office of County Clerk) not to allow employees to accumulate unused vacation days beyond year-end. The county clerk permits employees to accumulate earned but unused vacation benefits beyond year-end. All county offices allow the accumulation of unused sick days beyond year-end. There is no liability for unpaid accumulated sick leave (with the exception of the Office of County Clerk) since Smith County does not provide for payment when employees separate from service with the government. Vacation and sick pay for the Office of County Clerk is accrued when incurred in the government-wide financial statements for the county. A liability for vacation and sick pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

Discretely Presented Smith County School Department

The general policy of the School Department does not allow for the accumulation of vacation days beyond year-end for professional personnel. However, the School Department's policy does permit non-certified personnel to accumulate earned but unused vacation benefits beyond year-end. All professional personnel (teachers) and non-certified employees of the School Department are allowed to accumulate unlimited sick leave days. The granting of sick leave has no guaranteed payment attached, and therefore, is not required to be accrued or recorded. All non-certified employees' vacation pay is accrued when incurred in the government-wide financial statements for the School Department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

5. Long-term Obligations

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, other postemployment benefits, and landfill closure/postclosure care costs are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. Net Assets and Fund Equity

In the government-wide financial statements and the proprietary fund in the fund financial statements, equity is classified as net assets and displayed in three components:

a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling $120,798 with the primary restrictions being for: alcohol and drug treatment ($61,172) and courtroom security ($35,292). For the discretely presented School Department, the account balance in Restricted for Other Purposes ($271,090) consists primarily of a restriction for vocational projects ($227,148).

As of June 30, 2012, Smith County had $12,900,000 in outstanding debt for capital purposes for the discretely presented Smith County School Department. This debt is a liability of Smith County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Smith County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county's Budget/Finance Committee and the Board of Education are authorized bodies to make assignments.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Assets

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

Discretely Presented Smith County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Smith County School Department

Exhibit J-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net assets of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees fund (special revenue fund), which is not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances

may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2012, Smith County reported the following significant encumbrance:

Fund	Description	Amount
Primary Government		
Major Fund:		
General	Sheriff's Department vehicles	$ 190,125

B. Net Assets Deficit

The Solid Waste Disposal Fund had a deficit of $2,200,155 in unrestricted net assets at June 30, 2012. This deficit resulted from the recognition of a liability of $2,783,959 in the financial statements for costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements.

C. Cash Shortages – Prior Year

Cash shortages of $75,012.61 existed in General Sessions Court and $995 in Circuit Court on September 27, 2011. This shortage was a result of theft committed by an employee of the Office of Circuit and General Sessions Courts Clerk between the months of November 2010 and September 2011. On September 30, 2011, checks and money orders totaling $36,258.63 were returned to the clerk and deposited in the official bank account, leaving an unpaid balance of $39,748.98. During the 2011-12 fiscal year, Smith County received insurance proceeds totaling $25,000 leaving an unpaid balance of $14,748.98 at June 30, 2012. In July 2012, the county received additional

insurance proceeds of $14,248.98 leaving an unpaid balance of $500, which represents the county's insurance deductible. In August 2012, the county issued checks to Circuit and General Sessions Courts for $167 and $333, respectively, to eliminate the cash shortage. A former employee of the office has been indicted for theft and the case has been scheduled for court in December 2012.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Smith County and the Smith County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for the purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any

state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2012.

B. Note Receivable

The General Debt Service Fund had a long-term note receivable of $50,000 on June 30, 2012, from an interest-free note issued to the Industrial Development Board of Smith County. This receivable is included in the restricted fund balance account.

C. Derivative Instrument

At June 30, 2012, Smith County had the following derivative instrument outstanding:

Instrument	Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
$10M collar	Interest rate collar	Maintain rate of interest between set cap and floor	$ 10,000,000	5-30-08	6-1-30	Cap - 5 % Floor - 2.9

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2012, classified by type, and the change in fair value of the derivative instrument for the year then ended as reported in the 2012 financial statements are as follows:

Type	Changes in Fair Value Classification	Changes in Fair Value Amount	Fair Value at June 30, 2012 Classification	Fair Value at June 30, 2012 Amount	6-30-12 Notional Amount
Governmental Activities:					
Cash Flow Hedges:					
Interest rate collar:					
$10M collar	Deferred Outflow	$ (1,345,677)	Debt	$ (1,345,677)	$ 9,380,000

Derivative Collar Agreement Detail

Smith County entered into an interest rate collar in connection with a certain loan agreement between the Public Building Authority of the County of Montgomery, Tennessee, and the county, dated May 30, 2008, of $10,000,000 (the loan), which bears interest at a variable rate.

Objective of the interest rate collar. To protect against the potential of rising interest rates, the county entered into an interest rate collar in connection with the loan. The intent of the collar was to protect the county in the event the variable rate of interest on the loan agreement should rise above a certain percent. The interest rate collar has a floor of 2.9 percent and a ceiling of five percent.

Terms. Under the interest rate collar, the county pays the counterparty the floor rate when the variable rate of interest is below that amount. The counterparty would pay the county in the event the variable rate of interest rose above five percent. The interest rate collar has the same notional amount as the loan. At no time will the notional amount on the interest rate collar exceed the outstanding principal amount of the loan. The loan and the related interest rate collar mature June 1, 2030.

Fair Value. As of June 30, 2012, the interest rate collar has a negative fair value of $1,345,677 estimated using the qualitative method. Because the rates on the county's loan adjust to changing interest rates, the loan does not have a corresponding fair value increase.

Credit risk. As of June 30, 2012, the county was not exposed to credit risk because the interest rate collar had a negative fair value. However, if interest rates change and the fair value of the collar becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The interest rate counterparty, Bank of America, N.A., as of June 30, 2012, was rated as follows:

Moody's		Standard and Poor's		Fitch	
S/T	L/T	S/T	L/T	S/T	L/T
A3	P-2	A	A-1	A	F-1

Basis risk. As noted above, the interest rate collar exposes the county to basis risk should the rate on the bonds increase to above five percent.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination evens, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The county or the counterparty may terminate the interest rate collar if the other party fails to perform under the terms of the contract. If the interest rate collar is terminated, the loan would bear interest at the same rate as the bonds from which the loan was made. Also, if at the time of termination, the interest rate collar has a negative fair value, the county would be liable to the counterparty for a payment equal to the interest rate collar's fair value. Likewise, if the interest rate collar has a positive fair value at termination the counterparty would be liable to the county for a payment equal to the interest rate collar's fair value.

Interest Rate Collar Payments. If the variable interest rate on the loan agreement is below the floor rate of 2.9 percent, the county pays the counterparty the floor rate.

D. Capital Assets

Capital assets activity for the year ended June 30, 2012, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	$ 1,039,935	$ 0	$ (65,000)	$ 974,935
Construction in Progress	0	9,344	0	9,344
Intangible Assets - Indefinite Life	1,009,865	0	0	1,009,865
Total Capital Assets Not Depreciated	$ 2,049,800	$ 9,344	$ (65,000)	$ 1,994,144
Capital Assets Depreciated:				
Buildings and Improvements	$ 16,492,334	$ 0	$ (27,178)	$ 16,465,156
Infrastructure	20,213,892	5,222,393	(62,781)	25,373,504
Other Capital Assets	4,765,194	117,390	(337,907)	4,544,677
Total Capital Assets Depreciated	$ 41,471,420	$ 5,339,783	$ (427,866)	$ 46,383,337

Governmental Activities (Cont.):

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 1,165,153	$ 336,593	$ (23,781)	$ 1,477,965
Infrastructure	6,382,782	142,132	(31,186)	6,493,728
Other Capital Assets	2,193,125	463,967	(319,464)	2,337,628
Total Accumulated Depreciation	$ 9,741,060	$ 942,692	$ (374,431)	$ 10,309,321
Total Capital Assets Depreciated, Net	$ 31,730,360	$ 4,397,091	$ (53,435)	$ 36,074,016
Governmental Activities Capital Assets, Net	$ 33,780,160	$ 4,406,435	$ (118,435)	$ 38,068,160

Business-type Activities:

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	$ 2,052,484	$ 0	$ 0	$ 2,052,484
Construction in Progress	0	368,461	0	368,461
Total Capital Assets Not Depreciated	$ 2,052,484	$ 368,461	$ 0	$ 2,420,945
Capital Assets Depreciated:				
Landfill Facilities and Development	$ 3,138,039	$ 29,056	$ 0	$ 3,167,095
Buildings and Improvements	74,039	0	0	74,039
Other Capital Assets	1,089,944	0	(43,000)	1,046,944
Total Capital Assets Depreciated	$ 4,302,022	$ 29,056	$ (43,000)	$ 4,288,078
Less Accumulated Depreciation For:				
Landfill Facilities and Development	$ 566,706	$ 116,002	$ 0	$ 682,708
Buildings and Improvements	19,050	1,619	0	20,669
Other Capital Assets	567,015	86,478	(31,318)	622,175
Total Accumulated Depreciation	$ 1,152,771	$ 204,099	$ (31,318)	$ 1,325,552
Total Capital Assets Depreciatied, Net	$ 3,149,251	$ (175,043)	$ (11,682)	$ 2,962,526
Business-type Activities Capital Assets, Net	$ 5,201,735	$ 193,418	$ (11,682)	$ 5,383,471

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	$ 41,326
Public Safety	499,790
Public Health and Welfare	164,226
Social, Cultural, and Recreational Services	38,929
Highway/Public Works	198,421
Total Depreciation Expense - Governmental Activities	$ 942,692

Business-type Activities:

Solid Waste Disposal	$ 204,099

Discretely Presented Smith County School Department

Governmental Activities:

	Balance 7-1-11	Increases	Balance 6-30-12
Capital Assets Not Depreciated:			
Land	$ 1,226,738	$ 0	$ 1,226,738
Total Capital Assets Not Depreciated	$ 1,226,738	$ 0	$ 1,226,738
Capital Assets Depreciated:			
Buildings and Improvements	$ 39,052,541	$ 0	$ 39,052,541
Infrastructure	129,000	0	129,000
Other Capital Assets	2,676,665	164,998	2,841,663
Total Capital Assets Depreciated	$ 41,858,206	$ 164,998	$ 42,023,204
Less Accumulated Depreciated For:			
Buildings and Improvements	$ 9,566,444	$ 869,700	$ 10,436,144
Infrastructure	26,069	3,225	29,294
Other Capital Assets	1,262,926	167,419	1,430,345
Total Accumulated Depreciation	$ 10,855,439	$ 1,040,344	$ 11,895,783
Total Capital Assets Depreciated, Net	$ 31,002,767	$ (875,346)	$ 30,127,421
Governmental Activities Capital Assets, Net	$ 32,229,505	$ (875,346)	$ 31,354,159

There were no decreases in capital assets to report during the year ended June 30, 2012.

Depreciation expense was charged to functions of the discretely presented Smith County School Department as follows:

Governmental Activities:

Instruction	$ 855,139
Support Services	185,205
Total Depreciation Expense - Governmental Activities	$ 1,040,344

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	$ 1,292
Nonmajor governmental	Solid Waste Disposal	11,995
"	General	106
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	113,438

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

A portion of the receivable in the nonmajor governmental funds totaling $11,800 was in transit from the Solid Waste Disposal Fund at June 30, 2012.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2012, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In: Ambulance Service Fund	Transfers In: Highway/ Public Works Fund
General Fund	$ 321,439	$ 0
Nonmajor governmental funds	0	399,643
Total	$ 321,439	$ 399,643

Discretely Presented Smith County School Department

Transfer Out	Transfer In: General Purpose School Fund
Nonmajor governmental fund	$ 17,014

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 39 years for bonds, up to 12 years for notes, and up to 22 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2012, will be retired from the General, Courthouse and Jail Maintenance, Ambulance Service, Highway/Public Works, General Debt Service, and Education Debt Service funds.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	3 to 4.75 %	10-16-42	$ 6,997,200	$ 1,979,717
General Obligation Bonds - Refunding	5	4-1-21	12,800,000	12,300,000
Capital Outlay Notes	1.99 to 4.22	3-7-20	4,600,353	2,524,373
Other Loans	variable	5-25-30	12,628,599	11,374,770

In prior years, Smith County entered into loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned $1,250,000 to Smith County for the construction of a senior/career center and an agriculture center, and $1,378,599 for the construction of a head start facility and a jail facility. These loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2012, the variable interest rate for each of these loans was .27 percent. Other fees based on the outstanding loan principal at June 30, 2012, totaled approximately .5 percent (letter of credit), .08 percent (remarketing), and a trustee fee of $85 per month.

Also, in the prior year, Smith County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority made available $10,000,000 to Smith County on an as-needed basis for construction of a jail facility. At June 30, 2012, the county had borrowed the entire amount of the available funds. This type of loan would normally be repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. However, the county entered into an interest rate collar agreement for this loan that sets an interest rate floor of 2.9 percent and a ceiling of five percent; therefore, the interest rate paid by the county will always fall in this range regardless of the variable rate determined by the market. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2012, the interest rate was .49 percent; however, because of the floor set by the collar agreement, the county's interest rate was 2.9 percent and all calculations in this report will be based on that rate. Other fees based on the outstanding loan principal at June 30, 2012, totaled approximately .5 percent (letter of credit), .08 percent (remarketing), and a trustee fee of $85 per month.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2012, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	$ 980,780	$ 78,615	$ 1,059,395
2014	503,218	49,958	553,176
2015	462,832	35,940	498,772
2016	164,179	22,198	186,377
2017	133,067	15,722	148,789
2018-2020	280,297	20,048	300,345
Total	$ 2,524,373	$ 222,481	$ 2,746,854

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	$ 444,240	$ 280,996	$ 69,034	$ 794,270
2014	465,900	270,839	66,457	803,196
2015	487,690	260,167	63,755	811,612
2016	510,630	248,957	60,926	820,513
2017	533,710	237,202	57,964	828,876
2018-2022	3,073,430	988,339	240,333	4,302,102
2023-2027	3,674,170	594,690	141,213	4,410,073
2028-2030	2,185,000	128,789	28,818	2,342,607
Total	$ 11,374,770	$ 3,009,979	$ 728,500	$ 15,113,249

Year Ending June 30	Bonds		
	Principal	Interest	Total
2013	$ 1,170,538	$ 707,086	$ 1,877,624
2014	1,282,814	651,809	1,934,623
2015	1,360,191	587,932	1,948,123
2016	1,427,678	520,195	1,947,873
2017	1,500,275	449,098	1,949,373
2018-2022	6,779,618	1,056,247	7,835,865
2023-2027	429,528	148,589	578,117
2028-2032	211,104	55,940	267,044
2033-2037	67,288	30,326	97,614
2038-2042	48,088	13,470	61,558
2043	2,595	975	3,570
Total	$ 14,279,717	$ 4,221,667	$ 18,501,384

There is $926,713 available in the General Debt Service Fund and $1,964,162 in the Education Debt Service Fund to service long-term debt. Bonded debt per capita totaled $745, based on the 2010 federal census. Debt per capita, including bonds, notes, and other loans totaled $1,658, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

Governmental Activities

	Notes	Other Loans	Bonds
Balance, July 1, 2011	$ 2,055,086	$ 11,800,470	$ 15,428,077
Additions	920,960	0	0
Reductions	(451,673)	(425,700)	(1,148,360)
Balance, June 30, 2012	$ 2,524,373	$ 11,374,770	$ 14,279,717
Balance Due Within One Year	$ 980,780	$ 444,240	$ 1,170,538

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2011	$ 152,732	$ 82,535
Additions	40,941	36,797
Reductions	(22,301)	(3,750)
Balance, June 30, 2012	$ 171,372	$ 115,582
Balance Due Within One Year	$ 19,866	$ 0

Analysis of Noncurrent Libilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	$ 28,465,814
Less: Due Within One Year	(2,615,424)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 25,850,390

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Fund.

Defeasance of Prior Debt

In prior years, Smith County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. Payments on the defeased bonds are scheduled to begin in the 2011-12 fiscal year. At June 30, 2012, the following outstanding bonds are considered defeased:

	Amount
2000 School Bonds	$ 6,040,000
2001 School Bonds	6,470,000

Solid Waste Disposal Fund (enterprise fund)

Notes and Other Loans

Capital outlay notes and other loans outstanding were issued for original terms of up to nine years for notes and up to 40 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes and other loans included in long-term debt as of June 30, 2012, will be retired from the Solid Waste Disposal Fund.

Capital outlay notes and other loans outstanding as of June 30, 2012, for business-type activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
Capital Outlay Notes	1.99 to 4.21 %	7-16-16	$ 2,159,721	$ 1,715,766
Other Loans	4.25	12-6-45	2,000,000	1,882,987

In prior years, Smith County entered into a loan agreement with the United States Department of Agriculture (USDA). Under this loan agreement, the USDA loaned $2,000,000 to Smith County for the construction of a recycling facility at the landfill. This loan is repayable in monthly installments at an interest rate of 4.25 percent.

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2012, including interest payments, are presented in the following tables:

Year Ending June 30	Notes Principal	Notes Interest	Notes Total
2013	$ 380,000	$ 49,232	$ 429,232
2014	933,054	38,617	971,671
2015	247,158	11,980	259,138
2016	77,778	4,911	82,689
2017	77,776	1,637	79,413
Total	$ 1,715,766	$ 106,377	$ 1,822,143

Year Ending June 30	Other Loans Principal	Other Loans Interest	Other Loans Total
2013	$ 26,599	$ 79,721	$ 106,320
2014	27,752	78,569	106,321
2015	28,954	77,366	106,320
2016	30,209	76,111	106,320
2017	31,518	74,802	106,320
2018-2022	179,302	352,298	531,600
2023-2027	221,674	309,926	531,600
2028-2032	274,053	257,547	531,600
2033-2037	338,813	192,787	531,600
2038-2042	418,876	112,724	531,600
2043-2046	305,237	21,567	326,804
Total	$ 1,882,987	$ 1,633,418	$ 3,516,405

Changes in Long-term Liabilities

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2012, was as follows:

Business-type Activities:

	Notes	Other Loans	Closure/ Postclosure Care Costs
Balance, July 1, 2011	$ 1,418,249	$ 1,908,481	$ 2,783,959
Additions	508,138	0	0
Reductions	(210,621)	(25,494)	0
Balance, June 30, 2012	$ 1,715,766	$ 1,882,987	$ 2,783,959
Balance Due Within One Year	$ 380,000	$ 26,599	$ 11,523

Reports from the State Department of Environment and Conservation were not available as of the date of this report; therefore, the amount reported for the long-term liability for closure/postclosure care costs is the same as reported in the prior-year audit report. Management does not believe the liability amount has materially changed.

Analysis of Noncurrent Libilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	$ 6,382,712
Less: Due Within One Year	(418,122)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 5,964,590

Discretely Presented Smith County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Smith County School Department for the year ended June 30, 2012, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2011	$ 75,226	$ 291,085
Additions	66,832	312,284
Reductions	(83,301)	(166,793)
Balance, June 30, 2012	$ 58,757	$ 436,576
Balance Due Within One Year	$ 23,502	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	$ 495,333
Less: Due Within One Year	(23,502)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 471,831

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General Purpose School Fund.

G. Pledges of Receivables and Future Revenues

Wheel Tax Revenues Pledged

In 2008, Smith County voters approved an additional $15 increase in the local wheel tax that was allocated 100 percent for the repayment of county indebtedness related to the jail construction. The tax will terminate 20 years from the date of debt issue or as soon as indebtedness is paid off. The other loans issued by Smith County in 2007 and 2008 to provide financing for jail construction totaled $10,674,186 and are payable through 2027.

Debt obligation schedules include annual principal, interest, and various other loan fee payments over the next 20 years. For the current year, principal, interest, and other loan fees paid by the Courthouse and Jail Maintenance Fund for the jail building programs totaled $705,034.

H. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Smith County. These payments are made by the state to the Medicare Supplement Plan, which is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2012, were $470. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

Discretely Presented Smith County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Smith County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2012, were $77,165 and $17,651, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

Smith County government's risks of loss relating to general liability, property, casualty, and workers' compensation are covered by participation in

the Local Government Property and Casualty Fund (LGPCF) and the Local Government Workers' Compensation Fund, which are public entity risk pools established by the Tennessee County Services Association. The county pays annual premiums to the pools for the risk coverage noted above. The creation of these pools provides for them to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding $100,000 for each insured event.

The county provides health insurance coverage to its employees through the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated* (*TCA*), all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by the fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented Smith County School Department

It is the policy of the School Department to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property, and casualty. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays annual premiums to the TN-RMT for its workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA,* all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA,* provides for the LEGIF to be self-sustaining through member premiums.

B. Subsequent Event

On August 10, 2012, Smith County issued capital outlay notes totaling $191,000 for patrol cars for the Sheriff's Department.

C. Contingent Liabilities

The county is involved in several pending lawsuits. The county attorney estimates that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

D. Landfill Closure/Postclosure Care Costs

Smith County has active permits on file with the state Department of Environment and Conservation for a sanitary landfill and a demolition landfill. The county has provided financial assurances for estimated closure and postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require Smith County to place a final cover on its operating sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. During the year examined, the county filled up the operating landfill and opened a new cell adjacent to it. The landfill has not yet been closed, and the county does not anticipate closure of this area until the new cell is also filled. The $2,783,959 reported as landfill closure and postclosure care liability at June 30, 2012, represents the cumulative amount reported to date based on 100 percent use of the estimated capacity of the operating landfill ($2,772,436) and for a landfill closed in 1999 ($169,152). These amounts are based on what it would cost to perform all closure and postclosure care in 2012. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. Joint Venture

The Fifteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fifteenth Judicial District and participating municipalities in the district. The Fifteenth Judicial District includes Smith, Jackson, Trousdale, and Wilson counties. The DTF interlocal agreement was signed by the sheriffs of Smith County, Jackson County, Hartsville/Trousdale County Government, and the police chiefs of the cities of Carthage and Lafayette. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of the participating law

enforcement agencies within the judicial district. Smith County made no contributions to the DTF for the year ended June 30, 2012, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

District Attorney General
Fifteenth Judicial District
203 Greentop Street
Hartsville, TN 37074

F. Jointly Governed Organization

The Nashville and Eastern Railroad Authority was created according to state statutes in 1983 to purchase the property, track, and roadbed along approximately 130 miles in Davidson, Wilson, Smith, and Putnam counties from Seaboard System Railroad, Inc. The business of the authority is conducted by a board of directors whose members are appointed by the governing bodies of the cities and counties of service; however, counties do not have any ongoing financial interest or responsibility for the entity. Smith County did not contribute to the operations of the Nashville and Eastern Railroad Authority during the 2011-12 year. Complete financial statements for the authority can be obtained at the following address:

Nashville and Eastern Railroad Authority
206 South Maple
Lebanon, TN 37087

G. Retirement Commitments

Plan Description

Employees of Smith County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in

Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Smith County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at http://www.tn.gov/treasury/tcrs/PS/.

Funding Policy

Smith County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 7.21 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2012, Smith County's annual pension cost of $519,255 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was six years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	$519,255	100%	$0
6-30-11	406,858	100	0
6-30-10	474,771	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 96.41 percent funded. The actuarial accrued liability for benefits was $14.13 million, and the actuarial value of assets was $13.62 million, resulting in an unfunded actuarial accrued liability (UAAL) of $.51 million. The covered payroll (annual payroll of active employees covered by the plan) was $6.44 million, and the ratio of the UAAL to the covered payroll was 7.89 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SCHOOL TEACHERS

Plan Description

The Smith County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the

Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2012, was 9.05 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2012, 2011, and 2010, were $1,046,811, $1,021,719, and $722,887, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

Smith County and the School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated* (*TCA*), for local education employees and Section 8-27-207, *TCA,* for local governments. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at http://tn.gov/finance/act/cafr.html.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the

participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year, Smith County and the School Department contributed $3,750 and $166,793, respectively, to other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Primary Government	School Department
	Local Government Group Plan	Local Education Group Plan
ARC	$ 37,000	$ 313,000
Interest on the NPO	3,301	11,643
Adjustment to the ARC	(3,504)	(12,359)
Annual OPEB cost	$ 36,797	$ 312,284
Amount of contribution	(3,750)	(166,793)
Increase/decrease in NPO	$ 33,047	$ 145,491
Net OPEB obligation, 7-1-11	82,535	291,085
Net OPEB obligation, 6-30-12	$ 115,582	$ 436,576

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
PRIMARY GOVERNMENT				
6-30-10	Local Government Group	$ 43,020	16 %	$ 44,551
6-30-11	"	45,106	16	82,535
6-30-12	"	36,797	10	115,582
DISCRETELY PRESENTED SMITH COUNTY SCHOOL DEPARTMENT				
6-30-10	Local Education Group	209,561	88	261,772
6-30-11	"	218,622	87	291,085
6-30-12	"	312,284	53	436,576

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Primary Government	School Department
	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-11	7-1-11
Actuarial accrued liability (AAL)	$ 230,000	$ 3,005,000
Actuarial value of plan assets	$ 0	$ 0
Unfunded actuarial accrued liability (UAAL)	$ 230,000	$ 3,005,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	$ 3,584,515	$ 13,206,793
UAAL as a % of covered payroll	6%	23%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2011, actuarial valuation for the Local Government Group Plan and the Local Education Group Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent for fiscal year 2012. The trend rate will decrease to 8.75 percent in fiscal year 2013 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued

liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

I. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated* (*TCA*), which provide for all purchases exceeding $10,000 (except for emergency purchases) to be made after public advertisement and solicitation of competitive bids.

Office of Road Commissioner

Purchasing procedures for the Highway Department are governed by the Uniform Road Law, Section 54-7-113, *TCA*, which provides for purchases of $10,000 or more to be made after public advertisement and solicitation of competitive bids.

Office of Director of Schools

Purchasing procedures for the School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA,* which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding $10,000.

VI. OTHER NOTES – DISCRETELY PRESENTED SMITH COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

1. Reporting Entity

The Smith County E-911 Emergency Communications District was established to provide an enhanced level of 911 service to Smith County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and effectively due to increased speed in the transmittal of critical information and improved reliability of addresses and information. It is a component unit of Smith County. The Smith County E-911 Emergency Communications District is run by a board of directors appointed by Smith County. The district must file a budget with Smith County each year. Any bond issued by the district is subject to approval by Smith County.

2. Basis of Accounting

The district uses the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board. As allowed in Section P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the board has elected not to apply, to its proprietary activities, Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989.

3. Depreciation

Depreciation is computed at rates designed to amortize the cost of the individual assets over their useful lives. Depreciation begins when the capital assets are placed in service. Depreciation is summarized as follows:

	Method	Estimated Useful Life in Years	2012 Depreciation
Land Improvements	S/L	10 - 15	$ 1,319
Buildings and Improvements	S/L	10 - 40	6,379
Communications Equipment	S/L	5 - 12	63,117
Furniture and Fixtures	S/L	5 - 10	2,361
Office Equipment	S/L	5 - 15	1,991
Vehicles	S/L	5 - 10	9,011
Total Depreciation			$ 84,178

4. Major Source of Revenue

The major source of operating revenue is emergency telephone and wireless surcharges. Nonoperating revenue consists of interest income, a contract with Upper Cumberland Electric Membership Corporation to answer after-hours phone calls, and insurance reimbursements.

B. Cash and Cash Investments

The following is a schedule of bank accounts at June 30, 2012:

	Balance 6-30-12
Checking - Citizens Bank	$ 203,158
Money Market - Citizens Bank	141,392
Certificate of Deposit - Citizens Bank	30,000
Total Cash	$ 374,550

At June 30, 2012, the carrying amount of the district's cash deposits was $374,550. The district's deposit accounts are covered up to $250,000 by the Federal Deposit Insurance Corporation. Any amounts over $250,000 are covered under the State of Tennessee Government Collateralization Pool of which Citizens Bank is a member. The district is authorized to deposit and invest funds according to the provisions of Section 5-8-301, *Tennessee Code Annotated.*

C. Bonding

The district had a bond covering certain members of the board at June 30, 2012. The district also has a general liability policy, which covers building and contents. There have been no losses or settlements that have exceeded coverage during the past three years.

D. Capital Assets

The following is a schedule of capital assets at June 30, 2012:

Assets	Cost	Accumulated Depreciation	Net
Non-Depreciable			
Land	$ 30,000	$ 0	$ 30,000
Depreciable			
Land Improvements	$ 13,190	$ 2,380	$ 10,810
Buildings and Improvements	175,745	12,617	163,128
Communication Equipment	561,485	304,022	257,463
Furniture and Fixtures	12,293	6,623	5,670
Office Equipment	40,583	36,440	4,143
Vehicle	57,007	33,983	23,024
Total Depreciable	$ 860,303	$ 396,065	$ 464,238
Total Assets	$ 890,303	$ 396,065	$ 494,238

Assets	Balance 7-1-11	Additions	Balance 6-30-12
Non-Depreciable			
Land	$ 30,000	$ 0	$ 30,000
Depreciable			
Land Improvements	$ 13,190	$ 0	$ 13,190
Buildings/Improvements	145,106	30,639	175,745
Communication Equipment	551,681	9,804	561,485
Furniture and Fixtures	12,293	0	12,293
Office Equipment	39,994	589	40,583
Vehicle	28,814	28,193	57,007
Total Depreciable	$ 791,078	$ 69,225	$ 860,303
Total Assets	$ 821,078	$ 69,225	$ 890,303

E. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions.

F. Accounts Receivable/Due from State Emergency Communications Board

The amounts due to the district from the subscriber services and wireless charges include the following:

North Central Telephone Co-op	$ 1,883
Miscellaneous Phone Companies	7,569
Subtotal	$ 9,452
State Emergency Communications Board	8,987
Total	$ 18,439

G. Compensated Absences

There were no employees at June 30, 2012.

H. Invested in Capital Assets, Net of Related Debt

Total Non-current Assets	$ 494,238
Invested in Capital Assets	$ 494,238

I. Budgetary Information

The district must file a budget with Smith County each year, which must be legally adopted by the county. The budget is prepared on the accrual basis of accounting. Compliance with the legally adopted budget is required at the program level as well as the object level.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit F-1

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 4,053,025	$ 0	$ 0	$ 4,053,025	$ 3,920,938	$ 3,920,938	$ 132,087
Licenses and Permits	78,460	0	0	78,460	78,000	78,000	460
Fines, Forfeitures, and Penalties	45,641	0	0	45,641	32,900	32,900	12,741
Charges for Current Services	135,377	0	0	135,377	113,500	139,900	(4,523)
Other Local Revenues	520,200	0	0	520,200	322,290	456,985	63,215
Fees Received from County Officials	816,666	0	0	816,666	855,000	855,000	(38,334)
State of Tennessee	1,574,542	0	0	1,574,542	666,677	1,562,484	12,058
Federal Government	84,373	0	0	84,373	17,000	86,194	(1,821)
Other Governments and Citizens Groups	81,306	0	0	81,306	74,300	99,952	(18,646)
Total Revenues	$ 7,389,590	$ 0	$ 0	$ 7,389,590	$ 6,080,605	$ 7,232,353	$ 157,237
Expenditures							
General Government							
County Commission	$ 38,050	$ 0	$ 0	$ 38,050	$ 33,532	$ 41,535	$ 3,485
Board of Equalization	2,100	0	0	2,100	2,100	2,100	0
County Mayor/Executive	174,243	0	2,075	176,318	172,319	177,165	847
County Attorney	47,659	0	0	47,659	50,000	64,194	16,535
Election Commission	143,767	(1,731)	400	142,436	166,477	168,415	25,979
Register of Deeds	137,316	0	250	137,566	143,045	143,080	5,514
Planning	8,775	0	0	8,775	13,750	9,974	1,199
Codes Compliance	89,489	0	55	89,544	99,486	94,086	4,542
County Buildings	483,500	(3,585)	349	480,264	396,495	494,484	14,220
Other General Administration	470	0	0	470	0	470	0
Finance							
Property Assessor's Office	153,532	0	350	153,882	157,358	157,338	3,456

(Continued)

Exhibit F-1

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Finance (Cont.)							
Reappraisal Program	$ 16,609	$ 0	$ 0	$ 16,609	$ 16,843	$ 16,863	$ 254
County Trustee's Office	138,672	(41)	0	138,631	139,786	139,786	1,155
County Clerk's Office	203,425	0	465	203,890	220,420	220,420	16,530
Administration of Justice							
Circuit Court	249,997	(406)	800	250,391	261,559	262,561	12,170
General Sessions Judge	126,743	0	267	127,010	124,826	127,664	654
Chancery Court	108,775	(400)	100	108,475	109,474	110,099	1,624
Judicial Commissioners	22,025	0	0	22,025	23,204	23,204	1,179
Other Administration of Justice	2,220	0	0	2,220	5,200	5,200	2,980
Public Safety							
Sheriff's Department	1,721,446	(30,070)	197,795	1,889,171	1,952,340	2,012,064	122,893
Traffic Control	1,173	0	0	1,173	1,100	1,200	27
Jail	635,287	(18,477)	0	616,810	448,079	787,865	171,055
Correctional Incentive Program Improvements	533,923	0	0	533,923	554,814	559,716	25,793
Juvenile Services	38,967	(253)	0	38,714	37,102	41,256	2,542
Fire Prevention and Control	149,738	(3,684)	0	146,054	258,059	220,136	74,082
Rescue Squad	30,000	0	0	30,000	30,000	30,000	0
Other Emergency Management	36,307	(654)	229	35,882	36,557	36,957	1,075
Inspection and Regulation	2,584	0	0	2,584	2,584	2,584	0
County Coroner/Medical Examiner	43,500	0	0	43,500	30,500	43,300	(200)
Other Public Safety	291,992	0	0	291,992	236,438	305,437	13,445
Public Health and Welfare							
Local Health Center	21,418	(135)	800	22,083	23,576	23,576	1,493
Other Local Health Services	62,916	0	169	63,085	66,569	66,569	3,484

(Continued)

Exhibit F-1

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Public Health and Welfare (Cont.)							
Appropriation to State	$ 13,772	$ 0	$ 0	$ 13,772	$ 13,772	$ 13,772	$ 0
Aid to Dependent Children	0	0	0	0	1,500	1,500	1,500
Other Local Welfare Services	10,000	0	0	10,000	10,000	10,000	0
Waste Pickup	33,942	(1,923)	0	32,019	39,887	39,887	7,868
Other Public Health and Welfare	5,697	0	0	5,697	6,300	6,300	603
Social, Cultural, and Recreational Services							
Senior Citizens Assistance	53,266	0	300	53,566	59,043	59,928	6,362
Libraries	125,535	(931)	3,139	127,743	100,969	133,331	5,588
Parks and Fair Boards	46,955	(34)	464	47,385	51,600	52,212	4,827
Other Social, Cultural, and Recreational	13,784	(510)	0	13,274	14,000	13,950	676
Agriculture and Natural Resources							
Agriculture Extension Service	55,811	0	420	56,231	57,641	57,641	1,410
Soil Conservation	11,000	0	0	11,000	11,000	11,000	0
Other Agriculture and Natural Resources	86,623	(264)	0	86,359	66,500	87,150	791
Other Operations							
Tourism	300	0	0	300	300	300	0
Industrial Development	2,215	0	0	2,215	13,451	12,636	10,421
Other Economic and Community Development	32,867	0	0	32,867	32,867	32,867	0
Veterans' Services	11,664	0	0	11,664	11,477	12,511	847
Other Charges	224,645	0	0	224,645	224,197	225,938	1,293
Employee Benefits	49,406	0	0	49,406	52,225	50,225	819
ARRA Grant # 1	40,684	0	0	40,684	0	40,684	0
Miscellaneous	188,189	(496)	0	187,693	245,415	194,374	6,681

(Continued)

Exhibit F-1

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Principal on Debt							
General Government	$ 135,276	$ 0	$ 0	$ 135,276	$ 0	$ 140,294	$ 5,018
Interest on Debt							
General Government	60,474	0	0	60,474	0	60,963	489
Total Expenditures	$ 6,918,723	$ (63,594)	$ 208,427	$ 7,063,556	$ 6,825,736	$ 7,646,761	$ 583,205
Excess (Deficiency) of Revenues Over Expenditures	$ 470,867	$ 63,594	$ (208,427)	$ 326,034	$ (745,131)	$ (414,408)	$ 740,442
Other Financing Sources (Uses)							
Notes Issued	$ 191,000	$ 0	$ 0	$ 191,000	$ 191,000	$ 191,000	$ 0
Insurance Recovery	0	0	0	0	0	71,792	(71,792)
Transfers In	0	0	0	0	457,000	0	0
Transfers Out	(321,439)	0	0	(321,439)	(116,336)	(281,439)	(40,000)
Total Other Financing Sources (Uses)	$ (130,439)	$ 0	$ 0	$ (130,439)	$ 531,664	$ (18,647)	$ (111,792)
Net Change in Fund Balance	$ 340,428	$ 63,594	$ (208,427)	$ 195,595	$ (213,467)	$ (433,055)	$ 628,650
Fund Balance, July 1, 2011	785,436	(63,594)	0	721,842	881,400	881,400	(159,558)
Fund Balance, June 30, 2012	$ 1,125,864	$ 0	$ (208,427)	$ 917,437	$ 667,933	$ 448,345	$ 469,092

Exhibit F-2

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 302,748	$ 326,000	$ 326,000	$ (23,252)
Fines, Forfeitures, and Penalties	4,444	2,800	2,800	1,644
Other Local Revenues	3,900	3,600	3,600	300
State of Tennessee	443,862	944,250	487,250	(43,388)
Total Revenues	$ 754,954	$ 1,276,650	$ 819,650	$ (64,696)
Expenditures				
General Government				
County Buildings	$ 26,237	$ 26,532	$ 26,532	$ 295
Other Operations				
Miscellaneous	3,127	3,300	3,300	173
Principal on Debt				
General Government	342,843	343,827	343,827	984
Interest on Debt				
General Government	305,676	308,573	305,676	0
Other Debt Service				
General Government	56,515	0	56,515	0
Total Expenditures	$ 734,398	$ 682,232	$ 735,850	$ 1,452
Excess (Deficiency) of Revenues Over Expenditures	$ 20,556	$ 594,418	$ 83,800	$ (63,244)
Other Financing Sources (Uses)				
Transfers Out	$ 0	$ (457,000)	$ 0	$ 0
Total Other Financing Sources (Uses)	$ 0	$ (457,000)	$ 0	$ 0
Net Change in Fund Balance	$ 20,556	$ 137,418	$ 83,800	$ (63,244)
Fund Balance, July 1, 2011	267,310	276,324	276,324	(9,014)
Fund Balance, June 30, 2012	$ 287,866	$ 413,742	$ 360,124	$ (72,258)

Exhibit F-3

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Ambulance Service Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Charges for Current Services	$ 866,616	$ 0	$ 0	$ 866,616	$ 1,000,300	$ 1,000,300	$ (133,684)
Other Local Revenues	10,000	0	0	10,000	1,000	11,000	(1,000)
Total Revenues	$ 876,616	$ 0	$ 0	$ 876,616	$ 1,001,300	$ 1,011,300	$ (134,684)
Expenditures							
Public Health and Welfare							
Ambulance/Emergency Medical Services	$ 1,294,189	$ (7,522)	$ 391	$ 1,287,058	$ 1,240,097	$ 1,311,957	$ 24,899
Principal on Debt							
General Government	22,500	0	0	22,500	0	22,500	0
Interest on Debt							
General Government	5,750	0	0	5,750	0	6,000	250
Total Expenditures	$ 1,322,439	$ (7,522)	$ 391	$ 1,315,308	$ 1,240,097	$ 1,340,457	$ 25,149
Excess (Deficiency) of Revenues Over Expenditures	$ (445,823)	$ 7,522	$ (391)	$ (438,692)	$ (238,797)	$ (329,157)	$ (109,535)
Other Financing Sources (Uses)							
Notes Issued	$ 104,960	$ 0	$ 0	$ 104,960	$ 80,000	$ 104,960	$ 0
Transfers In	321,439	0	0	321,439	116,336	281,439	40,000
Total Other Financing Sources (Uses)	$ 426,399	$ 0	$ 0	$ 426,399	$ 196,336	$ 386,399	$ 40,000
Net Change in Fund Balance	$ (19,424)	$ 7,522	$ (391)	$ (12,293)	$ (42,461)	$ 57,242	$ (69,535)
Fund Balance, July 1, 2011	121,126	(7,522)	0	113,604	131,875	131,875	(18,271)
Fund Balance, June 30, 2012	$ 101,702	$ 0	$ (391)	$ 101,311	$ 89,414	$ 189,117	$ (87,806)

Exhibit F-4

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 267,006	$ 272,501	$ 272,501	$ (5,495)
Other Local Revenues	26,941	10,150	26,671	270
State of Tennessee	1,835,161	1,685,419	2,048,548	(213,387)
Federal Government	27,629	0	27,629	0
Total Revenues	$ 2,156,737	$ 1,968,070	$ 2,375,349	$ (218,612)
Expenditures				
Highways				
Administration	$ 170,135	$ 171,460	$ 175,030	$ 4,895
Highway and Bridge Maintenance	1,187,147	943,662	1,219,383	32,236
Operation and Maintenance of Equipment	386,705	239,000	417,436	30,731
Other Charges	76,051	78,376	76,920	869
Employee Benefits	340,220	367,717	367,717	27,497
Capital Outlay	674,204	446,287	822,295	148,091
Principal on Debt				
Highways and Streets	17,276	75,921	75,921	58,645
Interest on Debt				
Highways and Streets	3,369	4,220	4,220	851
Total Expenditures	$ 2,855,107	$ 2,326,643	$ 3,158,922	$ 303,815
Excess (Deficiency) of Revenues Over Expenditures	$ (698,370)	$ (358,573)	$ (783,573)	$ 85,203
Other Financing Sources (Uses)				
Notes Issued	$ 225,000	$ 200,000	$ 225,000	$ 0
Transfers In	399,643	0	400,000	(357)
Total Other Financing Sources (Uses)	$ 624,643	$ 200,000	$ 625,000	$ (357)
Net Change in Fund Balance	$ (73,727)	$ (158,573)	$ (158,573)	$ 84,846
Fund Balance, July 1, 2011	634,446	675,713	675,713	(41,267)
Fund Balance, June 30, 2012	$ 560,719	$ 517,140	$ 517,140	$ 43,579

Exhibit F-5

Smith County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Smith County School Department
June 30, 2012

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	$ 13,620	$ 14,128	$ 508	96.41 %	$ 6,440	7.89 %
7-1-09	11,293	11,455	162	98.59	6,077	2.67
7-1-07	10,716	10,918	202	98.15	5,287	3.82

Exhibit F-6

Smith County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Smith County School Department
June 30, 2012

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
PRIMARY GOVERNMENT							
Local Government Group	7-1-09	$ 0	$ 379	$ 379	0 %	$ 4,126	9 %
"	7-1-10	0	403	403	0	4,126	10
"	7-1-11	0	230	230	0	3,585	6
DISCRETELY PRESENTED SMITH COUNTY SCHOOL DEPARTMENT							
Local Education Group	7-1-09	0	2,169	2,169	0	12,798	17
"	7-1-10	0	2,251	2,251	0	12,798	18
"	7-1-11	0	3,005	3,005	0	13,207	23

SMITH COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees fund (special revenue fund), which is not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year-end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor/Executive, County Attorney, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2012, Smith County reported the following significant encumbrance:

Fund	Description	Amount
Primary Government		
Major Fund:		
General	Sheriff's Department vehicles	$ 190,125

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions involving solid waste collections.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register, and sheriff.

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

General Capital Projects Fund – The General Capital Projects Fund is used to account for funds used for construction of major capital facilities.

EMS Building Construction Projects Fund – The EMS Building Construction Projects Fund is used to account for financial resources received for the construction and renovation of the EMS building.

Emergency Watershed Protection Projects Fund – The Emergency Watershed Protection Projects Fund is used to account for financial resources received for watershed repairs and renovations caused by flood damage.

Flooding Repair Projects Fund – The Flooding Repair Projects Fund is used to account for capital outlay note proceeds issued to repair damages to county roads caused by flooding in May 2010.

Permanent Fund

The Library Endowment Fund is used to account for resources that are being held in trust for library operations. Earnings on invested resources may be used to fund library operations, but the principal is required to be maintained intact.

Exhibit G-1

Smith County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds			
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total
ASSETS				
Cash	$ 0	$ 0	$ 1,160	$ 1,160
Equity in Pooled Cash and Investments	0	72,156	0	72,156
Accounts Receivable	28	0	132	160
Due from Other Funds	12,101	0	0	12,101
Total Assets	$ 12,129	$ 72,156	$ 1,292	$ 85,577
LIABILITIES AND FUND BALANCES				
Liabilities				
Payroll Deductions Payable	$ 833	$ 0	$ 0	$ 833
Due to Other Funds	0	0	1,292	1,292
Total Liabilities	$ 833	$ 0	$ 1,292	$ 2,125
Fund Balances				
Nonspendable:				
Endowments	$ 0	$ 0	$ 0	$ 0
Restricted:				
Restricted for Public Safety	0	72,156	0	72,156
Restricted for Capital Outlay	0	0	0	0
Committed:				
Committed for Public Health and Welfare	11,076	0	0	11,076
Committed for Social, Cultural, and Recreational Services	0	0	0	0
Committed for Capital Outlay	0	0	0	0
Assigned:				
Assigned for Public Health and Welfare	220	0	0	220
Total Fund Balances	$ 11,296	$ 72,156	$ 0	$ 83,452
Total Liabilities and Fund Balances	$ 12,129	$ 72,156	$ 1,292	$ 85,577

(Continued)

Exhibit G-1

Smith County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds (Cont.)

	Capital Projects Funds				Permanent Fund	
	General Capital Projects	EMS Building Construction Projects	Flooding Repair Projects	Total	Library Endowment	Total Nonmajor Governmental Funds
ASSETS						
Cash	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,160
Equity in Pooled Cash and Investments	28,130	291	357	28,778	40,859	141,793
Accounts Receivable	0	0	0	0	0	160
Due from Other Funds	0	0	0	0	0	12,101
Total Assets	$ 28,130	$ 291	$ 357	$ 28,778	$ 40,859	$ 155,214
LIABILITIES AND FUND BALANCES						
Liabilities						
Payroll Deductions Payable	$ 0	$ 0	$ 0	$ 0	$ 0	$ 833
Due to Other Funds	0	0	0	0	0	1,292
Total Liabilities	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,125
Fund Balances						
Nonspendable:						
Endowments	$ 0	$ 0	$ 0	$ 0	$ 40,284	$ 40,284
Restricted:						
Restricted for Public Safety	0	0	0	0	0	72,156
Restricted for Capital Outlay	0	0	357	357	0	357
Committed:						
Committed for Public Health and Welfare	0	0	0	0	0	11,076
Committed for Social, Cultural, and Recreational Services	0	0	0	0	575	575
Committed for Capital Outlay	28,130	291	0	28,421	0	28,421
Assigned:						
Assigned for Public Health and Welfare	0	0	0	0	0	220
Total Fund Balances	$ 28,130	$ 291	$ 357	$ 28,778	$ 40,859	$ 153,089
Total Liabilities and Fund Balances	$ 28,130	$ 291	$ 357	$ 28,778	$ 40,859	$ 155,214

Exhibit G-2

Smith County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue Funds			Capital Projects Funds	
	Solid Waste / Sanitation	Drug Control	Total	General Capital Projects	EMS Building Construction Projects
Revenues					
Fines, Forfeitures, and Penalties	$ 0	$ 20,557	$ 20,557	$ 0	$ 0
Charges for Current Services	311,885	0	311,885	0	0
Other Local Revenues	5,970	0	5,970	0	291
Total Revenues	$ 317,855	$ 20,557	$ 338,412	$ 0	$ 291
Expenditures					
Current:					
Public Safety	$ 0	$ 12,226	$ 12,226	$ 0	$ 0
Public Health and Welfare	314,802	0	314,802	0	0
Other Operations	804	0	804	0	0
Total Expenditures	$ 315,606	$ 12,226	$ 327,832	$ 0	$ 0
Excess (Deficiency) of Revenues Over Expenditures	$ 2,249	$ 8,331	$ 10,580	$ 0	$ 291
Other Financing Sources (Uses)					
Notes Issued	$ 0	$ 0	$ 0	$ 0	$ 0
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	$ 0	$ 0	$ 0	$ 0	$ 0
Net Change in Fund Balances	$ 2,249	$ 8,331	$ 10,580	$ 0	$ 291
Fund Balance, July 1, 2011	9,047	63,825	72,872	28,130	0
Fund Balance, June 30, 2012	$ 11,296	$ 72,156	$ 83,452	$ 28,130	$ 291

(Continued)

Exhibit G-2

Smith County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds (Cont.)

	Capital Projects Funds (Cont.)			Permanent Fund	
	Emergency Watershed Protection Projects	Flooding Repair Projects	Total	Library Endowment	Total Nonmajor Governmental Funds
Revenues					
Fines, Forfeitures, and Penalties	$ 0	$ 0	$ 0	$ 0	$ 20,557
Charges for Current Services	0	0	0	0	311,885
Other Local Revenues	2,000	17,943	20,234	405	26,609
Total Revenues	$ 2,000	$ 17,943	$ 20,234	$ 405	$ 359,051
Expenditures					
Current:					
Public Safety	$ 0	$ 0	$ 0	$ 0	$ 12,226
Public Health and Welfare	0	0	0	0	314,802
Other Operations	2,000	17,943	19,943	0	20,747
Total Expenditures	$ 2,000	$ 17,943	$ 19,943	$ 0	$ 347,775
Excess (Deficiency) of Revenues Over Expenditures	$ 0	$ 0	$ 291	$ 405	$ 11,276
Other Financing Sources (Uses)					
Notes Issued	$ 0	$ 400,000	$ 400,000	$ 0	$ 400,000
Transfers Out	0	(399,643)	(399,643)	0	(399,643)
Total Other Financing Sources (Uses)	$ 0	$ 357	$ 357	$ 0	$ 357
Net Change in Fund Balances	$ 0	$ 357	$ 648	$ 405	$ 11,633
Fund Balance, July 1, 2011	0	0	28,130	40,454	141,456
Fund Balance, June 30, 2012	$ 0	$ 357	$ 28,778	$ 40,859	$ 153,089

Exhibit G-3

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Charges for Current Services	$ 311,885	$ 0	$ 0	$ 311,885	$ 0	$ 326,127	$ (14,242)
Other Local Revenues	5,970	0	0	5,970	2,500	2,500	3,470
Total Revenues	$ 317,855	$ 0	$ 0	$ 317,855	$ 2,500	$ 328,627	$ (10,772)
Expenditures							
Public Health and Welfare							
Waste Pickup	$ 122,563	$ (2,089)	$ 0	$ 120,474	$ 124,270	$ 129,129	$ 8,655
Convenience Centers	192,191	(400)	220	192,011	191,850	198,632	6,621
Other Waste Disposal	48	0	0	48	60	60	12
Other Operations							
Employee Benefits	804	0	0	804	747	806	2
Total Expenditures	$ 315,606	$ (2,489)	$ 220	$ 313,337	$ 316,927	$ 328,627	$ 15,290
Excess (Deficiency) of Revenues Over Expenditures	$ 2,249	$ 2,489	$ (220)	$ 4,518	$ (314,427)	$ 0	$ 4,518
Other Financing Sources (Uses)							
Transfers In	$ 0	$ 0	$ 0	$ 0	$ 314,427	$ 0	$ 0
Total Other Financing Sources (Uses)	$ 0	$ 0	$ 0	$ 0	$ 314,427	$ 0	$ 0
Net Change in Fund Balance	$ 2,249	$ 2,489	$ (220)	$ 4,518	$ 0	$ 0	$ 4,518
Fund Balance, July 1, 2011	9,047	(2,489)	0	6,558	5,000	5,000	1,558
Fund Balance, June 30, 2012	$ 11,296	$ 0	$ (220)	$ 11,076	$ 5,000	$ 5,000	$ 6,076

Exhibit G-4

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Fines, Forfeitures, and Penalties	$ 20,557	$ 0	$ 20,557	$ 21,000	$ 21,000	$ (443)
Total Revenues	$ 20,557	$ 0	$ 20,557	$ 21,000	$ 21,000	$ (443)
Expenditures						
Public Safety						
Sheriff's Department	$ 12,055	$ 4,250	$ 16,305	$ 19,000	$ 19,000	$ 2,695
Drug Enforcement	171	0	171	250	250	79
Total Expenditures	$ 12,226	$ 4,250	$ 16,476	$ 19,250	$ 19,250	$ 2,774
Excess (Deficiency) of Revenues Over Expenditures	$ 8,331	$ (4,250)	$ 4,081	$ 1,750	$ 1,750	$ 2,331
Net Change in Fund Balance	$ 8,331	$ (4,250)	$ 4,081	$ 1,750	$ 1,750	$ 2,331
Fund Balance, July 1, 2011	63,825	0	63,825	66,070	66,070	(2,245)
Fund Balance, June 30, 2012	$ 72,156	$ (4,250)	$ 67,906	$ 67,820	$ 67,820	$ 86

Major Governmental Funds

Debt Service Funds

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

General Debt Service Fund – The General Debt Service Fund is used to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs.

Education Debt Service Fund – The Education Debt Service Fund is used to account for the accumulation of resources for, and the payment of, education long-term debt principal, interest, and related costs.

Exhibit H-1

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 497,556	$ 477,910	$ 477,910	$ 19,646
Other Local Revenues	111,537	111,000	111,000	537
State of Tennessee	0	50,000	50,000	(50,000)
Federal Government	276,284	300,000	300,000	(23,716)
Total Revenues	$ 885,377	$ 938,910	$ 938,910	$ (53,533)
Expenditures				
Principal on Debt				
General Government	$ 407,838	$ 817,933	$ 842,933	$ 435,095
Interest on Debt				
General Government	86,606	141,909	132,025	45,419
Other Debt Service				
General Government	20,418	9,800	20,354	(64)
Total Expenditures	$ 514,862	$ 969,642	$ 995,312	$ 480,450
Excess (Deficiency) of Revenues Over Expenditures	$ 370,515	$ (30,732)	$ (56,402)	$ 426,917
Other Financing Sources (Uses)				
Other Loans Issued	$ 0	$ 10,000	$ 10,000	$ (10,000)
Total Other Financing Sources (Uses)	$ 0	$ 10,000	$ 10,000	$ (10,000)
Net Change in Fund Balance	$ 370,515	$ (20,732)	$ (46,402)	$ 416,917
Fund Balance, July 1, 2011	556,198	485,688	485,688	70,510
Fund Balance, June 30, 2012	$ 926,713	$ 464,956	$ 439,286	$ 487,427

Exhibit H-2

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 1,791,819	$ 1,703,342	$ 1,703,342	$ 88,477
Other Governments and Citizens Groups	296,000	296,000	296,000	0
Total Revenues	$ 2,087,819	$ 1,999,342	$ 1,999,342	$ 88,477
Expenditures				
Principal on Debt				
Education	$ 1,100,000	$ 1,100,000	$ 1,100,000	$ 0
Interest on Debt				
Education	693,400	693,400	693,400	0
Other Debt Service				
Education	22,259	22,300	22,900	641
Total Expenditures	$ 1,815,659	$ 1,815,700	$ 1,816,300	$ 641
Excess (Deficiency) of Revenues Over Expenditures	$ 272,160	$ 183,642	$ 183,042	$ 89,118
Net Change in Fund Balance	$ 272,160	$ 183,642	$ 183,042	$ 89,118
Fund Balance, July 1, 2011	1,692,002	1,762,477	1,762,477	(70,475)
Fund Balance, June 30, 2012	$ 1,964,162	$ 1,946,119	$ 1,945,519	$ 18,643

Fiduciary Funds

Agency Funds are used to account for assets held by the county in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit I-1

Smith County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

	Agency Funds		
	Cities - Sales Tax	Constitutional Officers - Agency	Total
ASSETS			
Cash	$ 0	$ 1,346,435	$ 1,346,435
Due from Other Governments	196,744	0	196,744
Cash Shortage	0	14,749	14,749
Total Assets	$ 196,744	$ 1,361,184	$ 1,557,928
LIABILITIES			
Due to Other Taxing Units	$ 196,744	$ 0	$ 196,744
Due to Litigants, Heirs, and Others	0	1,361,184	1,361,184
Total Liabilities	$ 196,744	$ 1,361,184	$ 1,557,928

Exhibit I-2

Smith County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
Cities - Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 0	$ 1,176,451	$ 1,176,451	$ 0
Due from Other Governments	192,058	196,744	192,058	196,744
Total Assets	$ 192,058	$ 1,373,195	$ 1,368,509	$ 196,744
Liabilities				
Due to Other Taxing Units	$ 192,058	$ 1,373,195	$ 1,368,509	$ 196,744
Total Liabilities	$ 192,058	$ 1,373,195	$ 1,368,509	$ 196,744
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 1,923,669	$ 12,089,978	$ 12,667,212	$ 1,346,435
Cash Shortage	0	14,749	0	14,749
Total Assets	$ 1,923,669	$ 12,104,727	$ 12,667,212	$ 1,361,184
Liabilities				
Due to Litigants, Heirs, and Others	$ 1,923,669	$ 12,104,727	$ 12,667,212	$ 1,361,184
Total Liabilities	$ 1,923,669	$ 12,104,727	$ 12,667,212	$ 1,361,184
Totals - All Agency Funds				
Assets				
Cash	$ 1,923,669	$ 12,089,978	$ 12,667,212	$ 1,346,435
Equity in Pooled Cash and Investments	0	1,176,451	1,176,451	0
Due from Other Governments	192,058	196,744	192,058	196,744
Cash Shortage	0	14,749	0	14,749
Total Assets	$ 2,115,727	$ 13,477,922	$ 14,035,721	$ 1,557,928
Liabilities				
Due to Litigants, Heirs, and Others	$ 1,923,669	$ 12,104,727	$ 12,667,212	$ 1,361,184
Due to Other Taxing Units	192,058	1,373,195	1,368,509	196,744
Total Liabilities	$ 2,115,727	$ 13,477,922	$ 14,035,721	$ 1,557,928

Smith County School Department

This section presents fund financial statements for the Smith County School Department, a discretely presented component unit. The School Department uses a General Fund and two Special Revenue Funds.

General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department.

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

Exhibit J-1

Smith County, Tennessee
Statement of Activities
Discretely Presented Smith County School Department
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Total Governmental Activities
Governmental Activities:				
Instruction	$ 15,455,243	$ 2,950	$ 1,738,335	$ (13,713,958)
Support Services	7,990,219	29,158	160,123	(7,800,938)
Operation of Non-Instructional Services	2,573,394	540,416	1,293,915	(739,063)
Other Debt Service	296,000	0	0	(296,000)
Total Governmental Activities	$ 26,314,856	$ 572,524	$ 3,192,373	$ (22,549,959)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				$ 2,965,680
Local Option Sales Taxes				1,350,813
Other Local Taxes				777
Grants and Contributions Not Restricted for Specific Programs				17,051,100
Interest Income				6,242
Miscellaneous				90,751
Sale of Equipment				4,204
Total General Revenues				$ 21,469,567
Change in Net Assets				$ (1,080,392)
Net Assets, July 1, 2011				36,998,649
Net Assets, June 30, 2012				$ 35,918,257

Exhibit J-2

Smith County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Smith County School Department
June 30, 2012

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern-mental Funds	Total Govern-mental Funds
ASSETS			
Equity in Pooled Cash and Investments	$ 4,342,708	$ 747,217	$ 5,089,925
Accounts Receivable	0	369	369
Due from Other Governments	390,237	92,042	482,279
Due from Other Funds	113,438	0	113,438
Property Taxes Receivable	3,281,399	0	3,281,399
Allowance for Uncollectible Property Taxes	(162,616)	0	(162,616)
Total Assets	$ 7,965,166	$ 839,628	$ 8,804,794
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 15,619	$ 88,123	$ 103,742
Accrued Payroll	816	3,869	4,685
Payroll Deductions Payable	475,043	40,241	515,284
Due to Other Funds	0	113,438	113,438
Deferred Revenue - Current Property Taxes	3,008,214	0	3,008,214
Deferred Revenue - Delinquent Property Taxes	103,587	0	103,587
Other Deferred Revenues	110,000	0	110,000
Total Liabilities	$ 3,713,279	$ 245,671	$ 3,958,950
Fund Balances			
Restricted:			
Restricted for Education	$ 271,090	$ 593,957	$ 865,047
Committed:			
Committed for Education	3,291,611	0	3,291,611
Assigned:			
Assigned for Education	26,747	0	26,747
Unassigned	662,439	0	662,439
Total Fund Balances	$ 4,251,887	$ 593,957	$ 4,845,844
Total Liabilities and Fund Balances	$ 7,965,166	$ 839,628	$ 8,804,794

Exhibit J-3

Smith County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Smith County School Department
June 30, 2012

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:		
Total fund balances - balance sheet - governmental funds (Exhibit J-2)		$ 4,845,844
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	$ 1,226,738	
Add: buildings and improvements net of accumulated depreciation	28,616,397	
Add: infrastructure net of accumulated depreciation	99,706	
Add: other capital assets net of accumulated depreciation	1,411,318	31,354,159
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable	$ (58,757)	
Less: other postemployment benefits liability	(436,576)	(495,333)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		213,587
Net assets of governmental activities (Exhibit A)		$ 35,918,257

Exhibit J-4

Smith County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Smith County School Department
For the Year Ended June 30, 2012

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern-mental Funds	Total Governmental Funds
Revenues			
Local Taxes	$ 4,643,137	$ 0	$ 4,643,137
Licenses and Permits	1,984	0	1,984
Charges for Current Services	29,891	542,347	572,238
Other Local Revenues	92,400	25,583	117,983
State of Tennessee	16,372,523	45,383	16,417,906
Federal Government	126,191	3,347,387	3,473,578
Other Governments and Citizens Groups	14,351	0	14,351
Total Revenues	$ 21,280,477	$ 3,960,700	$ 25,241,177
Expenditures			
Current:			
Instruction	$ 12,747,260	$ 1,707,353	$ 14,454,613
Support Services	7,304,872	385,754	7,690,626
Operation of Non-Instructional Services	618,472	1,954,934	2,573,406
Capital Outlay	295,843	0	295,843
Debt Service:			
Other Debt Service	296,000	0	296,000
Total Expenditures	$ 21,262,447	$ 4,048,041	$ 25,310,488
Excess (Deficiency) of Revenues Over Expenditures	$ 18,030	$ (87,341)	$ (69,311)
Other Financing Sources (Uses)			
Transfers In	$ 17,014	$ 0	$ 17,014
Transfers Out	0	(17,014)	(17,014)
Total Other Financing Sources (Uses)	$ 17,014	$ (17,014)	$ 0
Net Change in Fund Balances	$ 35,044	$ (104,355)	$ (69,311)
Fund Balance, July 1, 2011	4,216,843	698,312	4,915,155
Fund Balance, June 30, 2012	$ 4,251,887	$ 593,957	$ 4,845,844

Exhibit J-5

Smith County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Smith County School Department
For the Year Ended June 30, 2012

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:		
Net change in fund balances - total governmental funds (Exhibit J-4)		$ (69,311)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital outlays purchased in the current period	$ 164,998	
Less: current-year depreciation expense	(1,040,344)	(875,346)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2012	$ 213,587	
Less: deferred delinquent property taxes and other deferred June 30, 2011	(220,300)	(6,713)
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	$ 16,469	
Change in other postemployment benefits liability	(145,491)	(129,022)
Change in net assets of governmental activities (Exhibit B)		$ (1,080,392)

Exhibit J-6

Smith County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Smith County School Department
June 30, 2012

	Special Revenue Funds		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
ASSETS			
Equity in Pooled Cash and Investments	$ 185,982	$ 561,235	$ 747,217
Accounts Receivable	297	72	369
Due from Other Governments	22,542	69,500	92,042
Total Assets	$ 208,821	$ 630,807	$ 839,628
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 1,512	$ 86,611	$ 88,123
Accrued Payroll	3,869	0	3,869
Payroll Deductions Payable	40,241	0	40,241
Due to Other Funds	113,438	0	113,438
Total Liabilities	$ 159,060	$ 86,611	$ 245,671
Fund Balances			
Restricted:			
Restricted for Education	$ 49,761	$ 544,196	$ 593,957
Total Fund Balances	$ 49,761	$ 544,196	$ 593,957
Total Liabilities and Fund Balances	$ 208,821	$ 630,807	$ 839,628

Exhibit J-7

Smith County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Smith County School Department
For the Year Ended June 30, 2012

	Special Revenue Funds		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
Revenues			
Charges for Current Services	$ 0	$ 542,347	$ 542,347
Other Local Revenues	0	25,583	25,583
State of Tennessee	26,470	18,913	45,383
Federal Government	2,072,385	1,275,002	3,347,387
Total Revenues	$ 2,098,855	$ 1,861,845	$ 3,960,700
Expenditures			
Current:			
Instruction	$ 1,707,353	$ 0	$ 1,707,353
Support Services	385,754	0	385,754
Operation of Non-Instructional Services	0	1,954,934	1,954,934
Total Expenditures	$ 2,093,107	$ 1,954,934	$ 4,048,041
Excess (Deficiency) of Revenues Over Expenditures	$ 5,748	$ (93,089)	$ (87,341)
Other Financing Sources (Uses)			
Transfers Out	$ (17,014)	$ 0	$ (17,014)
Total Other Financing Sources (Uses)	$ (17,014)	$ 0	$ (17,014)
Net Change in Fund Balances	$ (11,266)	$ (93,089)	$ (104,355)
Fund Balance, July 1, 2011	61,027	637,285	698,312
Fund Balance, June 30, 2012	$ 49,761	$ 544,196	$ 593,957

Exhibit J-8

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Smith County School Department
General Purpose School Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 4,643,137	$ 0	$ 0	$ 4,643,137	$ 4,713,960	$ 4,713,960	$ (70,823)
Licenses and Permits	1,984	0	0	1,984	1,500	1,500	484
Charges for Current Services	29,891	0	0	29,891	41,000	41,000	(11,109)
Other Local Revenues	92,400	0	0	92,400	67,720	82,720	9,680
State of Tennessee	16,372,523	0	0	16,372,523	16,206,800	16,309,366	63,157
Federal Government	126,191	0	0	126,191	85,000	85,000	41,191
Other Governments and Citizens Groups	14,351	0	0	14,351	0	14,000	351
Total Revenues	$ 21,280,477	$ 0	$ 0	$ 21,280,477	$ 21,115,980	$ 21,247,546	$ 32,931
Expenditures							
Instruction							
Regular Instruction Program	$ 10,678,901	$ (222,863)	$ 2,135	$ 10,458,173	$ 11,221,900	$ 11,055,348	$ 597,175
Alternative Instruction Program	59,035	0	0	59,035	60,560	60,560	1,525
Special Education Program	1,284,749	0	0	1,284,749	1,368,360	1,368,360	83,611
Vocational Education Program	724,575	(186)	0	724,389	713,900	735,400	11,011
Support Services							
Attendance	134,227	0	0	134,227	146,870	146,870	12,643
Health Services	214,729	(62)	464	215,131	215,800	215,800	669
Other Student Support	512,554	0	0	512,554	516,140	537,340	24,786
Regular Instruction Program	657,809	0	4,500	662,309	666,170	681,970	19,661
Special Education Program	153,035	0	0	153,035	166,000	166,000	12,965
Vocational Education Program	75,420	0	0	75,420	76,980	76,980	1,560
Other Programs	94,816	0	0	94,816	0	94,816	0
Board of Education	340,430	0	226	340,656	401,260	401,260	60,604

(Continued)

Exhibit J-8

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Smith County School Department
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Support Services (Cont.)							
Director of Schools	$ 188,179	$ (7,984)	$ 0	$ 180,195	$ 164,930	$ 207,382	$ 27,187
Office of the Principal	1,377,199	0	0	1,377,199	1,310,450	1,385,450	8,251
Fiscal Services	267,391	0	0	267,391	263,910	269,510	2,119
Operation of Plant	1,577,662	0	800	1,578,462	1,685,160	1,685,160	106,698
Maintenance of Plant	445,252	(700)	100	444,652	470,650	470,650	25,998
Transportation	1,266,169	0	18,522	1,284,691	1,436,150	1,436,150	151,459
Operation of Non-Instructional Services							
Food Service	1,168	0	0	1,168	1,240	1,240	72
Community Services	48,491	0	0	48,491	50,000	50,000	1,509
Early Childhood Education	568,813	(11,561)	0	557,252	550,550	558,300	1,048
Capital Outlay							
Regular Capital Outlay	295,843	(69,799)	0	226,044	266,200	266,200	40,156
Principal on Debt							
Education	0	0	0	0	296,000	0	0
Other Debt Service							
Education	296,000	0	0	296,000	0	296,000	0
Total Expenditures	$ 21,262,447	$ (313,155)	$ 26,747	$ 20,976,039	$ 22,049,180	$ 22,166,746	$ 1,190,707
Excess (Deficiency) of Revenues Over Expenditures	$ 18,030	$ 313,155	$ (26,747)	$ 304,438	$ (933,200)	$ (919,200)	$ 1,223,638
Other Financing Sources (Uses)							
Transfers In	$ 17,014	$ 0	$ 0	$ 17,014	$ 70,000	$ 70,000	$ (52,986)

(Continued)

Exhibit J-8

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Smith County School Department
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Other Financing Sources (Uses) (Cont.)							
City General Fund Transfer	$ 0	$ 0	$ 0	$ 0	$ 14,000	$ 0	$ 0
Total Other Financing Sources (Uses)	$ 17,014	$ 0	$ 0	$ 17,014	$ 84,000	$ 70,000	$ (52,986)
Net Change in Fund Balance	$ 35,044	$ 313,155	$ (26,747)	$ 321,452	$ (849,200)	$ (849,200)	$ 1,170,652
Fund Balance, July 1, 2011	4,216,843	(313,155)	0	3,903,688	4,181,154	4,181,154	(277,466)
Fund Balance, June 30, 2012	$ 4,251,887	$ 0	$ (26,747)	$ 4,225,140	$ 3,331,954	$ 3,331,954	$ 893,186

Exhibit J-9

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Smith County School Department
School Federal Projects Fund
For the Year Ended June 30, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
State of Tennessee	$ 26,470	$ 0	$ 0	$ 26,470	$ 0	$ 26,470	$ 0
Federal Government	2,072,385	0	0	2,072,385	2,501,069	2,467,278	(394,893)
Total Revenues	$ 2,098,855	$ 0	$ 0	$ 2,098,855	$ 2,501,069	$ 2,493,748	$ (394,893)
Expenditures							
Instruction							
Regular Instruction Program	$ 938,025	$ 0	$ 725	$ 938,750	$ 1,051,924	$ 1,055,401	$ 116,651
Special Education Program	702,013	(314)	252	701,951	794,833	795,760	93,809
Vocational Education Program	41,729	0	0	41,729	46,117	41,729	0
Adult Education Program	25,586	0	57	25,643	25,693	31,716	6,073
Support Services							
Other Student Support	44,961	(4,056)	0	40,905	145,105	133,747	92,842
Regular Instruction Program	145,228	(11,749)	12,000	145,479	208,833	205,064	59,585
Special Education Program	83,403	(786)	506	83,123	128,127	128,983	45,860
Adult Programs	78,041	0	0	78,041	88,295	88,105	10,064
Transportation	34,121	0	0	34,121	33,323	34,421	300
Total Expenditures	$ 2,093,107	$ (16,905)	$ 13,540	$ 2,089,742	$ 2,522,250	$ 2,514,926	$ 425,184
Excess (Deficiency) of Revenues Over Expenditures	$ 5,748	$ 16,905	$ (13,540)	$ 9,113	$ (21,181)	$ (21,178)	$ 30,291
Other Financing Sources (Uses)							
Transfers In	$ 0	$ 0	$ 0	$ 0	$ 33,214	$ 33,214	$ (33,214)
Transfers Out	(17,014)	0	0	(17,014)	(79,590)	(79,590)	62,576
Total Other Financing Sources (Uses)	$ (17,014)	$ 0	$ 0	$ (17,014)	$ (46,376)	$ (46,376)	$ 29,362
Net Change in Fund Balance	$ (11,266)	$ 16,905	$ (13,540)	$ (7,901)	$ (67,557)	$ (67,554)	$ 59,653
Fund Balance, July 1, 2011	61,027	(16,905)	0	44,122	67,557	67,557	(23,435)
Fund Balance, June 30, 2012	$ 49,761	$ 0	$ (13,540)	$ 36,221	$ 0	$ 3	$ 36,218

Exhibit J-10

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Smith County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for Current Services	$ 542,347	$ 625,500	$ 625,500	$ (83,153)
Other Local Revenues	25,583	32,500	32,500	(6,917)
State of Tennessee	18,913	25,000	25,000	(6,087)
Federal Government	1,275,002	1,170,000	1,320,000	(44,998)
Total Revenues	$ 1,861,845	$ 1,853,000	$ 2,003,000	$ (141,155)
Expenditures				
Operation of Non-Instructional Services				
Food Service	$ 1,954,934	$ 1,853,000	$ 2,003,000	$ 48,066
Total Expenditures	$ 1,954,934	$ 1,853,000	$ 2,003,000	$ 48,066
Excess (Deficiency) of Revenues Over Expenditures	$ (93,089)	$ 0	$ 0	$ (93,089)
Net Change in Fund Balance	$ (93,089)	$ 0	$ 0	$ (93,089)
Fund Balance, July 1, 2011	637,285	634,818	634,818	2,467
Fund Balance, June 30, 2012	$ 544,196	$ 634,818	$ 634,818	$ (90,622)

MISCELLANEOUS SCHEDULES

Exhibit K-1

Smith County, Tennessee
Schedule of Changes in Long-term Notes,
Other Loans, and Bonds
For the Year Ended June 30, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
GOVERNMENTAL ACTIVITIES								
NOTES PAYABLE								
Payable through General Fund								
Patrol Cars	$ 134,409	3.95 %	2-3-09	2-3-12	$ 44,803	$ 0	$ 44,803	$ 0
"	140,869	3.39	3-25-10	3-25-13	93,913	0	46,956	46,957
"	191,000	2.97	8-8-11	8-8-14	0	191,000	0	191,000
Total Payable through General Fund					$ 138,716	$ 191,000	$ 91,759	$ 237,957
Payable through Ambulance Service Fund								
Ambulance Equipment	60,000	3.42	7-9-10	7-9-16	$ 60,000	$ 0	$ 10,000	$ 50,000
EMS Stations	112,500	3.64	7-9-10	7-9-19	112,500	0	12,500	100,000
Total Payable through Ambulance Service Fund					$ 172,500	$ 0	$ 22,500	$ 150,000
Payable through Highway/Public Works Fund								
Highway Equipment - Backhoe	53,141	2.96	4-19-11	4-19-14	$ 50,311	$ 0	$ 17,276	$ 33,035
Highway Projects	200,000	2.11	8-22-11	8-22-14	0	200,000	0	200,000
Total Payable through Highway/Public Works Fund					$ 50,311	$ 200,000	$ 17,276	$ 233,035
Payable through General Debt Service Fund								
Health Department, Boat Ramp, Playground	1,066,800	3.85	1-16-07	1-16-19	$ 711,200	$ 0	$ 88,900	$ 622,300
Land Purchase (Jail Site)	280,000	4.22	3-27-07	3-27-16	155,556	0	31,111	124,445
Dump Trucks	350,224	4.15	11-5-07	11-5-12	140,089	0	70,044	70,045
Health Wellness Center	260,000	3.65	3-7-08	3-7-20	194,999	0	21,667	173,332
Ambulance Remount	72,000	3.3	5-19-09	4-23-12	24,000	0	24,000	0
"	74,000	3.67	12-21-09	12-21-12	49,333	0	24,667	24,666
Highway Repairs	1,000,000	3.21	6-15-10	6-15-13	342,932	0	9,599	333,333
Ambulance Remount	75,450	1.99	12-10-10	12-10-13	75,450	0	25,150	50,300
Highway Repairs	400,000	2.11	8-11-11	8-11-14	0	400,000	0	400,000
Ambulance Remount	80,000	3.11	12-30-11	12-30-14	0	80,000	0	80,000
Highway Repairs - Hartsville Pike	25,000	2.37	1-13-12	6-30-12	0	25,000	25,000	0
Cardiac Monitors	24,960	2.49	6-22-12	6-22-15	0	24,960	0	24,960
Total Payable through General Debt Service Fund					$ 1,693,559	$ 529,960	$ 320,138	$ 1,903,381
Total Notes Payable					$ 2,055,086	$ 920,960	$ 451,673	$ 2,524,373

(Continued)

Exhibit K-1

Smith County, Tennessee
Schedule of Changes in Long-term Notes,
Other Loans, and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
GOVERNMENTAL ACTIVITIES (CONT.)								
OTHER LOANS PAYABLE								
Payable through General Debt Service Fund								
Career/Agriculture Center Construction	$ 1,250,000	variable %	12-7-05	5-25-25	$ 903,000	$ 0	$ 57,000	$ 846,000
Head Start Facility and New Jail Facility	704,413	variable	10-31-07	5-25-27	613,057	0	25,857	587,200
Total Payable through General Debt Service Fund					$ 1,516,057	$ 0	$ 82,857	$ 1,433,200
Payable through Courthouse and Jail Maintenance Fund								
Head Start Facility and New Jail Facility	674,186	variable	10-31-07	5-25-27	$ 586,413	$ 0	$ 24,843	$ 561,570
Jail Facility	10,000,000	variable	5-30-08	5-25-30	9,698,000	0	318,000	9,380,000
Total Payable through Courthouse and Jail Maintenance Fund					$ 10,284,413	$ 0	$ 342,843	$ 9,941,570
Total Other Loans Payable					$ 11,800,470	$ 0	$ 425,700	$ 11,374,770
BONDS PAYABLE								
Payable through General Fund								
Fire Trucks	1,250,000	4.5	6-17-09	6-17-29	$ 1,145,887	$ 0	$ 43,517	$ 1,102,370
Total Payable through General Fund					$ 1,145,887	$ 0	$ 43,517	$ 1,102,370
Payable through General Debt Service Fund								
Welcome Center	90,000	4.25	10-16-03	10-16-42	$ 76,654	$ 0	$ 1,195	$ 75,459
USDA - Community Facility	257,200	4.63	5-26-06	5-26-42	205,536	0	3,648	201,888
Total Payable through General Debt Service Fund					$ 282,190	$ 0	$ 4,843	$ 277,347
Payable through Education Debt Service Fund								
School Bonds. Series 2002	5,400,000	3 to 4.75	4-11-02	4-11-13	$ 1,200,000	$ 0	$ 600,000	$ 600,000
School Refunding Bonds, Series 2005	12,800,000	5	1-1-05	4-1-21	12,800,000	0	500,000	12,300,000
Total Payable through Education Debt Service Fund					$ 14,000,000	$ 0	$ 1,100,000	$ 12,900,000
Total Bonds Payable					$ 15,428,077	$ 0	$ 1,148,360	$ 14,279,717

(Continued)

Exhibit K-1

Smith County, Tennessee
Schedule of Changes in Long-term Notes,
Other Loans, and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-12
BUSINESS-TYPE ACTIVITIES								
NOTES PAYABLE								
Payable through Solid Waste Disposal Fund								
Landfill Expansion	$ 700,000	4.21 %	7-16-07	7-16-16	$ 466,666	$ 0	$ 77,778	$ 388,888
Compactor Rebuild	122,000	1.99	12-10-10	12-10-14	122,000	0	40,667	81,333
Cell Expansion	829,583	2.97	4-27-11	4-27-14	829,583	0	92,176	737,407
Landfill Class III Expansion	508,138	2.24	3-7-12	3-7-15	0	508,138	0	508,138
Total Notes Payable					$ 1,418,249	$ 508,138	$ 210,621	$ 1,715,766
OTHER LOANS PAYABLE								
Payable through Solid Waste Disposal Fund								
Recycling Center	2,000,000	4.25	12-6-05	12-6-45	$ 1,908,481	$ 0	$ 25,494	$ 1,882,987

Exhibit K-2

Smith County, Tennessee
Schedule of Long-term Debt Requirements by Year

GOVERNMENTAL ACTIVITIES

Year Ending June 30	Notes Principal	Notes Interest	Notes Total
2013	$ 980,780	$ 78,615	$ 1,059,395
2014	503,218	49,958	553,176
2015	462,832	35,940	498,772
2016	164,179	22,198	186,377
2017	133,067	15,722	148,789
2018	123,067	10,729	133,796
2019	123,067	8,248	131,315
2020	34,163	1,071	35,234
Total	$ 2,524,373	$ 222,481	$ 2,746,854

Year Ending June 30	Other Loans Principal	Other Loans Interest	Other Loans Other Fees	Other Loans Total
2013	$ 444,240	$ 280,996	$ 69,034	$ 794,270
2014	465,900	270,839	66,457	803,196
2015	487,690	260,167	63,755	811,612
2016	510,630	248,957	60,926	820,513
2017	533,710	237,202	57,964	828,876
2018	559,940	224,878	54,869	839,687
2019	585,340	211,921	51,622	848,883
2020	612,910	198,336	48,227	859,473
2021	642,650	184,087	44,671	871,408
2022	672,590	169,117	40,944	882,651
2023	704,720	153,423	37,043	895,186
2024	737,050	136,949	32,955	906,954
2025	737,610	119,667	28,680	885,957
2026	729,390	101,672	23,383	854,445
2027	765,400	82,979	19,152	867,531
2028	693,000	63,365	13,693	770,058
2029	728,000	43,268	9,674	780,942
2030	764,000	22,156	5,451	791,607
Total	$ 11,374,770	$ 3,009,979	$ 728,500	$ 15,113,249

(Continued)

Exhibit K-2

Smith County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

GOVERNMENTAL ACTIVITIES (CONT.)

Year Ending June 30	Bonds Principal	Bonds Interest	Bonds Total
2013	$ 1,170,538	$ 707,086	$ 1,877,624
2014	1,282,814	651,809	1,934,623
2015	1,360,191	587,932	1,948,123
2016	1,427,678	520,195	1,947,873
2017	1,500,275	449,098	1,949,373
2018	1,562,989	374,384	1,937,373
2019	1,635,825	296,548	1,932,373
2020	1,713,790	215,083	1,928,873
2021	1,791,888	129,735	1,921,623
2022	75,126	40,497	115,623
2023	78,509	37,116	115,625
2024	82,044	33,579	115,623
2025	85,739	29,884	115,623
2026	89,600	26,023	115,623
2027	93,636	21,987	115,623
2028	97,853	17,770	115,623
2029	79,489	13,363	92,852
2030	10,759	8,764	19,523
2031	11,246	8,277	19,523
2032	11,757	7,766	19,523
2033	12,290	7,232	19,522
2034	12,848	6,675	19,523
2035	13,431	6,092	19,523
2036	14,041	5,482	19,523
2037	14,678	4,845	19,523
2038	15,344	4,179	19,523
2039	16,040	3,482	19,522
2040	8,544	2,754	11,298
2041	3,996	1,993	5,989
2042	4,164	1,062	5,226
2043	2,595	975	3,570
Total	$ 14,279,717	$ 4,221,667	$ 18,501,384

(Continued)

Exhibit K-2

Smith County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

BUSINESS-TYPE ACTIVITIES

Year Ending June 30	Notes		
	Principal	Interest	Total
2013	$ 380,000	$ 49,232	$ 429,232
2014	933,054	38,617	971,671
2015	247,158	11,980	259,138
2016	77,778	4,911	82,689
2017	77,776	1,637	79,413
Total	$ 1,715,766	$ 106,377	$ 1,822,143

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2013	$ 26,599	$ 79,721	$ 106,320
2014	27,752	78,569	106,321
2015	28,954	77,366	106,320
2016	30,209	76,111	106,320
2017	31,518	74,802	106,320
2018	32,884	73,436	106,320
2019	34,309	72,011	106,320
2020	35,796	70,524	106,320
2021	37,347	68,973	106,320
2022	38,966	67,354	106,320
2023	40,655	65,665	106,320
2024	42,417	63,903	106,320
2025	44,255	62,065	106,320
2026	46,173	60,147	106,320
2027	48,174	58,146	106,320
2028	50,261	56,059	106,320
2029	52,440	53,880	106,320

(Continued)

Exhibit K-2

Smith County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

BUSINESS-TYPE ACTIVITIES (CONT.)

Year Ending June 30	Other Loans (Cont.) Principal	Interest	Total
2030	$ 54,712	$ 51,608	$ 106,320
2031	57,083	49,237	106,320
2032	59,557	46,763	106,320
2033	62,138	44,182	106,320
2034	64,831	41,489	106,320
2035	67,641	38,679	106,320
2036	70,572	35,748	106,320
2037	73,631	32,689	106,320
2038	76,822	29,498	106,320
2039	80,151	26,169	106,320
2040	83,624	22,696	106,320
2041	87,249	19,071	106,320
2042	91,030	15,290	106,320
2043	94,975	11,345	106,320
2044	99,091	7,229	106,320
2045	103,385	2,935	106,320
2046	7,786	58	7,844
Total	$ 1,882,987	$ 1,633,418	$ 3,516,405

Exhibit K-3

Smith County, Tennessee
Schedule of Notes Receivable
June 30, 2012

Description	Payee	Original Amount of Loan	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-12
General Debt Service Fund	Industrial Development Board of Smith County	$ 100,000	3-20-07	3-20-17	0%	$ 50,000
Total						$ 50,000

Exhibit K-4

Smith County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Smith County School Department
For the Year Ended June 30, 2012

From Fund	To Fund	Purpose	Amount
PRIMARY GOVERNMENT			
General	Ambulance Service	Operations	$ 321,439
Flooding Repair Projects	Highway/Public Works	Road repairs	399,643
Total Transfers Primary Government			$ 721,082
DISCRETELY PRESENTED SMITH COUNTY SCHOOL DEPARTMENT			
School Federal Projects	General Purpose School	Indirect costs	$ 17,014
Total Transfers Discretely Presented Smith County School Department			$ 17,014

Exhibit K-5

Smith County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Smith County School Department
For the Year Ended June 30, 2012

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, *TCA*	$ 66,702	$ 100,000	Cincinnati Insurance Company
Road Commissioner	Section 8-24-102, *TCA*	63,527	100,000	"
Director of Schools	State Board of Education and Smith County Board of Education	109,528 (1)	100,000	"
Trustee	Section 8-24-102, *TCA*	57,751	560,800	"
Assessor of Property	Section 8-24-102, *TCA*	57,751	12,500	"
County Clerk	Section 8-24-102, *TCA*	57,751	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, *TCA*	57,751	50,000	"
Clerk and Master	Section 8-24-102, *TCA,* and Chancery Court Judge	57,751 (2)	50,000	"
Register	Section 8-24-102, *TCA*	57,751	25,000	"
Sheriff	Section 8-24-102, *TCA*	63,527 (3)	25,000	"
Employee Dishonesty Bond Coverage:				
General County and Highway Department Employees			150,000	Local Government Property and Casualty Fund
School Department Employees			250,000	Cincinnati Insurance Company

(1) Includes a $1,000 chief executive officer training supplement and a $25,387 payout for accrued vacation time approved by the Board of Education.
(2) Does not include $12,252 in special commissioner fees.
(3) Does not include a $600 law enforcement training supplement.

Exhibit K-6

Smith County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2012

		Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Ambulance Service	Drug Control	Highway / Public Works
Local Taxes						
County Property Taxes						
Current Property Tax	$ 2,612,614	$ 0	$ 0	$ 0	$ 0	$ 165,880
Trustee's Collections - Prior Year	100,065	0	0	0	0	7,022
Circuit/Clerk & Master Collections - Prior Years	83,083	0	0	0	0	5,189
Interest and Penalty	18,460	0	0	0	0	1,272
Payments in-Lieu-of Taxes - T.V.A.	1,035	0	0	0	0	66
Payments in-Lieu-of Taxes - Local Utilities	211,331	0	0	0	0	13,418
Payments in-Lieu-of Taxes - Other	10,426	0	0	0	0	567
County Local Option Taxes						
Local Option Sales Tax	694,655	0	0	0	0	0
Wheel Tax	0	251,262	0	0	0	0
Litigation Tax - General	42,495	15,674	0	0	0	0
Litigation Tax - Special Purpose	4,304	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	10,158	35,812	0	0	0	0
Business Tax	124,735	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	67,581
Statutory Local Taxes						
Bank Excise Tax	82,148	0	0	0	0	6,011
Wholesale Beer Tax	56,691	0	0	0	0	0
Interstate Telecommunications Tax	825	0	0	0	0	0
Total Local Taxes	$ 4,053,025	$ 302,748	$ 0	$ 0	$ 0	$ 267,006
Licenses and Permits						
Licenses						
Cable TV Franchise	$ 22,452	$ 0	$ 0	$ 0	$ 0	$ 0
Permits						
Beer Permits	1,808	0	0	0	0	0
Building Permits	38,500	0	0	0	0	0
Other Permits	15,700	0	0	0	0	0
Total Licenses and Permits	$ 78,460	$ 0	$ 0	$ 0	$ 0	$ 0

(Continued)

Exhibit K-6

Smith County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	General	Special Revenue Funds				
		Courthouse and Jail Maintenance	Solid Waste / Sanitation	Ambulance Service	Drug Control	Highway / Public Works
Fines, Forfeitures, and Penalties						
Circuit Court						
Fines	$ 1,596	$ 0	$ 0	$ 0	$ 0	$ 0
Jail Fees	0	688	0	0	0	0
Data Entry Fee - Circuit Court	586	0	0	0	0	0
Courtroom Security Fee	1,546	0	0	0	0	0
Criminal Court						
Courtroom Security Fee	2,704	0	0	0	0	0
General Sessions Court						
Fines	716	0	0	0	0	0
Game and Fish Fines	287	0	0	0	0	0
Drug Control Fines	1,976	0	0	0	1,596	0
Drug Court Fees	0	0	0	0	16,806	0
DUI Treatment Fines	3,622	0	0	0	0	0
Data Entry Fee - General Sessions Court	3,685	0	0	0	0	0
Courtroom Security Fee	21,563	0	0	0	0	0
Juvenile Court						
Data Entry Fee - Juvenile Court	338	0	0	0	0	0
Chancery Court						
Officers Costs	1,577	0	0	0	0	0
Data Entry Fee - Chancery Court	756	0	0	0	0	0
Courtroom Security Fee	0	3,756	0	0	0	0
Other Fines, Forfeitures, and Penalties						
Proceeds from Confiscated Property	0	0	0	0	2,155	0
Other Fines, Forfeitures, and Penalties	4,689	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	$ 45,641	$ 4,444	$ 0	$ 0	$ 20,557	$ 0
Charges for Current Services						
General Service Charges						
Tipping Fees	$ 0	$ 0	$ 311,885	$ 0	$ 0	$ 0
Patient Charges	0	0	0	866,293	0	0
Other General Service Charges	1,250	0	0	0	0	0

(Continued)

Exhibit K-6

Smith County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

		Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Ambulance Service	Drug Control	Highway / Public Works
Charges for Current Services (Cont.)						
Fees						
Recreation Fees	$ 22,095	$ 0	$ 0	$ 0	$ 0	$ 0
Copy Fees	2,512	0	0	323	0	0
Greenbelt Late Application Fee	600	0	0	0	0	0
Telephone Commissions	71,559	0	0	0	0	0
Data Processing Fee - Register	6,242	0	0	0	0	0
Data Processing Fee - Sheriff	3,709	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,250	0	0	0	0	0
Data Processing Fee - County Clerk	264	0	0	0	0	0
Education Charges						
Tuition - Other	24,601	0	0	0	0	0
Other Charges for Services						
Other Charges for Services	295	0	0	0	0	0
Total Charges for Current Services	$ 135,377	$ 0	$ 311,885	$ 866,616	$ 0	$ 0
Other Local Revenues						
Recurring Items						
Investment Income	$ 173,692	$ 0	$ 0	$ 0	$ 0	$ 0
Lease/Rentals	23,625	3,900	307	0	0	0
Sale of Materials and Supplies	330	0	0	0	0	0
Commissary Sales	5,261	0	0	0	0	0
Sale of Recycled Materials	0	0	1,153	0	0	0
Miscellaneous Refunds	56,410	0	0	10,000	0	1,338
Nonrecurring Items						
Sale of Equipment	31,573	0	4,510	0	0	0
Sale of Property	42,140	0	0	0	0	0
Damages Recovered from Individuals	936	0	0	0	0	0
Contributions and Gifts	25,087	0	0	0	0	0
Other Local Revenues						
Other Local Revenues	161,146	0	0	0	0	25,603
Total Other Local Revenues	$ 520,200	$ 3,900	$ 5,970	$ 10,000	$ 0	$ 26,941

(Continued)

Exhibit K-6

Smith County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

		Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Ambulance Service	Drug Control	Highway / Public Works
Fees Received from County Officials						
Fees in-Lieu-of Salary						
County Clerk	$ 174,360	$ 0	$ 0	$ 0	$ 0	$ 0
Circuit Court Clerk	70,642	0	0	0	0	0
General Sessions Court Clerk	117,317	0	0	0	0	0
Clerk and Master	71,378	0	0	0	0	0
Register	64,156	0	0	0	0	0
Sheriff	49,262	0	0	0	0	0
Trustee	269,551	0	0	0	0	0
Total Fees Received from County Officials	$ 816,666	$ 0	$ 0	$ 0	$ 0	$ 0
State of Tennessee						
General Government Grants						
Juvenile Services Program	$ 9,000	$ 0	$ 0	$ 0	$ 0	$ 0
Aging Programs	14,376	0	0	0	0	0
On-Behalf Contributions for OPEB	470	0	0	0	0	0
Other General Government Grants	2,281	0	0	0	0	0
Public Safety Grants						
Law Enforcement Training Programs	14,400	0	0	0	0	0
Health and Welfare Grants						
Health Department Programs	5,969	0	0	0	0	0
Public Works Grants						
Bridge Program	0	0	0	0	0	55,730
State Aid Program	0	0	0	0	0	303,945
Litter Program	37,376	0	0	0	0	0
Other State Revenues						
Flood Control	6,867	0	0	0	0	0
Income Tax	34,885	0	0	0	0	0
Beer Tax	18,421	0	0	0	0	0
Alcoholic Beverage Tax	35,257	0	0	0	0	0
State Revenue Sharing - T.V.A.	482,832	0	0	0	0	0
Contracted Prisoner Boarding	874,330	443,862	0	0	0	0

(Continued)

Exhibit K-6

Smith County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

		Special Revenue Funds				
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Ambulance Service	Drug Control	Highway / Public Works
State of Tennessee (Cont.)						
Other State Revenues (Cont.)						
Gasoline and Motor Fuel Tax	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,458,203
Petroleum Special Tax	0	0	0	0	0	13,829
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	0	0	0	0	0	3,454
Other State Revenues	22,914	0	0	0	0	0
Total State of Tennessee	$ 1,574,542	$ 443,862	$ 0	$ 0	$ 0	$ 1,835,161
Federal Government						
Federal Through State						
Disaster Relief	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Homeland Security Grants	11,000	0	0	0	0	0
ARRA Grant # 1	40,684	0	0	0	0	0
Other Federal through State	6,938	0	0	0	0	27,629
Direct Federal Revenue						
Police Service (Lake Area)	15,179	0	0	0	0	0
Other Direct Federal Revenue	10,572	0	0	0	0	0
Total Federal Government	$ 84,373	$ 0	$ 0	$ 0	$ 0	$ 27,629
Other Governments and Citizens Groups						
Other Governments						
Contributions	$ 66,791	$ 0	$ 0	$ 0	$ 0	$ 0
Citizens Groups						
Donations	14,515	0	0	0	0	0
Total Other Governments and Citizens Groups	$ 81,306	$ 0	$ 0	$ 0	$ 0	$ 0
Total	$ 7,389,590	$ 754,954	$ 317,855	$ 876,616	$ 20,557	$ 2,156,737

(Continued)

Exhibit K-6

Smith County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Debt Service Funds		Capital Projects Funds			Permanent Fund	
	General Debt Service	Education Debt Service	EMS Building Construction Projects	Emergency Watershed Protection Projects	Flooding Repair Projects	Library Endowment	Total
Local Taxes							
County Property Taxes							
Current Property Tax	$ 414,700	$ 359,410	$ 0	$ 0	$ 0	$ 0	$ 3,552,604
Trustee's Collections - Prior Year	17,555	15,214	0	0	0	0	139,856
Circuit/Clerk & Master Collections - Prior Years	12,972	11,243	0	0	0	0	112,487
Interest and Penalty	3,180	2,756	0	0	0	0	25,668
Payments in-Lieu-of Taxes - T.V.A.	164	142	0	0	0	0	1,407
Payments in-Lieu-of Taxes - Local Utilities	33,544	29,072	0	0	0	0	287,365
Payments in-Lieu-of Taxes - Other	1,416	1,227	0	0	0	0	13,636
County Local Option Taxes							
Local Option Sales Tax	0	511,511	0	0	0	0	1,206,166
Wheel Tax	0	848,900	0	0	0	0	1,100,162
Litigation Tax - General	0	0	0	0	0	0	58,169
Litigation Tax - Special Purpose	0	0	0	0	0	0	4,304
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	45,970
Business Tax	0	0	0	0	0	0	124,735
Mineral Severance Tax	0	0	0	0	0	0	67,581
Statutory Local Taxes							
Bank Excise Tax	14,025	12,022	0	0	0	0	114,206
Wholesale Beer Tax	0	0	0	0	0	0	56,691
Interstate Telecommunications Tax	0	322	0	0	0	0	1,147
Total Local Taxes	$ 497,556	$ 1,791,819	$ 0	$ 0	$ 0	$ 0	$ 6,912,154
Licenses and Permits							
Licenses							
Cable TV Franchise	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 22,452
Permits							
Beer Permits	0	0	0	0	0	0	1,808
Building Permits	0	0	0	0	0	0	38,500
Other Permits	0	0	0	0	0	0	15,700
Total Licenses and Permits	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 78,460

(Continued)

Exhibit K-6

Smith County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Debt Service Funds		Capital Projects Funds			Permanent Fund	
	General Debt Service	Education Debt Service	EMS Building Construction Projects	Emergency Watershed Protection Projects	Flooding Repair Projects	Library Endowment	Total
Fines, Forfeitures, and Penalties							
Circuit Court							
Fines	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,596
Jail Fees	0	0	0	0	0	0	688
Data Entry Fee - Circuit Court	0	0	0	0	0	0	586
Courtroom Security Fee	0	0	0	0	0	0	1,546
Criminal Court							
Courtroom Security Fee	0	0	0	0	0	0	2,704
General Sessions Court							
Fines	0	0	0	0	0	0	716
Game and Fish Fines	0	0	0	0	0	0	287
Drug Control Fines	0	0	0	0	0	0	3,572
Drug Court Fees	0	0	0	0	0	0	16,806
DUI Treatment Fines	0	0	0	0	0	0	3,622
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	3,685
Courtroom Security Fee	0	0	0	0	0	0	21,563
Juvenile Court							
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	338
Chancery Court							
Officers Costs	0	0	0	0	0	0	1,577
Data Entry Fee - Chancery Court	0	0	0	0	0	0	756
Courtroom Security Fee	0	0	0	0	0	0	3,756
Other Fines, Forfeitures, and Penalties							
Proceeds from Confiscated Property	0	0	0	0	0	0	2,155
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	4,689
Total Fines, Forfeitures, and Penalties	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 70,642
Charges for Current Services							
General Service Charges							
Tipping Fees	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 311,885
Patient Charges	0	0	0	0	0	0	866,293
Other General Service Charges	0	0	0	0	0	0	1,250

(Continued)

Exhibit K-6

Smith County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Debt Service Funds		Capital Projects Funds			Permanent Fund	
	General Debt Service	Education Debt Service	EMS Building Construction Projects	Emergency Watershed Protection Projects	Flooding Repair Projects	Library Endowment	Total
Charges for Current Services (Cont.)							
Fees							
Recreation Fees	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 22,095
Copy Fees	0	0	0	0	0	0	2,835
Greenbelt Late Application Fee	0	0	0	0	0	0	600
Telephone Commissions	0	0	0	0	0	0	71,559
Data Processing Fee - Register	0	0	0	0	0	0	6,242
Data Processing Fee - Sheriff	0	0	0	0	0	0	3,709
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	2,250
Data Processing Fee - County Clerk	0	0	0	0	0	0	264
Education Charges							
Tuition - Other	0	0	0	0	0	0	24,601
Other Charges for Services							
Other Charges for Services	0	0	0	0	0	0	295
Total Charges for Current Services	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,313,878
Other Local Revenues							
Recurring Items							
Investment Income	$ 0	$ 0	$ 0	$ 0	$ 0	$ 405	$ 174,097
Lease/Rentals	111,537	0	0	0	0	0	139,369
Sale of Materials and Supplies	0	0	0	0	0	0	330
Commissary Sales	0	0	0	0	0	0	5,261
Sale of Recycled Materials	0	0	0	0	0	0	1,153
Miscellaneous Refunds	0	0	291	0	17,943	0	85,982
Nonrecurring Items							
Sale of Equipment	0	0	0	0	0	0	36,083
Sale of Property	0	0	0	0	0	0	42,140
Damages Recovered from Individuals	0	0	0	0	0	0	936
Contributions and Gifts	0	0	0	2,000	0	0	27,087
Other Local Revenues							
Other Local Revenues	0	0	0	0	0	0	186,749
Total Other Local Revenues	$ 111,537	$ 0	$ 291	$ 2,000	$ 17,943	$ 405	$ 699,187

(Continued)

Exhibit K-6

Smith County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Debt Service Funds		Capital Projects Funds			Permanent Fund	
	General Debt Service	Education Debt Service	EMS Building Construction Projects	Emergency Watershed Protection Projects	Flooding Repair Projects	Library Endowment	Total
Fees Received from County Officials							
Fees in-Lieu-of Salary							
County Clerk	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 174,360
Circuit Court Clerk	0	0	0	0	0	0	70,642
General Sessions Court Clerk	0	0	0	0	0	0	117,317
Clerk and Master	0	0	0	0	0	0	71,378
Register	0	0	0	0	0	0	64,156
Sheriff	0	0	0	0	0	0	49,262
Trustee	0	0	0	0	0	0	269,551
Total Fees Received from County Officials	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 816,666
State of Tennessee							
General Government Grants							
Juvenile Services Program	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 9,000
Aging Programs	0	0	0	0	0	0	14,376
On-Behalf Contributions for OPEB	0	0	0	0	0	0	470
Other General Government Grants	0	0	0	0	0	0	2,281
Public Safety Grants							
Law Enforcement Training Programs	0	0	0	0	0	0	14,400
Health and Welfare Grants							
Health Department Programs	0	0	0	0	0	0	5,969
Public Works Grants							
Bridge Program	0	0	0	0	0	0	55,730
State Aid Program	0	0	0	0	0	0	303,945
Litter Program	0	0	0	0	0	0	37,376
Other State Revenues							
Flood Control	0	0	0	0	0	0	6,867
Income Tax	0	0	0	0	0	0	34,885
Beer Tax	0	0	0	0	0	0	18,421
Alcoholic Beverage Tax	0	0	0	0	0	0	35,257
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	482,832
Contracted Prisoner Boarding	0	0	0	0	0	0	1,318,192

(Continued)

Exhibit K-6

Smith County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types (Cont.)

	Debt Service Funds		Capital Projects Funds			Permanent Fund	
	General Debt Service	Education Debt Service	EMS Building Construction Projects	Emergency Watershed Protection Projects	Flooding Repair Projects	Library Endowment	Total
State of Tennessee (Cont.)							
Other State Revenues (Cont.)							
Gasoline and Motor Fuel Tax	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,458,203
Petroleum Special Tax	0	0	0	0	0	0	13,829
Registrar's Salary Supplement	0	0	0	0	0	0	15,164
Other State Grants	0	0	0	0	0	0	3,454
Other State Revenues	0	0	0	0	0	0	22,914
Total State of Tennessee	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,853,565
Federal Government							
Federal Through State							
Disaster Relief	$ 276,284	$ 0	$ 0	$ 0	$ 0	$ 0	$ 276,284
Homeland Security Grants	0	0	0	0	0	0	11,000
ARRA Grant # 1	0	0	0	0	0	0	40,684
Other Federal through State	0	0	0	0	0	0	34,567
Direct Federal Revenue							
Police Service (Lake Area)	0	0	0	0	0	0	15,179
Other Direct Federal Revenue	0	0	0	0	0	0	10,572
Total Federal Government	$ 276,284	$ 0	$ 0	$ 0	$ 0	$ 0	$ 388,286
Other Governments and Citizens Groups							
Other Governments							
Contributions	$ 0	$ 296,000	$ 0	$ 0	$ 0	$ 0	$ 362,791
Citizens Groups							
Donations	0	0	0	0	0	0	14,515
Total Other Governments and Citizens Groups	$ 0	$ 296,000	$ 0	$ 0	$ 0	$ 0	$ 377,306
Total	$ 885,377	$ 2,087,819	$ 291	$ 2,000	$ 17,943	$ 405	$ 14,510,144

Exhibit K-7

Smith County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Smith County School Department
For the Year Ended June 30, 2012

	General Purpose School	School Federal Projects	Central Cafeteria	Total
Local Taxes				
County Property Taxes				
Current Property Tax	$ 2,750,856	$ 0	$ 0	$ 2,750,856
Trustee's Collections - Prior Year	108,635	0	0	108,635
Circuit/Clerk & Master Collections - Prior Years	86,050	0	0	86,050
Interest and Penalty	21,089	0	0	21,089
Payments in-Lieu-of Taxes - T.V.A.	1,090	0	0	1,090
Payments in-Lieu-of Taxes - Local Utilities	222,514	0	0	222,514
Payments in-Lieu-of Taxes - Other	9,394	0	0	9,394
County Local Option Taxes				
Local Option Sales Tax	1,356,576	0	0	1,356,576
Statutory Local Taxes				
Bank Excise Tax	86,156	0	0	86,156
Interstate Telecommunications Tax	777	0	0	777
Total Local Taxes	$ 4,643,137	$ 0	$ 0	$ 4,643,137
Licenses and Permits				
Licenses				
Marriage Licenses	$ 1,984	$ 0	$ 0	$ 1,984
Total Licenses and Permits	$ 1,984	$ 0	$ 0	$ 1,984
Charges for Current Services				
Education Charges				
Tuition - Summer School	$ 2,950	$ 0	$ 0	$ 2,950
Lunch Payments - Children	0	0	382,583	382,583
Lunch Payments - Adults	0	0	71,961	71,961
Income from Breakfast	0	0	85	85
Special Milk Sales	0	0	8,645	8,645
A la carte Sales	0	0	77,142	77,142
Receipts from Individual Schools	26,941	0	1,931	28,872
Total Charges for Current Services	$ 29,891	$ 0	$ 542,347	$ 572,238
Other Local Revenues				
Recurring Items				
Investment Income	$ 4,842	$ 0	$ 1,400	$ 6,242
Lease/Rentals	286	0	0	286
Sale of Materials and Supplies	4,204	0	0	4,204
Sale of Recycled Materials	0	0	466	466
Refund of Telecommunication and Internet Fees (E-Rate)	25,151	0	0	25,151
Miscellaneous Refunds	41,123	0	23,717	64,840
Nonrecurring Items				
Contributions and Gifts	16,500	0	0	16,500
Other Local Revenues				
Other Local Revenues	294	0	0	294
Total Other Local Revenues	$ 92,400	$ 0	$ 25,583	$ 117,983
State of Tennessee				
General Government Grants				
On-Behalf Contributions for OPEB	$ 94,816	$ 0	$ 0	$ 94,816

(Continued)

Exhibit K-7

Smith County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Smith County School Department (Cont.)

	General Purpose School	School Federal Projects	Central Cafeteria	Total
State of Tennessee (Cont.)				
State Education Funds				
Basic Education Program	$ 15,398,001	$ 0	$ 0	$ 15,398,001
Early Childhood Education	492,949	0	0	492,949
School Food Service	0	0	18,913	18,913
Driver Education	9,220	0	0	9,220
Other State Education Funds	157,508	0	0	157,508
Career Ladder Program	127,242	0	0	127,242
Career Ladder - Extended Contract	36,400	0	0	36,400
Career Ladder - Extended Contract - ARRA	36,400	0	0	36,400
Other State Revenues				
Other State Grants	17,372	26,470	0	43,842
Other State Revenues	2,615	0	0	2,615
Total State of Tennessee	$ 16,372,523	$ 26,470	$ 18,913	$ 16,417,906
Federal Government				
Federal Through State				
USDA School Lunch Program	$ 0	$ 0	$ 808,264	$ 808,264
USDA - Commodities	0	0	95,600	95,600
Breakfast	0	0	368,953	368,953
USDA - Other	0	0	2,185	2,185
Adult Education State Grant Program	0	79,412	0	79,412
Vocational Education - Basic Grants to States	0	49,953	0	49,953
Title I Grants to Local Education Agencies	0	698,890	0	698,890
Special Education - Grants to States	48,702	635,078	0	683,780
Special Education Preschool Grants	0	7,960	0	7,960
Eisenhower Professional Development State Grants	0	147,566	0	147,566
Disaster Relief	14,455	0	0	14,455
Race-to-the-Top - ARRA	0	127,488	0	127,488
Other Federal through State	63,034	326,038	0	389,072
Total Federal Government	$ 126,191	$ 2,072,385	$ 1,275,002	$ 3,473,578
Other Governments and Citizens Groups				
Other Governments				
Contributions	$ 14,351	$ 0	$ 0	$ 14,351
Total Other Governments and Citizens Groups	$ 14,351	$ 0	$ 0	$ 14,351
Total	$ 21,280,477	$ 2,098,855	$ 1,861,845	$ 25,241,177

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund				
General Government				
County Commission				
Other Salaries and Wages	$	358		
Board and Committee Members Fees		13,925		
Other Per Diem and Fees		5,400		
Social Security		1,068		
Advertising		50		
Audit Services		11,453		
Dues and Memberships		2,366		
Other Contracted Services		3,430		
Total County Commission			$	38,050
Board of Equalization				
Board and Committee Members Fees	$	2,100		
Total Board of Equalization				2,100
County Mayor/Executive				
County Official/Administrative Officer	$	66,702		
Salary Supplements		800		
Secretary(ies)		56,964		
Overtime Pay		3,246		
Social Security		9,584		
State Retirement		8,322		
Medical Insurance		2,640		
Communication		3,639		
Dues and Memberships		1,335		
Operating Lease Payments		2,599		
Travel		883		
Office Supplies		6,318		
Premiums on Corporate Surety Bonds		607		
Other Charges		106		
Data Processing Equipment		8,802		
Office Equipment		1,696		
Total County Mayor/Executive				174,243
County Attorney				
County Official/Administrative Officer	$	47,659		
Total County Attorney				47,659
Election Commission				
County Official/Administrative Officer	$	51,976		
Clerical Personnel		25,566		

(Continued)

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)				
General Government (Cont.)				
Election Commission (Cont.)				
Custodial Personnel	$	4,318		
Part-time Personnel		3,717		
Election Commission		3,800		
Election Workers		9,375		
Social Security		6,216		
State Retirement		3,871		
Advertising		2,268		
Communication		1,831		
Postal Charges		2,372		
Printing, Stationery, and Forms		2,921		
Rentals		275		
Travel		2,134		
Office Supplies		3,169		
Other Charges		19,958		
Total Election Commission			$	143,767
Register of Deeds				
County Official/Administrative Officer	$	57,751		
Deputy(ies)		50,018		
Data Processing Personnel		4,905		
Social Security		8,031		
State Retirement		7,770		
Medical Insurance		1,863		
Communication		1,732		
Dues and Memberships		397		
Operating Lease Payments		2,639		
Office Supplies		2,085		
Premiums on Corporate Surety Bonds		125		
Total Register of Deeds				137,316
Planning				
Other Per Diem and Fees	$	450		
Dues and Memberships		8,325		
Total Planning				8,775
Codes Compliance				
County Official/Administrative Officer	$	42,975		
Deputy(ies)		12,480		
Social Security		4,112		
State Retirement		3,098		

(Continued)

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)				
General Government (Cont.)				
Codes Compliance (Cont.)				
Medical Insurance	$	2,640		
Advertising		287		
Communication		2,026		
Contracts with Government Agencies		16,365		
Gasoline		495		
Office Supplies		943		
Road Signs		2,260		
Other Charges		220		
Office Equipment		1,588		
Total Codes Compliance			$	89,489
County Buildings				
Deputy(ies)	$	100,997		
Overtime Pay		2,014		
Social Security		7,797		
State Retirement		5,570		
Medical Insurance		5,280		
Advertising		1,365		
Communication		6,406		
Contracts with Private Agencies		4,873		
Engineering Services		8,520		
Maintenance and Repair Services - Buildings		72,868		
Maintenance and Repair Services - Equipment		3,128		
Maintenance and Repair Services - Vehicles		2,044		
Rentals		5,187		
Custodial Supplies		4,267		
Gasoline		17,003		
Utilities		217,327		
Other Supplies and Materials		1,848		
Other Charges		30		
Building Improvements		16,976		
Total County Buildings				483,500
Other General Administration				
On-Behalf Payments to OPEB	$	470		
Total Other General Administration				470
Finance				
Property Assessor's Office				
County Official/Administrative Officer	$	57,751		

(Continued)

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)				
Finance (Cont.)				
Property Assessor's Office (Cont.)				
Deputy(ies)	$	50,018		
Social Security		8,367		
State Retirement		7,770		
Advertising		96		
Communication		2,704		
Contracts with Government Agencies		8,091		
Dues and Memberships		1,200		
Postal Charges		4,211		
Travel		3,955		
Other Contracted Services		8,049		
Office Supplies		1,245		
Premiums on Corporate Surety Bonds		75		
Total Property Assessor's Office			$	153,532
Reappraisal Program				
Deputy(ies)	$	13,520		
Social Security		1,034		
Contracts with Government Agencies		2,055		
Total Reappraisal Program				16,609
County Trustee's Office				
County Official/Administrative Officer	$	57,751		
Deputy(ies)		50,018		
Social Security		7,854		
State Retirement		7,770		
Communication		1,169		
Dues and Memberships		397		
Legal Notices, Recording, and Court Costs		136		
Postal Charges		3,268		
Office Supplies		1,760		
Premiums on Corporate Surety Bonds		3,417		
Data Processing Equipment		4,757		
Office Equipment		375		
Total County Trustee's Office				138,672
County Clerk's Office				
County Official/Administrative Officer	$	57,751		
Deputy(ies)		98,043		
Overtime Pay		641		
Social Security		11,201		

(Continued)

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)				
Finance (Cont.)				
County Clerk's Office (Cont.)				
State Retirement	$	10,792		
Medical Insurance		5,280		
Advertising		73		
Communication		2,385		
Dues and Memberships		497		
Postal Charges		2,856		
Printing, Stationery, and Forms		1,030		
Office Supplies		1,382		
Premiums on Corporate Surety Bonds		650		
Other Charges		20		
Office Equipment		10,824		
Total County Clerk's Office			$	203,425
Administration of Justice				
Circuit Court				
County Official/Administrative Officer	$	57,751		
Deputy(ies)		123,375		
Jury and Witness Expense		7,114		
Social Security		13,132		
State Retirement		11,568		
Medical Insurance		5,940		
Communication		3,671		
Dues and Memberships		397		
Operating Lease Payments		1,929		
Postal Charges		1,800		
Other Contracted Services		1,958		
Office Supplies		8,876		
Premiums on Corporate Surety Bonds		864		
Other Charges		20		
Data Processing Equipment		11,602		
Total Circuit Court				249,997
General Sessions Judge				
Judge(s)	$	100,142		
In-Service Training		246		
Social Security		7,661		
State Retirement		7,220		
Communication		3,166		
Travel		808		
Other Charges		7,500		
Total General Sessions Judge				126,743

(Continued)

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)				
Administration of Justice (Cont.)				
Chancery Court				
County Official/Administrative Officer	$	57,751		
Deputy(ies)		25,566		
Social Security		6,157		
State Retirement		6,007		
Medical Insurance		2,644		
Communication		3,030		
Dues and Memberships		397		
Operating Lease Payments		1,626		
Office Supplies		2,079		
Premiums on Corporate Surety Bonds		450		
Data Processing Equipment		3,068		
Total Chancery Court			$	108,775
Judicial Commissioners				
County Official/Administrative Officer	$	16,000		
Other Salaries and Wages		2,846		
In-Service Training		383		
Social Security		1,442		
Communication		502		
Travel		832		
Other Charges		20		
Total Judicial Commissioners				22,025
Other Administration of Justice				
Other Charges	$	2,220		
Total Other Administration of Justice				2,220
Public Safety				
Sheriff's Department				
County Official/Administrative Officer	$	63,527		
Supervisor/Director		35,635		
Deputy(ies)		292,410		
Detective(s)		59,628		
Captain(s)		48,250		
Lieutenant(s)		94,567		
Sergeant(s)		127,798		
Paraprofessionals		32,613		
Salary Supplements		13,800		
Dispatchers/Radio Operators		127,008		
Guards		88,762		

(Continued)

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)		
Public Safety (Cont.)		
Sheriff's Department (Cont.)		
Clerical Personnel	$ 30,513	
Attendants	46,164	
Maintenance Personnel	25,272	
School Resource Officer	54,851	
Overtime Pay	42,754	
Other Salaries and Wages	25,367	
In-Service Training	9,101	
Social Security	92,085	
State Retirement	81,405	
Medical Insurance	29,763	
Communication	20,857	
Confidential Drug Enforcement Payments	32,698	
Dues and Memberships	1,500	
Operating Lease Payments	4,977	
Maintenance and Repair Services - Office Equipment	535	
Maintenance and Repair Services - Vehicles	34,474	
Medical and Dental Services	1,840	
Travel	1,425	
Animal Food and Supplies	496	
Gasoline	112,071	
Office Supplies	15,939	
Uniforms	9,673	
Other Supplies and Materials	3,996	
Premiums on Corporate Surety Bonds	375	
Other Charges	3,946	
Law Enforcement Equipment	14,678	
Motor Vehicles	11,512	
Other Equipment	29,181	
Total Sheriff's Department		$ 1,721,446
Traffic Control		
Traffic Control Equipment	$ 1,173	
Total Traffic Control		1,173
Jail		
Cafeteria Personnel	$ 23,601	
Overtime Pay	3,270	
Social Security	1,915	
State Retirement	1,879	
Medical Insurance	3,080	

(Continued)

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)				
Public Safety (Cont.)				
Jail (Cont.)				
Medical and Dental Services	$	398,190		
Custodial Supplies		20,940		
Food Supplies		137,051		
Other Supplies and Materials		45,361		
Total Jail			$	635,287
Correctional Incentive Program Improvements				
Deputy(ies)	$	433,963		
Overtime Pay		21,615		
Social Security		33,178		
State Retirement		26,470		
Medical Insurance		18,697		
Total Correctional Incentive Program Improvements				533,923
Juvenile Services				
Youth Service Officer(s)	$	24,277		
Social Security		1,909		
State Retirement		871		
Communication		1,335		
Other Contracted Services		9,000		
Drugs and Medical Supplies		252		
Office Supplies		585		
Other Charges		738		
Total Juvenile Services				38,967
Fire Prevention and Control				
Deputy(ies)	$	12,000		
Social Security		918		
Advertising		43		
Maintenance and Repair Services - Equipment		2,084		
Maintenance and Repair Services - Vehicles		11,786		
Rentals		16,380		
Other Contracted Services		61,932		
Gasoline		6,074		
Office Supplies		408		
Utilities		10,762		
Other Charges		6,029		
Other Equipment		21,322		
Total Fire Prevention and Control				149,738

(Continued)

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)				
Public Safety (Cont.)				
Rescue Squad				
Contributions	$	30,000		
Total Rescue Squad			$	30,000
Other Emergency Management				
Supervisor/Director	$	15,890		
Social Security		1,216		
Communication		4,417		
Maintenance and Repair Services - Vehicles		1,862		
Other Contracted Services		2,250		
Gasoline		2,879		
Office Supplies		197		
Utilities		1,176		
Other Charges		292		
Office Equipment		957		
Other Equipment		5,171		
Total Other Emergency Management				36,307
Inspection and Regulation				
Supervisor/Director	$	2,400		
Social Security		184		
Total Inspection and Regulation				2,584
County Coroner/Medical Examiner				
Other Contracted Services	$	43,500		
Total County Coroner/Medical Examiner				43,500
Other Public Safety				
Deputy(ies)	$	13,733		
Dispatchers/Radio Operators		190,004		
Longevity Pay		3,656		
Overtime Pay		16,337		
Social Security		16,576		
State Retirement		15,793		
Medical Insurance		7,700		
Motor Vehicles		28,193		
Total Other Public Safety				291,992
Public Health and Welfare				
Local Health Center				
Communication	$	1,386		

(Continued)

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)				
Public Health and Welfare (Cont.)				
Local Health Center (Cont.)				
Dues and Memberships	$	200		
Maintenance and Repair Services - Buildings		411		
Custodial Supplies		788		
Office Supplies		158		
Uniforms		210		
Utilities		18,165		
Other Charges		100		
Total Local Health Center			$	21,418
Other Local Health Services				
Supervisor/Director	$	28,038		
Other Salaries and Wages		8,679		
Social Security		2,809		
State Retirement		2,022		
Advertising		140		
Communication		1,056		
Contributions		9,333		
Rentals		1,539		
Instructional Supplies and Materials		169		
Office Supplies		183		
Utilities		7,226		
Other Charges		1,622		
Building Improvements		100		
Total Other Local Health Services				62,916
Appropriation to State				
Contracts with Government Agencies	$	13,772		
Total Appropriation to State				13,772
Other Local Welfare Services				
Contributions	$	10,000		
Total Other Local Welfare Services				10,000
Waste Pickup				
Supervisor/Director	$	14,494		
Social Security		1,109		
Maintenance and Repair Services - Vehicles		1,050		
Gasoline		2,854		
Instructional Supplies and Materials		6,731		
Other Charges		7,704		
Total Waste Pickup				33,942

(Continued)

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)				
Public Health and Welfare (Cont.)				
Other Public Health and Welfare				
Other Salaries and Wages	$	3,197		
Social Security		245		
Travel		2,255		
Total Other Public Health and Welfare			$	5,697
Social, Cultural, and Recreational Services				
Senior Citizens Assistance				
Supervisor/Director	$	24,452		
Other Salaries and Wages		7,540		
Social Security		2,111		
State Retirement		1,763		
Medical Insurance		2,640		
Advertising		48		
Communication		181		
Travel		1,438		
Office Supplies		1,008		
Utilities		10,553		
Other Supplies and Materials		822		
Office Equipment		710		
Total Senior Citizens Assistance				53,266
Libraries				
County Official/Administrative Officer	$	30,500		
Other Salaries and Wages		28,596		
Social Security		4,521		
State Retirement		2,199		
Communication		3,509		
Data Processing Services		905		
Dues and Memberships		35		
Maintenance and Repair Services - Office Equipment		250		
Postal Charges		370		
Travel		400		
Custodial Supplies		315		
Data Processing Supplies		2,339		
Library Books/Media		15,922		
Office Supplies		1,717		
Utilities		2,001		
Other Supplies and Materials		9,719		
Data Processing Equipment		21,317		
Office Equipment		920		
Total Libraries				125,535

(Continued)

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)				
Social, Cultural, and Recreational Services (Cont.)				
Parks and Fair Boards				
Communication	$	1,029		
Other Supplies and Materials		2,537		
Other Charges		11,338		
Building Improvements		31,183		
Other Equipment		868		
Total Parks and Fair Boards			$	46,955
Other Social, Cultural, and Recreational				
Other Supplies and Materials	$	4,222		
Site Development		9,562		
Total Other Social, Cultural, and Recreational				13,784
Agriculture and Natural Resources				
Agriculture Extension Service				
Salary Supplements	$	28,633		
Secretary(ies)		6,877		
Social Security		2,301		
State Retirement		4,625		
Communication		2,735		
Rentals		7,140		
Other Charges		3,500		
Total Agriculture Extension Service				55,811
Soil Conservation				
Other Contracted Services	$	11,000		
Total Soil Conservation				11,000
Other Agriculture and Natural Resources				
Maintenance and Repair Services - Buildings	$	62,260		
Custodial Supplies		832		
Utilities		23,206		
Other Charges		325		
Total Other Agriculture and Natural Resources				86,623
Other Operations				
Tourism				
Contributions	$	300		
Total Tourism				300

(Continued)

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)				
Other Operations (Cont.)				
Industrial Development				
Dues and Memberships	$	20		
Office Supplies		185		
Other Charges		2,010		
Total Industrial Development			$	2,215
Other Economic and Community Development				
Contributions	$	32,867		
Total Other Economic and Community Development				32,867
Veterans' Services				
Supervisor/Director	$	9,554		
Social Security		731		
Communication		581		
Travel		664		
Office Supplies		134		
Total Veterans' Services				11,664
Other Charges				
Building and Contents Insurance	$	36,111		
Liability Insurance		46,791		
Vehicle and Equipment Insurance		41,364		
Workers' Compensation Insurance		90,809		
Other Charges		9,570		
Total Other Charges				224,645
Employee Benefits				
Longevity Pay	$	20,601		
Social Security		1,576		
State Retirement		1,485		
Life Insurance		5,197		
Unemployment Compensation		20,547		
Total Employee Benefits				49,406
ARRA Grant # 1				
Maintenance and Repair Services - Buildings	$	40,684		
Total ARRA Grant # 1				40,684
Miscellaneous				
Contracts with Government Agencies	$	10,000		
Contributions		41,906		

(Continued)

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

General Fund (Cont.)			
Other Operations (Cont.)			
Miscellaneous (Cont.)			
Dues and Memberships	$ 3,008		
Other Supplies and Materials	441		
Trustee's Commission	78,995		
Other Charges	53,839		
Total Miscellaneous		$ 188,189	
Principal on Debt			
General Government			
Principal on Bonds	$ 43,517		
Principal on Notes	91,759		
Total General Government		135,276	
Interest on Debt			
General Government			
Interest on Bonds	$ 52,583		
Interest on Notes	7,891		
Total General Government		60,474	
Total General Fund			$ 6,918,723
Courthouse and Jail Maintenance Fund			
General Government			
County Buildings			
Custodial Personnel	$ 20,800		
Social Security	1,470		
State Retirement	1,327		
Medical Insurance	2,640		
Total County Buildings		$ 26,237	
Other Operations			
Miscellaneous			
Trustee's Commission	$ 3,127		
Total Miscellaneous		3,127	
Principal on Debt			
General Government			
Principal on Other Loans	$ 342,843		
Total General Government		342,843	

(Continued)

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Courthouse and Jail Maintenance Fund (Cont.)			
Interest on Debt			
General Government			
Interest on Other Loans	$ 305,676		
Total General Government		$ 305,676	
Other Debt Service			
General Government			
Other Debt Service	$ 56,515		
Total General Government		56,515	
Total Courthouse and Jail Maintenance Fund			$ 734,398
Solid Waste/Sanitation Fund			
Public Health and Welfare			
Waste Pickup			
Overtime Pay	$ 43		
Other Salaries and Wages	56,939		
Social Security	3,930		
State Retirement	2,196		
Medical Insurance	5,280		
Communication	471		
Maintenance and Repair Services - Equipment	14,283		
Gasoline	39,169		
Other Supplies and Materials	252		
Total Waste Pickup		$ 122,563	
Convenience Centers			
Other Salaries and Wages	$ 146,057		
Social Security	11,173		
Communication	3,476		
Maintenance and Repair Services - Buildings	1,349		
Maintenance and Repair Services - Equipment	592		
Medical and Dental Services	40		
Rentals	5,872		
Utilities	5,827		
Other Supplies and Materials	1,463		
Site Development	6,975		
Other Equipment	9,367		
Total Convenience Centers		192,191	
Other Waste Disposal			
Trustee's Commission	$ 48		
Total Other Waste Disposal		48	

(Continued)

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Solid Waste/Sanitation Fund (Cont.)			
Other Operations			
Employee Benefits			
Longevity Pay	$ 700		
Social Security	54		
State Retirement	50		
Total Employee Benefits		$ 804	
Total Solid Waste/Sanitation Fund			$ 315,606
Ambulance Service Fund			
Public Health and Welfare			
Ambulance/Emergency Medical Services			
Medical Personnel	$ 557,052		
Longevity Pay	5,614		
Overtime Pay	193,701		
In-Service Training	7,621		
Social Security	55,503		
State Retirement	42,846		
Medical Insurance	22,720		
Communication	13,215		
Contributions	400		
Laundry Service	1,614		
Operating Lease Payments	343		
Licenses	2,818		
Maintenance and Repair Services - Equipment	3,824		
Maintenance and Repair Services - Vehicles	22,271		
Medical and Dental Services	225		
Printing, Stationery, and Forms	352		
Custodial Supplies	2,760		
Drugs and Medical Supplies	42,269		
Gasoline	68,534		
Office Supplies	4,097		
Uniforms	7,587		
Utilities	16,135		
Other Supplies and Materials	10,434		
Building and Contents Insurance	1,596		
Liability Insurance	1,239		
Premiums on Corporate Surety Bonds	200		
Refunds	1,867		
Trustee's Commission	9,127		
Vehicle and Equipment Insurance	4,994		
Workers' Compensation Insurance	76,488		

(Continued)

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Ambulance Service Fund (Cont.)			
Public Health and Welfare (Cont.)			
Ambulance/Emergency Medical Services (Cont.)			
Building Improvements	$ 8,808		
Data Processing Equipment	4,025		
Motor Vehicles	79,650		
Health Equipment	24,260		
Total Ambulance/Emergency Medical Services		$ 1,294,189	
Principal on Debt			
General Government			
Principal on Notes	$ 22,500		
Total General Government		22,500	
Interest on Debt			
General Government			
Interest on Notes	$ 5,750		
Total General Government		5,750	
Total Ambulance Service Fund			$ 1,322,439
Drug Control Fund			
Public Safety			
Sheriff's Department			
Instructional Supplies and Materials	$ 3,880		
Other Charges	2,515		
Law Enforcement Equipment	5,660		
Total Sheriff's Department		$ 12,055	
Drug Enforcement			
Trustee's Commission	$ 171		
Total Drug Enforcement		171	
Total Drug Control Fund			12,226
Highway/Public Works Fund			
Highways			
Administration			
County Official/Administrative Officer	$ 63,527		
Accountants/Bookkeepers	35,360		
Overtime Pay	4,488		
Other Salaries and Wages	32,960		
Advertising	799		

(Continued)

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)		
Highways (Cont.)		
Administration (Cont.)		
Communication	$ 7,209	
Data Processing Services	7,192	
Dues and Memberships	3,281	
Maintenance and Repair Services - Office Equipment	320	
Medical and Dental Services	15	
Postal Charges	401	
Printing, Stationery, and Forms	178	
Drugs and Medical Supplies	128	
Electricity	5,446	
Natural Gas	2,370	
Office Supplies	3,510	
Water and Sewer	314	
Other Charges	2,637	
Total Administration		$ 170,135
Highway and Bridge Maintenance		
Foremen	$ 29,400	
Equipment Operators	117,437	
Truck Drivers	70,347	
Laborers	158,483	
Overtime Pay	2,661	
Rentals	22,021	
Other Contracted Services	86,001	
Asphalt - Cold Mix	220,240	
Asphalt - Hot Mix	5,610	
Asphalt - Liquid	224,994	
Concrete	75	
Crushed Stone	184,564	
Other Road Supplies	6,016	
Pipe	47,659	
Road Signs	3,987	
Wood Products	5,256	
Other Charges	2,396	
Total Highway and Bridge Maintenance		1,187,147
Operation and Maintenance of Equipment		
Mechanic(s)	$ 51,074	
Freight Expenses	1,142	
Maintenance and Repair Services - Equipment	273	
Custodial Supplies	4,683	

(Continued)

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)				
Highways (Cont.)				
Operation and Maintenance of Equipment (Cont.)				
Diesel Fuel	$	136,372		
Equipment and Machinery Parts		76,372		
Garage Supplies		1,739		
Gasoline		51,898		
Lubricants		18,497		
Small Tools		2,987		
Tires and Tubes		17,980		
Vehicle Parts		23,165		
Other Supplies and Materials		211		
Other Charges		312		
Total Operation and Maintenance of Equipment			$	386,705
Other Charges				
Contributions	$	100		
Building and Contents Insurance		1,555		
Liability Insurance		3,363		
Trustee's Commission		19,248		
Vehicle and Equipment Insurance		10,579		
Workers' Compensation Insurance		41,206		
Total Other Charges				76,051
Employee Benefits				
Social Security	$	43,279		
State Retirement		38,875		
Employee and Dependent Insurance		252,296		
Unemployment Compensation		5,770		
Total Employee Benefits				340,220
Capital Outlay				
Engineering Services	$	14,090		
Bridge Construction		55,730		
Highway Equipment		15,317		
Land		1,000		
State Aid Projects		588,067		
Total Capital Outlay				674,204
Principal on Debt				
Highways and Streets				
Principal on Notes	$	17,276		
Total Highways and Streets				17,276

(Continued)

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)			
Interest on Debt			
Highways and Streets			
Interest on Notes	$ 3,369		
Total Highways and Streets		$ 3,369	
Total Highway/Public Works Fund			$ 2,855,107
General Debt Service Fund			
Principal on Debt			
General Government			
Principal on Bonds	$ 4,843		
Principal on Notes	320,138		
Principal on Other Loans	82,857		
Total General Government		$ 407,838	
Interest on Debt			
General Government			
Interest on Bonds	$ 14,680		
Interest on Notes	66,330		
Interest on Other Loans	5,596		
Total General Government		86,606	
Other Debt Service			
General Government			
Trustee's Commission	$ 10,484		
Other Debt Service	9,934		
Total General Government		20,418	
Total General Debt Service Fund			514,862
Education Debt Service Fund			
Principal on Debt			
Education			
Principal on Bonds	$ 1,100,000		
Total Education		$ 1,100,000	
Interest on Debt			
Education			
Interest on Bonds	$ 693,400		
Total Education		693,400	

(Continued)

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types (Cont.)

Education Debt Service Fund (Cont.)			
Other Debt Service			
Education			
Bank Charges	$ 508		
Trustee's Commission	21,751		
Total Education		$ 22,259	
Total Education Debt Service Fund			$ 1,815,659
Emergency Watershed Protection Projects Fund			
Other Operations			
Miscellaneous			
Other Charges	$ 2,000		
Total Miscellaneous		$ 2,000	
Total Emergency Watershed Protection Projects Fund			2,000
Flooding Repair Projects Fund			
Other Operations			
Miscellaneous			
Other Charges	$ 17,943		
Total Miscellaneous		$ 17,943	
Total Flooding Repair Projects Fund			17,943
Total Governmental Funds - Primary Government			$ 14,508,963

Exhibit K-9

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Smith County School Department
For the Year Ended June 30, 2012

General Purpose School Fund		
Instruction		
Regular Instruction Program		
Teachers	$ 7,055,423	
Career Ladder Program	74,550	
Career Ladder Extended Contracts	21,617	
Educational Assistants	300,942	
Other Salaries and Wages	9,330	
Certified Substitute Teachers	52,841	
Non-certified Substitute Teachers	55,004	
Social Security	438,102	
State Retirement	649,117	
Medical Insurance	1,234,578	
Unemployment Compensation	7,860	
Employer Medicare	103,550	
Maintenance and Repair Services - Equipment	16,922	
Other Contracted Services	16,992	
Instructional Supplies and Materials	132,362	
Textbooks	300,017	
Other Supplies and Materials	7,309	
Fee Waivers	21,320	
Other Charges	11,481	
Regular Instruction Equipment	169,584	
Total Regular Instruction Program		$ 10,678,901
Alternative Instruction Program		
Teachers	$ 42,024	
Career Ladder Program	1,000	
Career Ladder Extended Contracts	2,545	
Social Security	2,823	
State Retirement	4,124	
Medical Insurance	5,657	
Unemployment Compensation	32	
Employer Medicare	660	
Other Supplies and Materials	170	
Total Alternative Instruction Program		59,035
Special Education Program		
Teachers	$ 793,241	
Career Ladder Program	7,830	
Career Ladder Extended Contracts	4,545	
Educational Assistants	113,931	

(Continued)

Exhibit K-9

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Smith County School Department (Cont.)

General Purpose School Fund (Cont.)		
Instruction (Cont.)		
Special Education Program (Cont.)		
Speech Pathologist	$ 41,134	
Other Salaries and Wages	460	
Certified Substitute Teachers	7,210	
Non-certified Substitute Teachers	7,627	
Social Security	57,298	
State Retirement	81,043	
Medical Insurance	148,952	
Unemployment Compensation	1,328	
Employer Medicare	13,448	
Contracts with Private Agencies	4,680	
Other Supplies and Materials	1,021	
Other Charges	322	
Special Education Equipment	679	
Total Special Education Program		$ 1,284,749
Vocational Education Program		
Teachers	$ 521,164	
Career Ladder Program	3,345	
Career Ladder Extended Contracts	500	
Certified Substitute Teachers	5,882	
Non-certified Substitute Teachers	3,135	
Social Security	31,988	
State Retirement	47,211	
Medical Insurance	88,617	
Unemployment Compensation	530	
Employer Medicare	7,482	
Maintenance and Repair Services - Equipment	1,072	
Instructional Supplies and Materials	10,400	
Other Charges	3,249	
Total Vocational Education Program		724,575
Support Services		
Attendance		
Supervisor/Director	$ 47,160	
Social Workers	35,037	
Social Security	4,792	
State Retirement	7,439	
Medical Insurance	15,704	
Unemployment Compensation	71	

(Continued)

Exhibit K-9

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Smith County School Department (Cont.)

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Attendance (Cont.)				
Employer Medicare	$	1,121		
Travel		2,001		
Other Contracted Services		8,868		
Other Supplies and Materials		1,102		
Attendance Equipment		10,932		
Total Attendance			$	134,227
Health Services				
Supervisor/Director	$	48,500		
Medical Personnel		76,545		
Other Salaries and Wages		262		
Social Security		7,131		
State Retirement		11,317		
Medical Insurance		25,838		
Unemployment Compensation		108		
Employer Medicare		1,668		
Travel		10,673		
Drugs and Medical Supplies		810		
Other Supplies and Materials		30,901		
Health Equipment		976		
Total Health Services				214,729
Other Student Support				
Career Ladder Program	$	5,000		
Guidance Personnel		268,651		
Career Ladder Extended Contracts		4,954		
Other Salaries and Wages		19,268		
In-Service Training		62		
Social Security		17,495		
State Retirement		26,981		
Medical Insurance		47,806		
Unemployment Compensation		226		
Employer Medicare		4,091		
Contracts with Government Agencies		59,960		
Evaluation and Testing		53,154		
Other Supplies and Materials		4,556		
Other Charges		350		
Total Other Student Support				512,554

(Continued)

Exhibit K-9

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Smith County School Department (Cont.)

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Regular Instruction Program				
Supervisor/Director	$	85,609		
Career Ladder Program		5,000		
Librarians		229,019		
Instructional Computer Personnel		117,740		
Other Salaries and Wages		26,273		
Social Security		26,637		
State Retirement		37,665		
Medical Insurance		57,790		
Unemployment Compensation		439		
Employer Medicare		6,611		
Travel		24,345		
Other Contracted Services		1,000		
Library Books/Media		19,083		
Other Supplies and Materials		2,675		
In Service/Staff Development		17,268		
Other Equipment		655		
Total Regular Instruction Program			$	657,809
Special Education Program				
Supervisor/Director	$	58,270		
Career Ladder Program		1,000		
Psychological Personnel		45,734		
Social Security		6,457		
State Retirement		9,610		
Medical Insurance		17,817		
Unemployment Compensation		71		
Employer Medicare		1,510		
Communication		442		
Travel		10,173		
In Service/Staff Development		1,951		
Total Special Education Program				153,035
Vocational Education Program				
Supervisor/Director	$	56,042		
Clerical Personnel		98		
Social Security		3,405		
State Retirement		5,079		
Medical Insurance		5,627		
Unemployment Compensation		36		

(Continued)

Exhibit K-9

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Smith County School Department (Cont.)

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Vocational Education Program (Cont.)				
Employer Medicare	$	796		
Travel		3,695		
Other Supplies and Materials		642		
Total Vocational Education Program			$	75,420
Other Programs				
On-Behalf Payments to OPEB	$	94,816		
Total Other Programs				94,816
Board of Education				
Secretary to Board	$	1,293		
Board and Committee Members Fees		17,340		
Social Security		1,154		
State Retirement		117		
Medical Insurance		112		
Unemployment Compensation		69		
Employer Medicare		331		
Audit Services		7,000		
Contracts with Government Agencies		3,752		
Contracts with Private Agencies		7,781		
Dues and Memberships		7,942		
Legal Services		55,071		
Other Contracted Services		6,745		
Liability Insurance		34,201		
Trustee's Commission		103,074		
Workers' Compensation Insurance		86,476		
Refund to Applicant for Criminal Investigation		4,008		
Other Charges		3,964		
Total Board of Education				340,430
Director of Schools				
County Official/Administrative Officer	$	108,528		
Career Ladder Program		1,000		
Social Security		6,791		
State Retirement		9,912		
Medical Insurance		5,627		
Unemployment Compensation		26		
Employer Medicare		1,588		
Communication		47,865		

(Continued)

Exhibit K-9

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Smith County School Department (Cont.)

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Director of Schools (Cont.)				
Dues and Memberships	$	1,067		
Travel		5,447		
Other Charges		328		
Total Director of Schools			$	188,179
Office of the Principal				
Principals	$	558,995		
Career Ladder Program		8,600		
Accountants/Bookkeepers		106,621		
Career Ladder Extended Contracts		5,000		
Assistant Principals		296,746		
Clerical Personnel		98,384		
Social Security		61,900		
State Retirement		90,790		
Medical Insurance		122,617		
Unemployment Compensation		1,009		
Employer Medicare		14,931		
Communication		4,529		
Dues and Memberships		3,125		
Other Charges		1,554		
Administration Equipment		2,398		
Total Office of the Principal				1,377,199
Fiscal Services				
Accountants/Bookkeepers	$	147,427		
Clerical Personnel		35,880		
Social Security		10,850		
State Retirement		13,250		
Medical Insurance		27,393		
Unemployment Compensation		181		
Employer Medicare		2,540		
Data Processing Services		9,578		
Maintenance and Repair Services - Office Equipment		5,770		
Travel		1,309		
Office Supplies		9,385		
Administration Equipment		3,828		
Total Fiscal Services				267,391

(Continued)

Exhibit K-9

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Smith County School Department (Cont.)

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Operation of Plant		
Custodial Personnel	$ 363,076	
Other Salaries and Wages	18,716	
Social Security	23,217	
State Retirement	23,653	
Medical Insurance	345	
Unemployment Compensation	962	
Employer Medicare	5,369	
Contracts with Government Agencies	5,300	
Contracts with Private Agencies	32,670	
Maintenance and Repair Services - Equipment	6,906	
Pest Control	4,925	
Other Contracted Services	525	
Custodial Supplies	60,958	
Electricity	816,908	
Natural Gas	56,231	
Water and Sewer	70,721	
Other Supplies and Materials	15,411	
Boiler Insurance	1,272	
Building and Contents Insurance	42,865	
Other Charges	92	
Plant Operation Equipment	27,540	
Total Operation of Plant		$ 1,577,662
Maintenance of Plant		
Supervisor/Director	$ 58,682	
Maintenance Personnel	149,879	
Other Salaries and Wages	28,929	
Social Security	14,536	
State Retirement	16,817	
Medical Insurance	29,981	
Unemployment Compensation	273	
Employer Medicare	3,444	
Laundry Service	3,783	
Maintenance and Repair Services - Buildings	15,795	
Maintenance and Repair Services - Equipment	61,273	
Other Contracted Services	6,742	
Other Supplies and Materials	40,935	
Maintenance Equipment	14,183	
Total Maintenance of Plant		445,252

(Continued)

Exhibit K-9

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Smith County School Department (Cont.)

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Transportation		
Supervisor/Director	$ 39,726	
Mechanic(s)	92,909	
Bus Drivers	427,363	
Other Salaries and Wages	16,682	
Social Security	33,080	
State Retirement	36,283	
Medical Insurance	28,928	
Unemployment Compensation	1,342	
Employer Medicare	8,267	
Communication	2,166	
Contracts with Government Agencies	1,397	
Contracts with Private Agencies	8,210	
Contracts with Parents	1,292	
Laundry Service	2,605	
Maintenance and Repair Services - Equipment	1,540	
Maintenance and Repair Services - Vehicles	2,343	
Medical and Dental Services	1,990	
Tow-in Services	900	
Travel	715	
Diesel Fuel	202,437	
Garage Supplies	1,771	
Gasoline	32,643	
Lubricants	6,648	
Tires and Tubes	23,080	
Vehicle Parts	69,483	
Gravel and Chert	2,237	
Other Supplies and Materials	2,500	
Vehicle and Equipment Insurance	26,480	
Other Charges	559	
Transportation Equipment	190,593	
Total Transportation		$ 1,266,169
Operation of Non-Instructional Services		
Food Service		
Career Ladder Program	$ 1,000	
Social Security	62	
State Retirement	90	
Unemployment Compensation	2	
Employer Medicare	14	
Total Food Service		1,168

(Continued)

Exhibit K-9

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Smith County School Department (Cont.)

General Purpose School Fund (Cont.)				
Operation of Non-Instructional Services (Cont.)				
Community Services				
Supervisor/Director	$	33,922		
Social Security		2,067		
State Retirement		3,070		
Medical Insurance		6,047		
Unemployment Compensation		29		
Employer Medicare		483		
Travel		864		
Other Supplies and Materials		2,009		
Total Community Services			$	48,491
Early Childhood Education				
Supervisor/Director	$	40,400		
Teachers		231,478		
Educational Assistants		70,185		
Certified Substitute Teachers		4,498		
Non-certified Substitute Teachers		4,498		
Social Security		20,853		
State Retirement		28,794		
Medical Insurance		47,420		
Unemployment Compensation		474		
Employer Medicare		4,886		
Travel		2,573		
Instructional Supplies and Materials		34,057		
Other Supplies and Materials		35,122		
In Service/Staff Development		508		
Other Charges		216		
Other Equipment		42,851		
Total Early Childhood Education				568,813
Capital Outlay				
Regular Capital Outlay				
Building Construction	$	52,102		
Building Improvements		103,609		
Site Development		120,241		
Other Capital Outlay		19,891		
Total Regular Capital Outlay				295,843

(Continued)

Exhibit K-9

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Smith County School Department (Cont.)

General Purpose School Fund (Cont.)			
Other Debt Service			
Education			
Debt Service Contribution to Primary Government	$ 296,000		
Total Education		$ 296,000	
Total General Purpose School Fund			$ 21,262,447
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 452,597		
Educational Assistants	88,110		
Certified Substitute Teachers	3,460		
Non-certified Substitute Teachers	4,461		
Social Security	38,288		
State Retirement	54,318		
Medical Insurance	78,232		
Unemployment Compensation	1,216		
Employer Medicare	8,533		
Maintenance and Repair Services - Equipment	6,249		
Other Contracted Services	55,180		
Instructional Supplies and Materials	9,452		
Regular Instruction Equipment	137,929		
Total Regular Instruction Program		$ 938,025	
Special Education Program			
Teachers	$ 67,150		
Educational Assistants	303,074		
Speech Pathologist	92,635		
Other Salaries and Wages	16,071		
Certified Substitute Teachers	420		
Non-certified Substitute Teachers	4,310		
Social Security	28,999		
State Retirement	35,354		
Medical Insurance	24,485		
Unemployment Compensation	1,658		
Employer Medicare	6,780		
Contracts with Private Agencies	85,930		
Other Contracted Services	1,334		
Instructional Supplies and Materials	10,484		
Other Supplies and Materials	14,682		

(Continued)

Exhibit K-9

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Smith County School Department (Cont.)

School Federal Projects Fund (Cont.)		
Instruction (Cont.)		
Special Education Program (Cont.)		
Special Education Equipment	$ 8,647	
Total Special Education Program		$ 702,013
Vocational Education Program		
Instructional Supplies and Materials	$ 2,367	
Vocational Instruction Equipment	39,362	
Total Vocational Education Program		41,729
Adult Education Program		
Teachers	$ 12,726	
Unemployment Compensation	59	
Employer Medicare	192	
Instructional Supplies and Materials	5,461	
Other Equipment	7,148	
Total Adult Education Program		25,586
Support Services		
Other Student Support		
Bus Drivers	$ 275	
Other Salaries and Wages	2,334	
Social Security	31	
State Retirement	40	
Employer Medicare	7	
Travel	12,339	
Other Contracted Services	23,297	
In Service/Staff Development	152	
Other Charges	6,486	
Total Other Student Support		44,961
Regular Instruction Program		
Supervisor/Director	$ 57,574	
In-Service Training	2,872	
Social Security	3,746	
State Retirement	5,476	
Medical Insurance	5,627	
Unemployment Compensation	77	
Employer Medicare	876	
Travel	4,076	
Other Supplies and Materials	456	

(Continued)

Exhibit K-9

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Smith County School Department (Cont.)

School Federal Projects Fund (Cont.)				
Support Services (Cont.)				
Regular Instruction Program (Cont.)				
In Service/Staff Development	$	49,562		
Other Equipment		14,886		
Total Regular Instruction Program			$	145,228
Special Education Program				
Assessment Personnel	$	12,688		
Clerical Personnel		21,622		
Social Security		1,413		
State Retirement		1,669		
Medical Insurance		17,090		
Unemployment Compensation		122		
Employer Medicare		485		
Maintenance and Repair Services - Equipment		522		
Travel		16,829		
Other Supplies and Materials		5,717		
In Service/Staff Development		5,246		
Total Special Education Program				83,403
Adult Programs				
Supervisor/Director	$	39,036		
Other Salaries and Wages		21,221		
Social Security		3,705		
State Retirement		5,383		
Medical Insurance		5,627		
Unemployment Compensation		115		
Employer Medicare		866		
Communication		574		
Postal Charges		88		
Travel		81		
In Service/Staff Development		1,345		
Total Adult Programs				78,041
Transportation				
Bus Drivers	$	22,055		
Other Salaries and Wages		225		
Social Security		1,381		
State Retirement		1,606		
Unemployment Compensation		115		
Employer Medicare		323		

(Continued)

Exhibit K-9

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Smith County School Department (Cont.)

School Federal Projects Fund (Cont.)			
Support Services (Cont.)			
Transportation (Cont.)			
Contracts with Parents	$ 8,416		
Total Transportation		$ 34,121	
Total School Federal Projects Fund			$ 2,093,107
Central Cafeteria Fund			
Operation of Non-Instructional Services			
Food Service			
Supervisor/Director	$ 49,098		
Accountants/Bookkeepers	35,636		
Clerical Personnel	23,621		
Cafeteria Personnel	560,928		
Other Salaries and Wages	16,729		
Social Security	41,848		
State Retirement	45,116		
Medical Insurance	11,253		
Unemployment Compensation	428		
Employer Medicare	9,899		
Communication	2,475		
Legal Notices, Recording, and Court Costs	121		
Maintenance and Repair Services - Equipment	9,679		
Pest Control	3,240		
Printing, Stationery, and Forms	692		
Travel	1,570		
Other Contracted Services	11,803		
Data Processing Supplies	2,300		
Equipment and Machinery Parts	14,737		
Food Supplies	825,201		
Office Supplies	1,460		
Uniforms	1,119		
USDA - Commodities	95,600		
Other Supplies and Materials	87,017		
In Service/Staff Development	3,368		
Refund to Applicant for Criminal Investigation	576		
Food Service Equipment	99,420		
Total Food Service		$ 1,954,934	
Total Central Cafeteria Fund			1,954,934
Total Governmental Funds - Smith County School Department			$ 25,310,488

Exhibit K-10

Smith County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund
For the Year Ended June 30, 2012

	Major Enterprise Fund
	Solid Waste Disposal
Revenues	
Operating Revenues	
Licenses and Permits	
Other Permits	$ 780
Charges for Current Services	
Tipping Fees	857,721
Total Operating Revenues	$ 858,501
Nonoperating Revenues	
Recurring Items	
Lease/Rentals	$ 1,100
Sale of Materials and Supplies	2,134
Sale of Recycled Materials	22,947
Miscellaneous Refunds	459
Nonrecurring Items	
Gain on Disposal of Property	20,568
Sale of Equipment	2,120
Grants	5,603
Total Nonoperating Revenue	$ 54,931
Total Revenues	$ 913,432
Expenses	
Operating Expenses	
Other Waste Collection	
Other Contracted Services	$ 12,115
Landfill Operation and Maintenance	
Supervisor/Director	41,500
Salary Supplements	400
Longevity Pay	2,101
Overtime Pay	1,096
Other Salaries and Wages	205,675
In-Service Training	765
Social Security	19,064
State Retirement	16,772
Advertising	515
Communication	3,999
Contracts with Private Agencies	3,811
Engineering Services	28,955

(Continued)

Exhibit K-10

Smith County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund (Cont.)

	Major Enterprise Fund
	Solid Waste Disposal
Expenses (Cont.)	
Operating Expenses (Cont.)	
Landfill Operation and Maintenance (Cont.)	
Maintenance and Repair Services	$ 65,936
Medical and Dental Services	20
Travel	50
Other Contracted Services	67,626
Gasoline	130,092
Office Supplies	370
Utilities	7,083
Other Supplies and Materials	28,912
Building and Contents Insurance	2,079
Liability Insurance	487
Refunds	29
Trustee's Commission	11,761
Vehicle and Equipment Insurance	4,966
Worker's Compensation Insurance	53,217
Depreciation	204,099
Other Charges	85
Total Operating Expenses	$ 913,580
Nonoperating Expenses	
Interest on Notes	$ 45,758
Interest on Other Loans	80,826
Total Nonoperating Expenses	$ 126,584
Total Expenses	$ 1,040,164

Exhibit K-11

Smith County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2012

	Cities - Sales Tax Fund
Cash Receipts	
Local Option Sales Tax	$ 1,176,451
Cash Disbursements	
Remittance of Revenues Collected	$ 1,164,686
Trustee's Commission	11,765
Total Cash Disbursements	$ 1,176,451
Excess of Cash Receipts Over (Under) Cash Disbursements	$ 0
Cash Balance, July 1, 2011	0
Cash Balance, June 30, 2012	$ 0

SINGLE AUDIT SECTION

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

November 5, 2012

Smith County Mayor and
Board of County Commissioners
Smith County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Smith County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Smith County's basic financial statements and have issued our report thereon dated November 5, 2012. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Smith County Emergency Communications District, a discretely presented component unit, as described in our report on Smith County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

The management of Smith County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Smith County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Smith County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Smith County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 12.01, 12.02, 12.08, and 12.09. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Smith County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 12.03, 12.04, 12.05, 12.06, and 12.07.

We also noted certain matters that we reported to management of Smith County in separate communications.

Smith County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Smith County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the county mayor, director of schools, road commissioner, Board of County Commissioners, Board of Education, others within Smith County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

November 5, 2012

Smith County Mayor and
Board of County Commissioners
Smith County, Tennessee

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Smith County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Smith County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Smith County's management. Our responsibility is to express an opinion on Smith County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with

the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Smith County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Smith County's compliance with those requirements.

In our opinion, Smith County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Smith County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Smith County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Smith County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Smith County as of and for the year ended June 30, 2012, and have issued our report thereon dated November 5, 2012. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from

and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Smith County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Smith County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the county mayor, director of schools, road commissioner, Board of County Commissioners, Board of Education, others within Smith County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Smith County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2012

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	
U.S. Department of Agriculture:				
Direct Program:				
Community Facilities Loans and Grants	10.766	N/A	$ 10,572	
Passed-through State Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	368,953	
National School Lunch Program	10.555	N/A	810,449	(3)
Passed-through State Department of Agriculture:				
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	95,600	(3)
Total U.S. Department of Agriculture			$ 1,285,574	
U.S. Department of Transportation:				
Passed-through State Department of Transportation:				
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Z-11-GHS137	$ 5,000	
U.S. Department of Energy:				
Passed-through State Department of Economic and Community Development:				
Energy Efficiency and Conservation Block Grant Program (EECBG) - Recovery Act	81.128	N/A	$ 40,684	
U.S. Department of Education:				
Passed-through State Department of Labor and Workforce Development:				
Adult Education - Basic Grants to States	84.002	(2)	$ 77,720	
Passed-through State Department of Education:				
Title 1 Grants to Local Educational Agencies	84.010	N/A	670,910	
Special Education Cluster:				
Special Education - Grants to States	84.027	N/A	726,215	
Special Education - Preschool Grants	84.173	N/A	7,959	
Career and Technical Education - Basic Grants to States	84.048	N/A	49,951	
Twenty-first Century Community Learning Centers	84.287	N/A	63,034	
Education Technology Cluster:				
Education Technology State Grants	84.318	(2)	1,774	
Education Technology State Grants, Recovery Act	84.386	(2)	677	
Improving Teacher Quality State Grants	84.367	N/A	126,408	
State Fiscal Stabilization Fund - Government Services Recovery Act	84.397	(4)	36,400	
State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	127,803	
Education Jobs Fund	84.410	N/A	324,097	
Total U.S. Department of Education			$ 2,212,948	
U.S. Election Assistance Commission:				
Passed through Tennessee Secretary of State:				
Help America Vote Act Requirements Payments	90.401	(2)	$ 1,938	
U.S. Department of Homeland Security:				
Passed-through State Department of Military:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	$ 318,368	
Emergency Management Performance Grants	97.042	(2)	11,000	
Total U.S. Department of Homeland Security			$ 329,368	
Total Expenditures of Federal Awards			$ 3,875,512	

(Continued)

Smith County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
State Grants			
Aging Program - Upper Cumberland Development District	N/A	(2)	$ 14,376
Juvenile Justice - State Commission on Children and Youth	N/A	(2)	9,000
Health Department Programs - State Department of Health	N/A	Z-12-43605-00	5,969
Law Enforcement Training - State Department of Safety	N/A	(2)	14,400
Litter Program - State Department of Transportation	N/A	(2)	37,376
Library Technology Grant - Tennessee Secretary of State	N/A	(2)	2,281
Disaster Grant - State Department of Military	N/A	1974-DR-TN	3,454
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	5,603
Pilot and Voluntary State Funded Classrooms Grant - State Department of Education	N/A	(2)	492,949
ConnecTenn Grant - State Department of Education	N/A	(2)	11,353
Safe Schools Act - State Department of Education	N/A	(2)	17,372
Family Resource - State Department of Education	N/A	(2)	29,612
Coordinated School Health - State Department of Education	N/A	(2)	100,000
Adult Education - State Department of Labor and Workforce	N/A	(2)	25,907
Total State Grants			$ 769,652

CFDA = Catalog of Federal Domestic Assistance
N/A = Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Information not available.
(3) Total for CFDA No. 10.555 is $906,049.
(4) These funds were for Career Ladder - Extended Contract.

Smith County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report of Smith County, Tennessee, for the year ended June 30, 2011, which have not been corrected.

OFFICE OF COUNTY MAYOR

Finding Number	Page Number	Subject
11.03	185	The Solid Waste Disposal Fund had a deficit in unrestricted net assets
11.05	186	Smith County did not account for American Recovery and Reinvestment Act (ARRA) grants separately from other county funds

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

Finding Number	Page Number	Subject
11.09	191	The execution docket trial balances did not reconcile with general ledger accounts
11.10	191	Unclaimed funds were not reported and paid to the state
11.11	192	The office did not deposit some funds within three days of collection

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER

Finding Number	Page Number	Subject
11.13	193	Multiple employees operated from the same cash drawer

OFFICES OF ROAD COMMISSIONER, DIRECTOR OF SCHOOLS, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, REGISTER, AND SHERIFF

Finding Number	Page Number	Subject
11.14	193	Duties were not segregated adequately

SMITH COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Smith County is unqualified.

2. The audit of the financial statements of Smith County disclosed significant deficiencies in internal control. None of these deficiencies were considered to be material weaknesses.

3. The audit disclosed no instances of noncompliance that were material to the financial statements of Smith County.

4. The audit disclosed no significant deficiencies in internal control over major programs.

5. An unqualified opinion was issued on compliance for major programs.

6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.

7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), Title I Grants to Local Educational Agencies (CFDA No. 84.010), the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), and Improving Teacher Quality State Grants (CFDA No. 84.367) were determined to be major programs.

8. A $300,000 threshold was used to distinguish between Type A and Type B federal programs.

9. Smith County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county mayor are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 12.01 **THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET ASSETS**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The Solid Waste Disposal Fund had a deficit of $2,200,155 in unrestricted net assets at June 30, 2012. This deficit resulted from the recognition of a liability of $2,783,959 in the financial statements for costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements. This deficiency exists due to the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

County officials should develop and implement a plan that would fund the deficit in unrestricted net assets.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The Solid Waste Disposal Fund is a proprietary fund that has a liability for the closure and postclosure cost for the life of the landfill. Smith County sets aside money each year and does some of the closure and postclosure work to reduce costs. The closure and postclosure costs will be spread over several years as each cell meets its full capacity.

FINDING 12.02 **SMITH COUNTY DID NOT ACCOUNT FOR AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) GRANTS SEPARATELY FROM OTHER COUNTY FUNDS**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Smith County comingled ARRA revenues and expenditures for the Energy Efficiency and Conservation Block Grant Program (CFDA No. 81.128), a nonmajor federal program, with other local, state, and federal funds. The U.S. Office of Management and Budget (OMB) Compliance Supplement requires grantees to agree to maintain records that identify adequately the source (i.e., revenues) and application (i.e., expenditures) of ARRA awards. Tennessee Office of Recovery Act Management (TRAM) Directive No. 2 requires county governments to account for ARRA grant awards and expenditures separately from other

revenues and expenditures in the county's financial accounting system. This comingling of funds violates OMB's compliance requirements (and the grant agreement) and increases the risks of preparing inaccurate reports required by ARRA. When ARRA grant requirements are not followed, OMB can terminate the grants; suspend or debar the county from receiving grants; or, in serious cases, apply civil or criminal penalties. This deficiency exists due to the failure of management to correct the finding noted in the prior-year audit report. We presented audit adjustments to management that they approved and posted to properly present ARRA revenues and expenditures in the financial statements in this report.

RECOMMENDATION

Smith County should separate the source (i.e., revenues) and application (i.e., expenditures) of ARRA grant funds on the county's accounting records.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Smith County received an energy grant for the 2011-12 year to do energy usage improvements to the Smith County Historic Courthouse. This money was provided by the Tennessee Department of Economic and Community Development with ARRA funds and was accounted for through the General Fund. Smith County failed to separate the revenues and expenditures into the correct codes that were provided to us. Smith County does have records on file showing revenue posted to the Trustee's Office and expenses paid from the County Mayor's Office.

FINDING 12.03 **EXPENDITURES EXCEEDED APPROPRIATIONS**
(Noncompliance Under *Government Auditing Standards*)

Expenditures exceeded appropriations approved by the County Commission in the Transfers Out major appropriation category (the legal level of control) of the General Fund by $40,000. Section 5-9-401, *Tennessee Code Annotated*, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies."

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The Smith County Mayor's Office presented budget figures to the Budget and Finance Committee and the County Commission to finish the 2011-12 year for the Ambulance Fund in June 2012, and plans to close the Ambulance Fund into the General Fund. In the process of transferring money from the General Fund into the Ambulance Service Fund for 2011-12, an additional $40,000 was transferred, which will be transferred back to the

General Fund in the 2012-13 year when the Ambulance Fund is finally closed into the General Fund.

OFFICES OF COUNTY MAYOR AND ROAD COMMISSIONER

FINDING 12.04 **CAPITAL OUTLAY NOTES WERE NOT ISSUED IN COMPLIANCE WITH STATE STATUTES**

(Noncompliance Under *Government Auditing Standards*)

Smith County issued seven capital outlay notes during the audit period. Five notes were issued for funds administered by the county mayor and two notes were issued for funds administered by the road commissioner. All of these notes were properly approved by the state Comptroller's Office as required by Section 9-21-601, *Tennessee Code Annotated* (*TCA*). However, county officials did not file a Report on Debt Obligation with the state Comptroller's Office for any of the capital outlay notes. Section 9-21-151, *TCA*, requires that within 45 days following the issuance of debt, a county must provide to the state Comptroller's Office certain information, such as a description of the purchase for which the debt is issued, a description of the debt obligation, and an itemized description of the cost of issuance. These deficiencies were the result of a lack of management oversight.

RECOMMENDATION

Capital outlay notes should be issued in compliance with state statutes.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The Report on Debt Obligation forms have now been forwarded to the state Comptroller's Office. In the future, the note resolution, the note, and the debt obligation form will be requested and approved by the County Commission on the same night so the form can immediately be forwarded to the state Comptroller's Office as required.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 12.05 **EXECUTION DOCKET TRIAL BALANCES DID NOT RECONCILE WITH GENERAL LEDGER ACCOUNTS**

(Noncompliance Under *Government Auditing Standards*)

At June 30, 2012, the Circuit and General Sessions Courts clerk prepared execution docket trial balances as required by Section 18-2-103, *Tennessee Code Annotated* (*TCA*). However, these trial balances failed to reconcile with general ledger accounts in Circuit and General Sessions Courts by $5,524 and $690, respectively. Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-110, *TCA*. This statute provides that any funds held by the courts for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, *TCA*, further requires these funds

to be reported and paid to the state Treasurer's Office. This deficiency exists due to the failure of management to correct the finding noted in prior-year audit reports.

RECOMMENDATION

The clerk should reconcile the trial balance of execution docket cause balances with general ledger accounts. To comply with state statutes, the clerk should report and pay to the state Treasurer's Office any unclaimed funds held for more than one year.

FINDING 12.06 **UNCLAIMED FUNDS WERE NOT REPORTED AND PAID TO THE STATE**
(Noncompliance Under *Government Auditing Standards*)

The clerk did not report and pay to the state unclaimed funds (old outstanding checks) totaling $16,931. At June 30, 2012, Circuit Court had 20 outstanding checks issued before July 1, 2011, totaling $10,406, and General Sessions Court had 80 outstanding checks issued before July 1, 2011, totaling $6,525. The Unclaimed Property Act, Section 66-29-101, et seq., *Tennessee Code Annotated*, provides that any funds held by the court for more than one year and unclaimed by the owner are considered abandoned. This statute further provides for the funds to be reported and paid to the state Treasurer's Office. This deficiency was the result of a lack of management oversight and management's failure to correct the finding noted in prior-year audit reports.

RECOMMENDATION

The clerk should report and pay to the state unclaimed funds held for more than one year as required by state statute.

FINDING 12.07 **THE OFFICE DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION**
(Noncompliance Under *Government Auditing Standards*)

In some instances, the clerk did not deposit funds within three days of collection in General Sessions Court. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit public funds to the office bank account within three days of collection. This deficiency is the result of the failure of management to correct the finding noted in prior-year audit reports. The delay in depositing the funds increases the risks of fraud and misappropriation.

RECOMMENDATION

The clerk should ensure that all funds are deposited to the office bank account within three days of collection as required by state statute.

OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND REGISTER

FINDING 12.08 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Multiple employees operated from the same cash drawer in the Offices of Circuit and General Sessions Courts Clerk, Clerk and Master, and Register. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency in internal controls was the result of a lack of management oversight over risks related to safeguarding assets, and the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should assign each employee their own cash drawer.

OFFICES OF ROAD COMMISSIONER, DIRECTOR OF SCHOOLS, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF

FINDING 12.09 **DUTIES WERE NOT SEGREGATED ADEQUATELY**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among the officials and employees in the Offices of Road Commissioner, Director of Schools, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency exists due to the failure of management to correct the finding noted in prior-year audit reports.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

BEST PRACTICES

The Division of Local Government Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Smith County.

ITEM 1. SMITH COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Smith County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

ITEM 2. SMITH COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE

Smith County does not have an Audit Committee. An Audit Committee can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks. County officials should establish an Audit Committee as a best practice.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal awards.

SMITH COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2012

There were audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs. There were no audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

County Mayor – Summary Schedule of Prior-Year's Findings

FINDINGS 11.05 and 11.16

The county corrected the posting of the ARRA grant funds from the prior year; however, the same issue was noted for a different nonmajor grant in the current year.