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# ANNUAL FINANCIAL REPORT SMITH COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2013



**ANNUAL FINANCIAL REPORT  
SMITH COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2013**

***COMPTROLLER OF THE TREASURY  
JUSTIN P. WILSON***

***DIVISION OF LOCAL GOVERNMENT AUDIT  
JAMES R. ARNETTE  
Director***

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Auditor 4***

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KELLEY J. MCNEAL, CPA, CGFM  
State Auditors***

This financial report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov)

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# ***Audit Highlights***

Annual Financial Report  
Smith County, Tennessee  
For the Year Ended June 30, 2013

## ***Scope***

We have audited the basic financial statements of Smith County as of and for the year ended June 30, 2013.

## ***Results***

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

Our audit resulted in eight 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 position.
- ◆ The Solid Waste Disposal Fund had a cash overdraft.
- ◆ The office did not deposit some funds within three days of collection.
- ◆ The office had deficiencies in computer system backup procedures.

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### **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.

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### **OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK AND CLERK AND MASTER**

- ◆ Multiple employees operated from the same cash drawer.
-

**OFFICES OF ROAD COMMISSIONER, DIRECTOR OF SCHOOLS,  
CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND  
MASTER, 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 Smith County.

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

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# INTRODUCTORY SECTION

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# Smith County Officials

## June 30, 2013

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### **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 of Deeds  
Steve Hopper, Sheriff

### **Board of County Commissioners**

Michael Nesbitt, County Mayor, Chairman  
Joseph Anderson  
Tommy Bane  
Billy Bass  
Pamela Billington  
Carolyn Boles  
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**

Michael Collins, Chairman  
William Barrick  
Scott Hensley  
Tim Maynard  
Robin Moore  
Brian Smith  
Joe Taylor  
Vacant

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## FINANCIAL SECTION

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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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on the Financial Statements**

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, 2013, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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 2.12 percent, 2.38 percent, and 1.43 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report 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 solely on the report of the other auditors. We conducted

our audit in accordance with auditing standards generally accepted in the United States of America and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our report 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note V.B., Smith County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*, which became effective for the year ended June 30, 2013. Smith County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

## ***Other Matters***

### *Required Supplementary Information*

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 schedules of funding progress – pension plan and other postemployment benefit plan on pages 82-84 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.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Smith County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service 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 basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service 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 the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements

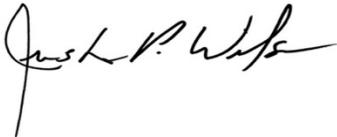
themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service 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 fairly stated, in all material respects, in relation to the basic 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013, on our consideration of Smith County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Smith County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

December 19, 2013

JPW/sb

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Smith County, Tennessee  
Statement of Net Position  
June 30, 2013

	Primary Government		Component Units		
	Governmental Activities	Business-type Activities	Smith County		
			School Department	Emergency Communications District	
		Total			
<b>ASSETS</b>					
Cash	\$ 1,300	\$ 0	\$ 1,300	\$ 0	\$ 411,190
Equity in Pooled Cash and Investments	4,383,997	0	4,383,997	4,526,927	0
Accounts Receivable	2,448,322	176,072	2,624,394	1,451	6,247
Allowance for Uncollectibles	(2,029,591)	0	(2,029,591)	0	0
Due from Other Governments	673,287	1,716	675,003	365,549	7,826
Prepaid Items	0	0	0	0	1,120
Property Taxes Receivable	4,262,282	0	4,262,282	3,279,053	0
Allowance for Uncollectible Property Taxes	(189,947)	0	(189,947)	(145,594)	0
Notes Receivable	40,000	0	40,000	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	974,935	2,052,484	3,027,419	1,226,738	30,000
Intangible Assets - Indefinite Life	1,009,865	0	1,009,865	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	14,619,056	51,751	14,670,807	27,746,697	154,580
Infrastructure	19,027,623	0	19,027,623	96,481	0
Other Capital Assets	2,044,034	345,333	2,389,367	1,472,500	226,094
Landfill Facilities and Development	0	2,877,591	2,877,591	0	0
Total Assets	\$ 47,265,163	\$ 5,504,947	\$ 52,770,110	\$ 38,569,802	\$ 837,057
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivative - Interest Rate Collar	\$ 805,582	\$ 0	\$ 805,582	\$ 0	\$ 0
Total Deferred Outflows of Resources	\$ 805,582	\$ 0	\$ 805,582	\$ 0	\$ 0
<b>LIABILITIES</b>					
Accounts Payable	\$ 30,796	\$ 1,560	\$ 32,356	\$ 9,993	\$ 172
Accrued Payroll	0	0	0	5,190	0
Payroll Deductions Payable	55,994	3,311	59,305	559,306	0
Cash Overdraft	0	19,606	19,606	0	0
Accrued Interest Payable	317,170	0	317,170	0	0
Due to State of Tennessee	236	0	236	0	0
Derivative - Interest Rate Collar	805,582	0	805,582	0	0
Noncurrent Liabilities:					
Due Within One Year	2,514,875	859,525	3,374,400	23,286	0
Due in More Than One Year	24,250,079	5,082,118	29,332,197	611,952	0
Total Liabilities	\$ 27,974,732	\$ 5,966,120	\$ 33,940,852	\$ 1,209,727	\$ 172

(Continued)

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

Exhibit A

	Primary Government		Total	Component Units		
	Governmental Activities	Business-type Activities		Smith County School Department	Smith County Emergency Communications District	
Deferred Current Property Taxes	\$ 3,930,985	\$ 0	\$ 3,930,985	\$ 3,023,910	\$ 0	0
Total Deferred Inflows of Resources	\$ 3,930,985	\$ 0	\$ 3,930,985	\$ 3,023,910	\$ 0	0
<u>NET POSITION</u>						
Net Investment in Capital Assets	\$ 22,984,757	\$ 2,022,085	\$ 25,006,842	\$ 30,542,416	\$ 410,674	
Restricted for:						
Drug Control	61,238	0	61,238	0	0	0
Highway/Public Works	671,970	0	671,970	0	0	0
General Debt Service	716,328	0	716,328	0	0	0
Education Debt Service	2,037,047	0	2,037,047	0	0	0
Library Endowment	40,284	0	40,284	0	0	0
School Federal Projects	0	0	0	33,431	0	0
Central Cafeteria	0	0	0	487,911	0	0
Other Purposes	77,821	0	77,821	252,578	0	0
Unrestricted	(10,424,417)	(2,483,258)	(12,907,675)	3,019,829	426,211	
Total Net Position	\$ 16,165,028	\$ (461,173)	\$ 15,703,855	\$ 34,336,165	\$ 836,885	

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, 2013

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Activities		Smith County School Department	Smith County Emergency Communications District	Smith County		
					Governmental Activities	Business-type Activities			School Department	Communications District	
Primary Government:											
Governmental Activities:											
General Government	\$ 1,279,934	\$ 289,589	\$ 311,164	\$ 0	\$ (679,181)	\$ 0	\$ (679,181)	\$ 0	\$ 0	\$ 0	\$ 0
Finance	541,423	450,676	0	0	(90,747)	0	(90,747)	0	0	0	0
Administration of Justice	515,915	367,828	9,000	0	(139,087)	0	(139,087)	0	0	0	0
Public Safety	3,883,461	1,401,560	181,858	0	(2,300,043)	0	(2,300,043)	0	0	0	0
Public Health and Welfare	1,748,797	316,152	97,437	347,500	(987,708)	0	(987,708)	0	0	0	0
Social, Cultural, and Recreational Services	293,281	20,104	18,944	0	(254,233)	0	(254,233)	0	0	0	0
Agriculture and Natural Resources	130,103	0	2,407	0	(127,696)	0	(127,696)	0	0	0	0
Other Operations	1,382,402	0	12,989	160,269	(1,209,144)	0	(1,209,144)	0	0	0	0
Highways/Public Works	2,061,924	20,937	1,564,024	18,629	(458,334)	0	(458,334)	0	0	0	0
Interest on Long-term Debt	1,043,903	0	0	0	(1,043,903)	0	(1,043,903)	0	0	0	0
Other Debt Service	137,026	0	0	0	(137,026)	0	(137,026)	0	0	0	0
Total Governmental Activities	\$ 13,018,169	\$ 2,866,846	\$ 2,197,823	\$ 526,398	\$ (7,427,102)	\$ 0	\$ (7,427,102)	\$ 0	\$ 0	\$ 0	\$ 0
Business-type Activities:											
Solid Waste Disposal	\$ 1,348,687	\$ 1,132,103	\$ 16,862	\$ 0	\$ 0	\$ (199,722)	\$ (199,722)	\$ 0	\$ 0	\$ 0	\$ 0
Total Business-type Activities	\$ 1,348,687	\$ 1,132,103	\$ 16,862	\$ 0	\$ 0	\$ (199,722)	\$ (199,722)	\$ 0	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 14,366,856	\$ 3,998,949	\$ 2,214,685	\$ 526,398	\$ (7,427,102)	\$ (199,722)	\$ (7,626,824)	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:											
School Department	\$ 26,292,358	\$ 537,225	\$ 2,693,369	\$ 0	\$ 0	\$ 0	\$ 0	\$ (23,061,764)	\$ 0	\$ 0	\$ 0
Emergency Communications District	405,725	253,937	0	0	0	0	0	0	0	(151,788)	0
Total Component Units	\$ 26,698,083	\$ 791,162	\$ 2,693,369	\$ 0	\$ 0	\$ 0	\$ 0	\$ (23,061,764)	\$ 0	\$ (151,788)	\$ 0

(Continued)

Exhibit B

Smith County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-type Activities	Smith County School Department	Smith County Emergency Communications District
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 3,301,916	\$ 0	\$ 3,301,916	\$ 0
Property Taxes Levied for Debt Service					942,810	0	942,810	0
Local Option Sales Taxes					1,175,329	0	1,175,329	0
Wheel Tax					1,100,126	0	1,100,126	0
Litigation Tax - General					59,911	0	59,911	0
Litigation Tax - Jail, Workhouse, or Courthouse					76,205	0	76,205	0
Business Tax					134,775	0	134,775	0
Mineral Severance Tax					49,491	0	49,491	0
Wholesale Beer Tax					49,579	0	49,579	0
Other Local Taxes					6,703	0	6,703	0
Grants and Contributions Not Restricted to Specific Purposes					758,678	0	758,678	98,161
Interest Income					164,598	0	164,598	1,234
Miscellaneous					13,848	0	13,848	5,460
Sale of Equipment					1,391	0	1,391	0
Total General Revenues					\$ 7,835,360	\$ 0	\$ 7,835,360	\$ 104,855
Transfers					\$ (6,596)	\$ 6,596	\$ 0	\$ 0
Insurance Recovery					34,628	0	34,628	3,360
Change in Net Position					\$ 436,290	\$ (193,126)	\$ 243,164	\$ (43,573)
Net Position, July 1, 2012					15,728,738	(415,437)	15,313,301	877,417
Prior-period Adjustment					0	147,390	147,390	3,041
Net Position, June 30, 2013					\$ 16,165,028	\$ (461,173)	\$ 15,703,855	\$ 836,885

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, 2013

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway /	General		Education Debt Service	Other Governmental Funds	
		Public Works	Debt Service	Debt Service			
\$	0 \$	0 \$	0 \$	0 \$	0 \$	1,300 \$	1,300
	654,437	395,057	676,431	2,235,486	180,961	180,961	4,142,372
	2,448,173	0	0	0	149	149	2,448,322
	(2,029,591)	0	0	0	0	0	(2,029,591)
	224,279	272,460	0	81,379	95,169	95,169	673,287
	243,074	0	0	0	0	0	243,074
	3,110,080	205,721	507,070	439,461	0	0	4,262,282
	(138,089)	(9,830)	(22,515)	(19,513)	0	0	(189,947)
	0	0	10,000	0	0	0	10,000
	0	0	30,000	0	0	0	30,000
	\$ 4,512,313	\$ 863,408	\$ 1,200,986	\$ 2,736,813	\$ 277,579	\$ 277,579	\$ 9,591,099

ASSETS

Cash  
Equity in Pooled Cash and Investments  
Accounts Receivable  
Allowance for Uncollectibles  
Due from Other Governments  
Due from Other Funds  
Property Taxes Receivable  
Allowance for Uncollectible Property Taxes  
Notes Receivable - Current  
Notes Receivable - Long-term

LIABILITIES

Accounts Payable  
Payroll Deductions Payable  
Due to Other Funds  
Due to State of Tennessee  
Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes  
Deferred Delinquent Property Taxes  
Other Deferred/Unavailable Revenue  
Total Deferred Inflows of Resources

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	Education Debt Service	Other	Governmental Funds	
Nonspendable:							
Endowments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,284	\$ 40,284	40,284
Restricted:							
Restricted for General Government	10,261	0	0	0	0	0	10,261
Restricted for Public Safety	5,379	0	0	0	61,238	66,617	66,617
Restricted for Public Health and Welfare	62,181	0	0	0	0	0	62,181
Restricted for Highways/Public Works	0	538,482	0	0	0	0	538,482
Restricted for Debt Service	0	0	717,924	2,277,469	0	0	2,995,393
Committed:							
Committed for General Government	0	0	0	0	168,801	168,801	168,801
Committed for Administration of Justice	39,832	0	0	0	0	0	39,832
Committed for Social, Cultural, and Recreational Services	0	0	0	0	1,005	1,005	1,005
Committed for Capital Outlay	0	0	0	0	3,626	3,626	3,626
Unassigned	1,008,862	0	0	0	0	0	1,008,862
Total Fund Balances	\$ 1,126,515	\$ 538,482	\$ 717,924	\$ 2,277,469	\$ 274,954	\$ 4,935,344	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,512,313	\$ 863,408	\$ 1,200,986	\$ 2,736,813	\$ 277,579	\$ 9,591,099	

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 Position  
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 4,935,344
(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: intangible assets - indefinite life	1,009,865	
Add: buildings and improvements net of accumulated depreciation	14,619,056	
Add: infrastructure net of accumulated depreciation	19,027,623	
Add: other capital assets net of accumulated depreciation	<u>2,044,034</u>	37,675,513
(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	\$ (13,086,567)	
Less: notes payable	(2,453,659)	
Less: other loans payable	(10,930,530)	
Less: compensated absences payable	(145,571)	
Less: other postemployment benefits liability	(148,627)	
Less: accrued interest on bonds, notes, and other loans	<u>(317,170)</u>	(27,082,124)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>636,295</u>
Net position of governmental activities (Exhibit A)		<u>\$ 16,165,028</u>

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, 2013

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Debt Service	Other			
					Governmental Funds	Governmental Funds		
<u>Revenues</u>								
Local Taxes	\$ 4,152,481	\$ 257,965	\$ 520,614	\$ 1,801,997	\$ 301,808	\$ 0	\$ 7,034,865	
Licenses and Permits	74,168	0	0	0	0	0	74,168	
Fines, Forfeitures, and Penalties	29,889	0	0	0	31,520	0	61,409	
Charges for Current Services	1,035,746	0	0	0	131,986	0	1,167,732	
Other Local Revenues	445,229	20,937	106,208	0	60,906	0	633,280	
Fees Received from County Officials	861,461	0	0	0	0	0	861,461	
State of Tennessee	1,448,458	1,487,870	77,430	0	396,639	0	3,410,397	
Federal Government	185,085	0	15,353	0	364,375	0	564,813	
Other Governments and Citizens Groups	82,083	0	0	296,000	0	0	378,083	
Total Revenues	\$ 8,314,600	\$ 1,766,772	\$ 719,605	\$ 2,097,997	\$ 1,287,234	\$ 0	\$ 14,186,208	
<u>Expenditures</u>								
Current:								
General Government	\$ 1,167,333	\$ 0	\$ 0	\$ 0	\$ 27,390	\$ 0	\$ 1,194,723	
Finance	557,545	0	0	0	0	0	557,545	
Administration of Justice	515,915	0	0	0	0	0	515,915	
Public Safety	3,650,874	0	0	0	37,989	0	3,688,863	
Public Health and Welfare	1,341,209	0	0	0	280,973	0	1,622,182	
Social, Cultural, and Recreational Services	536,143	0	0	0	0	0	536,143	
Agriculture and Natural Resources	130,103	0	0	0	0	0	130,103	
Other Operations	851,328	0	0	0	47,571	0	898,899	
Highways	0	1,856,861	0	0	0	0	1,856,861	
Debt Service:								
Principal on Debt	211,192	85,971	806,848	1,120,000	359,000	0	2,583,011	
Interest on Debt	61,770	4,170	83,264	642,000	277,940	0	1,069,144	
Other Debt Service	0	0	38,282	22,690	76,054	0	137,026	
Capital Projects	0	0	0	0	483,503	0	483,503	
Total Expenditures	\$ 9,023,412	\$ 1,947,002	\$ 928,394	\$ 1,784,690	\$ 1,590,420	\$ 0	\$ 15,273,918	
Excess (Deficiency) of Revenues Over Expenditures	\$ (708,812)	\$ (180,230)	\$ (208,789)	\$ 313,307	\$ (303,186)	\$ 0	\$ (1,087,710)	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Debt Service	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 774,907	\$ 100,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 874,907
Insurance Recovery	20,992	13,636	0	0	0	0	34,628
Transfers In	24,677	44,357	0	0	67,113		136,147
Transfers Out	(111,113)	0	0	0	(31,630)		(142,743)
Total Other Financing Sources (Uses)	\$ 709,463	\$ 157,993	\$ 0	\$ 0	\$ 35,483	\$	902,939
Net Change in Fund Balances	\$ 651	\$ (22,237)	\$ (208,789)	\$ 313,307	\$ (267,703)	\$	(184,771)
Fund Balance, July 1, 2012	1,125,864	560,719	926,713	1,964,162	542,657		5,120,115
Fund Balance, June 30, 2013	\$ 1,126,515	\$ 538,482	\$ 717,924	\$ 2,277,469	\$ 274,954	\$	4,935,344

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, 2013

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)		\$ (184,771)
(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	\$ 534,868	
Less: current-year depreciation expense	<u>(910,170)</u>	(375,302)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: loss on disposal of capital assets		(17,345)
(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, 2013	\$ 636,295	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(1,348,687)</u>	(712,392)
(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 position.		
Less: note proceeds	\$ (874,907)	
Add: principal payments on bonds	1,193,150	
Add: principal payments on notes	945,621	
Add: principal payments on other loans	<u>444,240</u>	1,708,104
(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	\$ 25,241	
Change in compensated absences payable	25,800	
Change in other postemployment benefits liability	<u>(33,045)</u>	17,996
Change in net position of governmental activities (Exhibit B)		<u>\$ 436,290</u>

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

Exhibit C-5

Smith County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 4,152,481	\$ 0	\$ 4,152,481	\$ 4,113,896	\$ 4,113,896	\$ 38,585
Licenses and Permits	74,168	0	74,168	79,600	79,600	(5,432)
Fines, Forfeitures, and Penalties	29,889	0	29,889	58,900	59,678	(29,789)
Charges for Current Services	1,035,746	0	1,035,746	1,136,700	1,141,700	(105,954)
Other Local Revenues	445,229	0	445,229	374,096	410,937	34,292
Fees Received from County Officials	861,461	0	861,461	832,000	832,000	29,461
State of Tennessee	1,448,458	0	1,448,458	712,800	1,408,095	40,363
Federal Government	185,085	0	185,085	15,000	152,206	32,879
Other Governments and Citizens Groups	82,083	0	82,083	74,800	77,663	4,420
<u>Total Revenues</u>	<u>\$ 8,314,600</u>	<u>\$ 0</u>	<u>\$ 8,314,600</u>	<u>\$ 7,397,792</u>	<u>\$ 8,275,775</u>	<u>\$ 38,825</u>
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 35,463	\$ 0	\$ 35,463	\$ 34,332	\$ 36,082	\$ 619
Board of Equalization	2,150	0	2,150	2,150	2,150	0
County Mayor/Executive	175,783	(2,075)	173,708	175,201	175,201	1,493
County Attorney	58,278	0	58,278	50,000	58,278	0
Election Commission	177,962	(400)	177,562	206,610	206,610	29,048
Register of Deeds	143,193	(250)	142,943	146,374	146,374	3,431
Planning	8,575	0	8,575	13,750	13,750	5,175
Codes Compliance	83,838	(55)	83,783	99,558	99,063	15,280
County Buildings	481,621	(349)	481,272	444,952	495,657	14,385
Other General Administration	470	0	470	0	470	0
<u>Finance</u>						
Property Assessor's Office	158,416	(350)	158,066	158,197	158,277	211

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
Reappraisal Program	\$ 16,754	0	\$ 16,754	\$ 16,733	\$ 16,733	(21)
County Trustee's Office	144,080	0	144,080	143,799	144,701	621
County Clerk's Office	238,295	(465)	237,830	225,574	246,349	8,519
<u>Administration of Justice</u>						
Circuit Court	263,431	(800)	262,631	270,585	274,178	11,547
General Sessions Judge	115,479	(267)	115,212	115,243	118,243	3,031
Chancery Court	110,979	(100)	110,879	112,148	112,148	1,269
Judicial Commissioners	21,946	0	21,946	23,092	23,092	1,146
Other Administration of Justice	4,080	0	4,080	6,000	6,000	1,920
<u>Public Safety</u>						
Sheriff's Department	1,962,766	(197,795)	1,764,971	2,059,530	1,912,622	147,651
Traffic Control	1,174	0	1,174	1,200	1,200	26
Jail	408,746	0	408,746	416,672	431,772	23,026
Correctional Incentive Program Improvements	666,758	0	666,758	618,678	675,229	8,471
Juvenile Services	36,903	0	36,903	39,804	39,804	2,901
Fire Prevention and Control	192,462	0	192,462	273,719	196,708	4,246
Rescue Squad	30,500	0	30,500	30,000	30,500	0
Other Emergency Management	38,753	(229)	38,524	39,495	39,495	971
Inspection and Regulation	2,584	0	2,584	2,584	2,584	0
County Coroner/Medical Examiner	55,780	0	55,780	30,500	45,500	(10,280)
Other Public Safety	254,448	0	254,448	263,856	264,856	10,408
<u>Public Health and Welfare</u>						
Local Health Center	24,485	(800)	23,685	25,576	25,576	1,891
Ambulance/Emergency Medical Services	1,142,435	0	1,142,435	1,361,557	1,360,715	218,280

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Health and Welfare (Cont.)</u>						
Other Local Health Services	\$ 67,917	\$ (169)	\$ 67,748	\$ 72,188	\$ 72,188	\$ 4,440
Appropriation to State	13,772	0	13,772	13,772	13,772	0
General Welfare Assistance	40,003	0	40,003	40,000	40,550	547
Aid to Dependent Children	0	0	0	1,500	1,500	1,500
Other Local Welfare Services	10,000	0	10,000	10,000	10,000	0
Waste Pickup	29,608	0	29,608	39,177	39,177	9,569
Other Public Health and Welfare	12,989	0	12,989	15,500	15,500	2,511
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	55,114	(300)	54,814	58,816	58,816	4,002
Libraries	103,758	(3,139)	100,619	107,248	110,599	9,980
Parks and Fair Boards	365,521	(464)	365,057	322,700	367,000	1,943
Other Social, Cultural, and Recreational	11,750	0	11,750	14,000	14,000	2,250
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	59,519	(420)	59,099	61,275	61,275	2,176
Soil Conservation	11,000	0	11,000	11,000	11,000	0
Other Agriculture and Natural Resources	59,584	0	59,584	66,500	68,285	8,701
<u>Other Operations</u>						
Tourism	0	0	0	300	300	300
Industrial Development	3,041	0	3,041	14,441	14,613	11,572
Housing and Urban Development	59,412	0	59,412	0	62,656	3,244
Other Economic and Community Development	33,233	0	33,233	32,867	33,233	0
Veterans' Services	13,736	0	13,736	13,890	14,190	454
Other Charges	245,017	0	245,017	243,589	245,017	0
Employee Benefits	50,323	0	50,323	51,378	51,378	1,055

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Other Operations (Cont.)</u>						
Miscellaneous	\$ 446,566	0 \$	446,566 \$	250,088 \$	446,493 \$	(73)
Principal on Debt	211,192	0	211,192	0	211,192	0
General Government						
Interest on Debt	61,770	0	61,770	0	64,135	2,365
General Government						
Total Expenditures	\$ 9,023,412	\$(208,427)	\$ 8,814,985	\$ 8,847,698	\$ 9,386,786	\$ 571,801
Excess (Deficiency) of Revenues Over Expenditures	\$ (708,812)	208,427 \$	\$(500,385)	\$(1,449,906)	\$(1,111,011)	\$ 610,626
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 774,907	0 \$	774,907 \$	378,000 \$	583,908 \$	190,999
Insurance Recovery	20,992	0	20,992	0	5,883	15,109
Transfers In	24,677	0	24,677	841,625	100,000	(75,323)
Transfers Out	(111,113)	0	(111,113)	(116,336)	(111,113)	0
Total Other Financing Sources	\$ 709,463	0 \$	709,463 \$	1,103,289 \$	578,678 \$	130,785
Net Change in Fund Balance	\$ 651	208,427 \$	209,078 \$	\$(346,617)	\$(532,333)	\$ 741,411
Fund Balance, July 1, 2012	1,125,864	(208,427)	917,437	1,122,696	1,122,696	(205,259)
Fund Balance, June 30, 2013	\$ 1,126,515	0 \$	1,126,515 \$	776,079 \$	590,363 \$	536,152

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

Exhibit C-6

Smith County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 257,965	\$ 278,821	\$ 278,821	\$ (20,856)
Other Local Revenues	20,937	20,150	31,562	(10,625)
State of Tennessee	1,487,870	1,762,155	1,825,935	(338,065)
Total Revenues	<u>\$ 1,766,772</u>	<u>\$ 2,061,126</u>	<u>\$ 2,136,318</u>	<u>\$ (369,546)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 170,629	\$ 175,476	\$ 179,383	\$ 8,754
Highway and Bridge Maintenance	963,098	1,054,091	1,102,516	139,418
Operation and Maintenance of Equipment	274,603	324,000	311,450	36,847
Other Charges	74,148	79,645	78,645	4,497
Employee Benefits	341,834	379,000	379,000	37,166
Capital Outlay	32,549	334,160	532,708	500,159
<u>Principal on Debt</u>				
Highways and Streets	85,971	84,465	84,465	(1,506)
<u>Interest on Debt</u>				
Highways and Streets	4,170	4,256	4,256	86
Total Expenditures	<u>\$ 1,947,002</u>	<u>\$ 2,435,093</u>	<u>\$ 2,672,423</u>	<u>\$ 725,421</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (180,230)</u>	<u>\$ (373,967)</u>	<u>\$ (536,105)</u>	<u>\$ 355,875</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 100,000	\$ 0	\$ 100,000	\$ 0
Insurance Recovery	13,636	0	17,781	(4,145)
Transfers In	44,357	0	44,357	0
Total Other Financing Sources	<u>\$ 157,993</u>	<u>\$ 0</u>	<u>\$ 162,138</u>	<u>\$ (4,145)</u>
Net Change in Fund Balance	\$ (22,237)	\$ (373,967)	\$ (373,967)	\$ 351,730
Fund Balance, July 1, 2012	<u>560,719</u>	<u>434,994</u>	<u>434,994</u>	<u>125,725</u>
Fund Balance, June 30, 2013	<u>\$ 538,482</u>	<u>\$ 61,027</u>	<u>\$ 61,027</u>	<u>\$ 477,455</u>

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

Exhibit D-1

Smith County, Tennessee  
Statement of Net Position  
Proprietary Fund  
June 30, 2013

	Business-type Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>ASSETS</u>	
Current Assets:	
Accounts Receivable	\$ 176,072
Due from Other Governments	1,716
Total Current Assets	<u>\$ 177,788</u>
Noncurrent Assets:	
Capital Assets:	
Assets not Depreciated:	
Land	\$ 2,052,484
Assets Net of Accumulated Depreciation:	
Landfill Facilities and Development	2,877,591
Buildings and Improvements	51,751
Machinery and Equipment	345,333
Total Noncurrent Assets	<u>\$ 5,327,159</u>
Total Assets	<u>\$ 5,504,947</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 1,560
Payroll Deductions Payable	3,311
Cash Overdraft	19,606
Capital Outlay Notes Payable	820,135
Other Loans Payable	27,752
Accrued Liability for Landfill Closure/Postclosure Care Costs	11,638
Total Current Liabilities	<u>\$ 884,002</u>
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 2,624,931
Capital Outlay Notes Payable	628,551
Other Loans Payable	1,828,636
Total Noncurrent Liabilities	<u>\$ 5,082,118</u>
Total Liabilities	<u>\$ 5,966,120</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 2,022,085
Unrestricted (Deficit)	<u>(2,483,258)</u>
Total Net Position (Deficit)	<u>\$ (461,173)</u>

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 Position  
Proprietary Fund  
For the Year Ended June 30, 2013

	Business-type Activities - Major Enterprise Fund
	Solid Waste Disposal Fund
<u>Operating Revenues</u>	
Licenses and Permits	\$ 1,000
Charges for Current Services	1,104,173
Total Operating Revenues	<u>\$ 1,105,173</u>
<u>Operating Expenses</u>	
Waste Pickup	\$ 95,391
Convenience Centers	147,654
Other Waste Collection	11,984
Landfill Operations and Maintenance	748,105
Employee Benefits	802
Depreciation Expense	215,523
Total Operating Expenses	<u>\$ 1,219,459</u>
Operating Income (Loss)	<u>\$ (114,286)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Lease/Rentals	\$ 2,120
Sale of Recycled Materials	21,912
Grants Received	16,862
Contributions	2,898
Interest on Notes	(49,507)
Interest on Other Loans	(79,721)
Total Nonoperating Revenues (Expenses)	<u>\$ (85,436)</u>
Income (Loss) Before Transfers	\$ (199,722)
Transfers In	<u>6,596</u>
Change in Net Position	\$ (193,126)
Net Position, July 1, 2012	(415,437)
Prior-period Adjustment	<u>147,390</u>
Net Position, June 30, 2013	<u><u>\$ (461,173)</u></u>

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, 2013

	Business-type Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 1,057,526
Payments to Suppliers	(401,677)
Payments to Employees	(494,630)
Other Payments	(105,091)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 56,128</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Grants Received	\$ 15,378
Contributions	2,898
Transfers from Other Funds	6,596
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 24,872</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Sale of Recycled Materials	\$ 21,912
Lease/Rentals	2,120
Acquisition and Construction of Capital Assets	(159,211)
Principal Paid on Capital Outlay Note	(267,080)
Principal Paid on Other Loan	(26,599)
Interest Paid on Capital Outlay Note	(49,507)
Interest Paid on Other Loan	(79,721)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (558,086)</u>
Net Increase (Decrease) in Cash	\$ (477,086)
Cash, July 1, 2012	<u>457,480</u>
Cash, June 30, 2013	<u>\$ (19,606)</u>

(Continued)

Exhibit D-3

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

	Business-type Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>Reconciliation of Operating Income (Loss)</u> to Net Cash Provided By (Used In) Operating Activities	
Operating Income (Loss)	\$ (114,286)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	215,523
(Increase) Decrease in Accounts Receivable, Net	(47,647)
(Increase) Decrease in Accounts Payable	1,560
Increase (Decrease) in Payroll Deductions Payable	1,173
Increase (Decrease) in Due to Other Funds	<u>(195)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 56,128</u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Cash Per Net Position	\$ 0
Cash Overdraft	<u>(19,606)</u>
Cash, June 30, 2013	<u>\$ (19,606)</u>

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, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,102,414
Due from Other Governments	<u>189,636</u>
Total Assets	<u><u>\$ 1,292,050</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 189,636
Due to Litigants, Heirs, and Others	<u>1,102,414</u>
Total Liabilities	<u><u>\$ 1,292,050</u></u>

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

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**SMITH COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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**SMITH COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements (Cont.)**

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**SMITH COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2013**

**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, 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 Position 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 during the year ended June 30, 2013.

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, deferred outflow of resources, liabilities, deferred inflows of resources, 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.

**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.

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.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**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 position 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. Investments in the State Treasurer's Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. 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 2.31 percent of total taxes levied.

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 inflow of resources 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 inflow of resources 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:

<u>Assets</u>	<u>Years</u>
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:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 40
Other Capital Assets	5 - 15
Infrastructure	20 - 40

#### 4. **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. This item is the decrease in fair value of the county's interest rate collar reported in the government-wide Statement of Net Position. The valuation amount of the interest rate collar was negative at June 30, 2013, due to the fluctuation in interest rates. Negative amounts of derivative instruments are reflected as deferred outflows of resources.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. **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.

6. **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 Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner 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.

## **7. Net Position and Fund Balance**

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment in capital assets.

On the government-wide Statement of Net Position (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$77,821 with the primary restriction being for alcohol and drug treatment (\$62,181). For the discretely presented School Department, the account balance in Restricted for Other Purposes (\$252,578) consists primarily of a restriction for vocational projects (\$231,813).

As of June 30, 2013, Smith County had \$11,780,000 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 position with no corresponding increase in the county's capital assets.

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.

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 Commission has by resolution authorized the county's Budget/Finance Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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.

**8. Prior-period Adjustment**

Net position of the Solid Waste Disposal Fund (enterprise fund) was adjusted \$147,390 from the prior year because of a change in an engineering estimate, which increased the life of the open landfill cell.

**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 Position**

**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 Position.

**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 Position.

**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 position 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 position of governmental activities reported in the government-wide Statement of Activities.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. Budgetary Information

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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, 2013, the Smith County School Department reported the following significant encumbrance:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
School Department:		
Major Fund:		
General Purpose School	Textbooks	\$ 37,348

**B. Net Position Deficit**

The Solid Waste Disposal Fund had a deficit of \$2,483,258 in unrestricted net position at June 30, 2013. This deficit resulted from the recognition of a liability of \$2,636,569 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. At June 30, 2012, these shortages had unpaid balances totaling \$14,748.98. In July 2012, the county received insurance proceeds of \$14,248.98 leaving an unpaid balance of \$500, which represents the county's insurance deductible. In August 2012, Smith County issued checks to Circuit and General Sessions Courts for \$167 and \$333, respectively, to eliminate the cash shortages. In January 2013, the former employee pled guilty to theft and was sentenced to five years with one year to be served. After serving six months of her sentence, the employee was released and began serving five years probation.

**D. Cash Overdraft**

The Solid Waste Disposal Fund had a cash overdraft of \$19,606 at June 30, 2013. This cash overdraft resulted from the issuance of checks exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2013.

**E. Expenditures Exceeded Appropriations**

Expenditures exceeded appropriations in the following funds major appropriation categories (the legal level of control):

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
Reappraisal Program	\$ 21
County Coroner	10,280
Miscellaneous	73
Highway/Public Works:	
Principal on Debt	1,506

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

#### 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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position 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, 2013.

**B. Note Receivable**

The General Debt Service Fund had a long-term note receivable of \$40,000 on June 30, 2013, 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, 2013, Smith County had the following derivative instrument outstanding:

Instrument	Type	Objective	Original			Terms
			Notional Amount	Effective Date	Maturity Date	
\$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, 2013, classified by type, and the change in fair value of the derivative instrument for the year then ended as reported in the 2013 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2013</u>		6-30-13
	Classification	Amount	Classification	Amount	Notional Amount
<b>Governmental Activities:</b>					
Cash Flow Hedges:					
Interest rate collar:					
\$10M collar	Deferred Outflow	\$ (805,582)	Debt	\$ (805,582)	\$ 9,047,000

**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, 2013, the interest rate collar has a negative fair value of \$805,582 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, 2013, 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, 2103, 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 events, 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. The county also pays the trustee the actual rate payable on the Loan Agreement.

**D. Capital Assets**

Capital assets activity for the year ended June 30, 2013, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
<b>Capital Assets Not Depreciated:</b>				
Land	\$ 974,935	\$ 0	\$ 0	\$ 974,935
Construction in Progress	9,344	0	(9,344)	0
<b>Intangible Assets - Indefinite</b>				
Life	1,009,865	0	0	1,009,865
<b>Total Capital Assets</b>				
Not Depreciated	\$ 1,994,144	\$ 0	\$ (9,344)	\$ 1,984,800
<b>Capital Assets Depreciated:</b>				
Buildings and Improvements	\$ 16,465,156	\$ 0	\$ 0	\$ 16,465,156
Infrastructure	25,373,504	298,487	0	25,671,991
Other Capital Assets	4,544,677	236,381	(147,579)	4,633,479
<b>Total Capital Assets</b>				
Depreciated	\$ 46,383,337	\$ 534,868	\$ (147,579)	\$ 46,770,626
<b>Less Accumulated</b>				
Depreciation For:				
Buildings and Improvements	\$ 1,477,965	\$ 368,135	\$ 0	\$ 1,846,100
Infrastructure	6,493,728	150,640	0	6,644,368
Other Capital Assets	2,337,628	391,395	(139,578)	2,589,445
<b>Total Accumulated</b>				
Depreciation	\$ 10,309,321	\$ 910,170	\$ (139,578)	\$ 11,079,913
<b>Total Capital Assets</b>				
Depreciated, Net	\$ 36,074,016	\$ (375,302)	\$ (8,001)	\$ 35,690,713
<b>Governmental Activities</b>				
Capital Assets, Net	\$ 38,068,160	\$ (375,302)	\$ (17,345)	\$ 37,675,513

**Business-type Activities:**

	Balance		Balance	
	7-1-12	Increases	Decreases	6-30-13
Capital Assets Not Depreciated:				
Land	\$ 2,052,484	\$ 0	\$ 0	\$ 2,052,484
Construction in Progress	368,461	0	(368,461)	0
Total Capital Assets Not Depreciated	<u>\$ 2,420,945</u>	<u>\$ 0</u>	<u>\$ (368,461)</u>	<u>\$ 2,052,484</u>
Capital Assets Depreciated:				
Landfill Facilities and Development	\$ 3,167,095	\$ 527,672	\$ 0	\$ 3,694,767
Buildings and Improvements	74,039	0	0	74,039
Other Capital Assets	1,046,944	0	0	1,046,944
Total Capital Assets Depreciated	<u>\$ 4,288,078</u>	<u>\$ 527,672</u>	<u>\$ 0</u>	<u>\$ 4,815,750</u>
Less Accumulated Depreciation For:				
Landfill Facilities and Development	\$ 682,708	\$ 134,468	\$ 0	\$ 817,176
Buildings and Improvements	20,669	1,619	0	22,288
Other Capital Assets	622,175	79,436	0	701,611
Total Accumulated Depreciation	<u>\$ 1,325,552</u>	<u>\$ 215,523</u>	<u>\$ 0</u>	<u>\$ 1,541,075</u>
Total Capital Assets Depreciated, Net	<u>\$ 2,962,526</u>	<u>\$ 312,149</u>	<u>\$ 0</u>	<u>\$ 3,274,675</u>
Business-type Activities Capital Assets, Net	<u>\$ 5,383,471</u>	<u>\$ 312,149</u>	<u>\$ (368,461)</u>	<u>\$ 5,327,159</u>

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

**Governmental Activities:**

General Government	\$ 45,692
Public Safety	474,092
Public Health and Welfare	129,698
Social, Cultural, and Recreational Services	55,625
Highway/Public Works	<u>205,063</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 910,170</u>

**Business-type Activities:**

Solid Waste Disposal	<u>\$ 215,523</u>
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**Discretely Presented Smith County School Department**

**Governmental Activities:**

	Balance		Balance	
	7-1-12	Increases	Decreases	6-30-13
	<hr/>			<hr/>
Capital Assets Not Depreciated:				
Land	\$ 1,226,738	\$ 0	\$ 0	\$ 1,226,738
Total Capital Assets Not Depreciated	<hr/>	<hr/>	<hr/>	<hr/>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 39,052,541	\$ 0	\$ 0	\$ 39,052,541
Infrastructure	129,000	0	0	129,000
Other Capital Assets	2,841,663	259,707	(260,733)	2,840,637
Total Capital Assets Depreciated	<hr/>	<hr/>	<hr/>	<hr/>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 10,436,144	\$ 869,700	\$ 0	\$ 11,305,844
Infrastructure	29,294	3,225	0	32,519
Other Capital Assets	1,430,345	172,957	(235,165)	1,368,137
Total Accumulated Depreciation	<hr/>	<hr/>	<hr/>	<hr/>
Total Capital Assets Depreciated, Net	<hr/>	<hr/>	<hr/>	<hr/>
Governmental Activities Capital Assets, Net	<hr/>	<hr/>	<hr/>	<hr/>

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

**Governmental Activities:**

Instruction	\$ 855,139
Support Services	<hr/>
	190,743
Total Depreciation Expense - Governmental Activities	<hr/>
	<hr/>
	\$ 1,045,882

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2013, was as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 243,074
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	1,988
Nonmajor governmental	General Purpose School	848

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 \$241,625 was in transit from the Courthouse and Jail Maintenance Fund at June 30, 2013.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2013, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In			
	General Fund	Highway/ Public Works Fund	Solid Waste Disposal Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 44,000	\$ 0	\$ 67,113
Nonmajor governmental funds	24,677	357	6,596	0
<b>Total</b>	<b>\$ 24,677</b>	<b>\$ 44,357</b>	<b>\$ 6,596</b>	<b>\$ 67,113</b>

**Discretely Presented Smith County School Department**

Transfer Out	Transfer In
	General Purpose School Fund
Nonmajor governmental fund	\$ 11,620

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 and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**F. Long-term Obligations**

**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, 2013, will be retired from the General, Courthouse and Jail Maintenance, 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, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	4.25 to 4.63 %	10-16-42	\$ 1,597,200	\$ 1,306,567
General Obligation Bonds - Refunding	5	4-1-21	12,800,000	11,780,000
Capital Outlay Notes	1.99 to 4.22	3-7-20	5,243,851	2,453,659
Other Loans	variable	5-25-30	12,628,599	10,930,530

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, 2013, the variable interest rate for each of these loans was .33 percent. Other fees based on the outstanding loan principal at June 30, 2013, totaled approximately 1.2 percent (letter of credit), .08 percent (remarketing), and a trustee fee of \$85 per month.

Also, in a prior year, Smith County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority loaned \$10,000,000 to Smith County for the construction of a jail facility. 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, 2013, the interest rate was .33 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, 2013, totaled approximately 1.2 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, 2013, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		Total
	Principal	Interest	
2014	\$ 743,486	\$ 78,361	\$ 821,847
2015	621,107	53,160	674,267
2016	625,703	34,131	659,834
2017	149,733	17,017	166,750
2018	139,734	11,592	151,326
2019-2020	173,896	9,751	183,647
Total	\$ 2,453,659	\$ 204,012	\$ 2,657,671

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2014	\$ 465,900	\$ 268,578	\$ 142,980	\$ 877,458
2015	487,690	258,046	137,016	882,752
2016	510,630	246,979	130,773	888,382
2017	533,710	235,374	124,236	893,320
2018	559,940	223,204	117,404	900,548
2019-2023	3,218,210	911,046	472,606	4,601,862
2024-2028	3,662,450	503,232	246,578	4,412,260
2029-2030	1,492,000	65,424	30,916	1,588,340

Total \$ 10,930,530 \$ 2,711,883 \$ 1,402,509 \$ 15,044,922

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2019-2023	5,295,138	718,979	6,014,117
2024-2028	448,872	129,243	578,115
2029-2033	122,949	45,402	168,351
2034-2038	68,471	27,273	95,744
2039-2043	17,190	4,176	21,366

Total \$ 13,086,567 \$ 3,508,491 \$ 16,595,058

There is \$717,924 available in the General Debt Service Fund and \$2,277,469 available in the Education Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled \$1,554, based on the 2010 federal census.

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2013, was as follows:

Governmental Activities:

	Notes	Other Loans	Bonds
Balance, July 1, 2012	\$ 2,524,373	\$ 11,374,770	\$ 14,279,717
Additions	874,907	0	0
Reductions	(945,621)	(444,240)	(1,193,150)
Balance, June 30, 2013	<u>\$ 2,453,659</u>	<u>\$ 10,930,530</u>	<u>\$ 13,086,567</u>
Balance Due Within One Year	<u>\$ 743,486</u>	<u>\$ 465,900</u>	<u>\$ 1,282,814</u>

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2012	\$ 171,371	\$ 115,582
Additions	22,675	37,275
Reductions	(48,475)	(4,230)
Balance, June 30, 2013	<u>\$ 145,571</u>	<u>\$ 148,627</u>
Balance Due Within One Year	<u>\$ 22,675</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 26,764,954
Less: Due Within One Year	<u>(2,514,875)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 24,250,079</u>

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. At June 30, 2013, the following outstanding bonds are considered defeased:

	<u>Amount</u>
2000 School Bonds	\$ 5,770,000
2001 School Bonds	6,200,000

**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, 2013, will be retired from the Solid Waste Disposal Fund.

Capital outlay notes and other loans outstanding as of June 30, 2013, for business-type activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-13</u>
Capital Outlay Notes	1.99 to 4.21 %	3-7-21	\$ 2,159,721	\$ 1,448,686
Other Loans	4.25	12-6-45	2,000,000	1,856,388

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, 2013, including interest payments, are presented in the following tables:

<u>Year Ending June 30</u>	<u>Notes</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 820,135	\$ 41,147	\$ 861,282
2015	134,238	17,039	151,277
2016	134,238	12,499	146,737
2017	134,236	7,960	142,196
2018	56,460	5,059	61,519
2019-21	169,379	7,588	176,967
<b>Total</b>	<b>\$ 1,448,686</b>	<b>\$ 91,292</b>	<b>\$ 1,539,978</b>

Year Ending June 30	Other Loans		
	Principal	Interest	Total
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
2019-2023	187,073	344,527	531,600
2024-2028	231,280	300,320	531,600
2029-2033	285,930	245,670	531,600
2034-2038	353,497	178,103	531,600
2039-2043	437,029	94,571	531,600
2044-2046	210,262	10,222	220,484
Total	<u>\$ 1,856,388</u>	<u>\$ 1,553,697</u>	<u>\$ 3,410,085</u>

#### Changes in Long-term Obligations

Long-term obligations activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2013, was as follows:

#### Business-type Activities:

	Notes	Other Loans	Closure/ Postclosure Care Costs
Balance, July 1, 2012	\$ 1,715,766	\$ 1,882,987	\$ 2,783,959
Reductions	(267,080)	(26,599)	(147,390)
Balance, June 30, 2013	<u>\$ 1,448,686</u>	<u>\$ 1,856,388</u>	<u>\$ 2,636,569</u>
Balance Due Within One Year	<u>\$ 820,135</u>	<u>\$ 27,752</u>	<u>\$ 11,638</u>

#### Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 5,941,643
Less: Due Within One Year	<u>(859,525)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 5,082,118</u>

**Discretely Presented Smith County School Department**

**Changes in Long-term Obligations**

Long-term obligations activity for the discretely presented Smith County School Department for the year ended June 30, 2013, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2012	\$ 58,757	\$ 436,576
Additions	39,947	314,927
Reductions	(40,489)	(174,480)
Balance, June 30, 2013	<u>\$ 58,215</u>	<u>\$ 577,023</u>
Balance Due Within One Year	<u>\$ 23,286</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 635,238
Less: Due Within One Year	<u>(23,286)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 611,952</u>

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 \$712,994.

**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, 2013, 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, 2013, were \$76,742 and \$18,930, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**I. Short-term Debt**

Smith County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary because funds were not available to meet obligations coming due before current tax collections. Short-term debt activity for the year ended June 30, 2013, was as follows:

	Balance 7-1-12	Issued	Paid	Balance 6-30-13
Tax Anticipation Notes	\$ 0	\$ 600,000	\$ (600,000)	\$ 0

**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. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in*

*Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Smith County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and

No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

**C. Subsequent Events**

On September 9, 2013, Smith County issued capital outlay notes totaling \$88,036 for an ambulance remount and \$191,000 for patrol cars.

Circuit and General Sessions Courts Clerk, Myra Hardcastle, resigned October 27, 2013, and was succeeded by Angie Hunter effective November 11, 2013.

On November 11, 2013, Smith County issued capital outlay notes totaling \$258,280 for a track loader at the landfill and \$182,000 for the county's matching share of a state aid paving project and a used roller for the Highway Department.

**D. Contingent Liabilities**

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

**E. 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, the county completed expansion of the open section of the landfill, which extended its useful life. In the prior year, the landfill was reported as 100 percent full; however, with the expansion, engineers estimated the landfill to now be 92 percent full. The \$2,636,569 reported as landfill closure and postclosure care liability at June 30, 2013, represents the cumulative amount reported to date based on 92 percent use of the estimated capacity of the operating landfill (\$2,463,357) and for a landfill closed in 1999 (\$173,212). These amounts are based on what it would

cost to perform all closure and postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. 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, 2013, 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

**G. Jointly Governed Organization**

The Nashville and Eastern Railroad Authority was created according to an act of the Tennessee Legislature in 1983 to from Seaboard System Railroad, Inc., the property, track, and roadbed along approximately 130 miles in Davidson, Wilson, Smith, and Putnam counties. 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. The authority's primary source of revenue is rehabilitation contracts with the Tennessee Department of Transportation. The counties do not have any ongoing financial interest or responsibility for the entity. Complete financial statements for the authority can be obtained at the following address:

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

## H. 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 to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 6.99 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, 2013, Smith County's annual pension cost of \$532,002 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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, 2011, was three years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

**Trend Information**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-13	\$532,002	100%	\$0
6-30-12	519,255	100	0
6-30-11	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](http://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, 2013, was 8.88 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, 2013, 2012, and 2011, were \$1,025,559, \$1,046,811, and \$1,021,719, respectively, equal to the required contributions for each year.

### **I. 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 \$4,230 and \$174,480, 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	\$ 316,000
Interest on the NOPEBO	5,201	17,463
Adjustment to the ARC	(4,926)	(18,536)
Annual OPEB cost	\$ 37,275	\$ 314,927
Amount of contribution	(4,230)	(174,480)
Increase/decrease in NOPEBO	\$ 33,045	\$ 140,447
Net OPEB obligation, 7-1-12	115,582	436,576
Net OPEB obligation, 6-30-13	\$ 148,627	\$ 577,023

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
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PRIMARY GOVERNMENT

6-30-11	Local Government Group	\$ 45,106	16 %	\$ 82,535
6-30-12	"	36,797	10	115,582
6-30-13	"	37,275	10	148,627

DISCRETELY PRESENTED SMITH COUNTY SCHOOL DEPARTMENT

6-30-11	Local Education Group	218,622	87	291,085
6-30-12	"	312,284	53	436,576
6-30-13	"	314,927	55	577,023

Funded Status and Funding Progress

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

	Primary Government Local Government Group Plan	School Department 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 Plan and the Local Education 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 8.75 percent for fiscal year 2013. The trend rate will decrease to 8.25 percent in fiscal year 2014 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 July 1, 2007.

## **J. 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.

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	2013 Depreciation
Land Improvements	S/L	10 - 15	\$ 1,319
Buildings and Improvements	S/L	10 - 40	8,548
Communications Equipment	S/L	5 - 12	63,771
Furniture and Fixtures	S/L	5 - 10	2,361
Office Equipment	S/L	5 - 15	1,926
Vehicles	S/L	5 - 10	5,639
Total Depreciation			<u>\$ 83,564</u>

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, 2013:

	<u>Balance 6-30-13</u>
Checking - Citizens Bank	\$ 239,089
Money Market - Citizens Bank	142,101
Certificate of Deposit - Citizens Bank	<u>30,000</u>
Total Cash	<u><u>\$ 411,190</u></u>

At June 30, 2013, the carrying amount of the district's cash deposits was \$411,190. 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 has a bond covering certain members of the board at June 30, 2013. 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, 2013:

<u>Assets</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
<u>Non-Depreciable</u>			
Land	\$ 30,000	\$ 0	\$ 30,000
<u>Depreciable</u>			
Land Improvements	\$ 13,190	\$ 3,699	\$ 9,491
Buildings and Improvements	175,745	21,165	154,580
Communication Equipment	561,485	367,793	193,692
Furniture and Fixtures	12,293	8,985	3,308
Office Equipment	40,583	38,366	2,217
Vehicle	57,007	39,621	17,386
Total Depreciable	<u>\$ 860,303</u>	<u>\$ 479,629</u>	<u>\$ 380,674</u>
Total Assets	<u><u>\$ 890,303</u></u>	<u><u>\$ 479,629</u></u>	<u><u>\$ 410,674</u></u>

<u>Assets</u>	Balance 7-1-12	Additions/ Reductions	Balance 6-30-13
<u>Non-Depreciable</u>			
Land	\$ 30,000	\$ 0	\$ 30,000
<u>Depreciable</u>			
Land Improvements	\$ 13,190	\$ 0	\$ 13,190
Buildings/Improvements	175,745	0	175,745
Communication			
Equipment	561,485	0	561,485
Furniture and Fixtures	12,293	0	12,293
Office Equipment	40,583	0	40,583
Vehicle	57,007	0	57,007
Total Depreciable	<u>\$ 860,303</u>	<u>\$ 0</u>	<u>\$ 860,303</u>
Total Assets	<u>\$ 890,303</u>	<u>\$ 0</u>	<u>\$ 890,303</u>

**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:

Miscellaneous Telephone Companies	\$ 6,247
State Emergency Communications Board	<u>7,826</u>
Total	<u>\$ 14,073</u>

**G. Net Investment in Capital Assets**

Total Non-current Assets	<u>\$ 410,674</u>
Invested in Capital Assets	<u>\$ 410,674</u>

**H. Budgetary Information**

As stated in Note VI.A.1., the district must file a budget with Smith County each year, which must be adopted by the Board of Directors. The budget is prepared on the accrual basis of accounting. Compliance with the legally adopted budget is required at the line-item level.

**I. Subsequent Event**

The district has evaluated subsequent events through December 16, 2013.

**J. Prior-period Adjustment**

The district has made an adjustment to cash in a prior year. The beginning balance on the current balance sheet provided by the district does not match the ending balance on the June 30, 2012, balance sheet provided by the district last year.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Smith County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Smith County School Department  
June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen 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-2

Smith County, Tennessee  
 Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Smith County School Department  
June 30, 2013

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
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
<u>DISCRETELY PRESENTED SMITH COUNTY SCHOOL DEPARTMENT</u>							
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, 2013**

**Budgetary Information**

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance 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.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund was used to account for transactions involving solid waste collections. This fund was closed during the year.

Ambulance Service Fund – The Ambulance Service Fund was used to account for transactions of the Ambulance Service. This fund was closed during the year.

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

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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.

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

CDBG Waterline Project Fund – The CDBG Waterline Project Fund is used to account for financial resources received for the construction of waterlines in the county.

FastTrack Grant Project Fund – The FastTrack Grant Project Fund is used to account for financial resources including state grant funds received for economic development projects in the county’s industrial park.

Flooding Repair Projects Fund – The Flooding Repair Projects Fund was used to account for capital outlay note proceeds issued to repair damages to county roads caused by the flooding in May 2010. This fund was closed during the year.

Hazard Mitigation Projects Fund – The Hazard Mitigation Projects Fund is used to account for financial resources received for the assistance of homeowners, whose homes lie in the county’s flood plain.

# Permanent Fund

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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.

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Exhibit G-1

Smith County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2013

	Special Revenue Funds					Capital Projects Funds			Permanent Fund		Total Nonmajor Governmental Funds
	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Total	General Capital Projects	FastTrack Grant Project	Total	Library Endowment	Total		
\$	0	0	1,300	1,300	0	0	0	0	0	1,300	
	74,808	61,238	0	136,046	3,335	291	3,626	41,289		180,961	
	0	0	149	149	0	0	0	0	0	149	
	95,169	0	0	95,169	0	0	0	0	0	95,169	
\$	169,977	61,238	1,449	232,664	3,335	291	3,626	41,289		277,579	
<b>ASSETS</b>											
Cash											
Equity in Pooled Cash and Investments											
Accounts Receivable											
Due from Other Governments											
Total Assets											
<b>LIABILITIES</b>											
Payroll Deductions Payable											
Due to Other Funds											
Total Liabilities											
<b>FUND BALANCES</b>											
Nonspendable:											
Endowments											
Restricted:											
Restricted for Public Safety											
Committed:											
Committed for General Government											
Committed for Social, Cultural, and Recreational Services											
Committed for Capital Outlay											
Total Fund Balances											
Total Liabilities and Fund Balances											

Smith County, Tennessee  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2013

	Special Revenue Funds						Total
	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Ambulance Service	Drug Control			
<b>Revenues</b>							
Local Taxes	\$ 301,808	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 301,808
Fines, Forfeitures, and Penalties	4,449	0	0	27,071	0	0	31,520
Charges for Current Services	0	55,285	76,701	0	0	0	131,986
Other Local Revenues	3,000	149	0	0	0	0	3,149
State of Tennessee	315,151	0	0	0	0	0	315,151
Federal Government	0	0	0	0	0	0	0
<b>Total Revenues</b>	<b>\$ 624,408</b>	<b>\$ 55,434</b>	<b>\$ 76,701</b>	<b>\$ 27,071</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 783,614</b>
<b>Expenditures</b>							
Current:							
General Government	\$ 27,390	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,390
Public Safety	0	0	0	37,989	0	0	37,989
Public Health and Welfare	0	60,134	220,839	0	0	0	280,973
Other Operations	3,089	0	0	0	0	0	3,089
Debt Service:							
Principal on Debt	359,000	0	0	0	0	0	359,000
Interest on Debt	277,940	0	0	0	0	0	277,940
Other Debt Service	76,054	0	0	0	0	0	76,054
Capital Projects	0	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$ 743,473</b>	<b>\$ 60,134</b>	<b>\$ 220,839</b>	<b>\$ 37,989</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,062,435</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (119,065)</b>	<b>\$ (4,700)</b>	<b>\$ (144,138)</b>	<b>\$ (10,918)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (278,821)</b>
<b>Other Financing Sources (Uses)</b>							
Transfers In	\$ 0	\$ 0	\$ 67,113	\$ 0	\$ 0	\$ 0	\$ 67,113
Transfers Out	0	(6,596)	(24,677)	0	0	0	(31,273)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 0</b>	<b>\$ (6,596)</b>	<b>\$ 42,436</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 35,840</b>
<b>Net Change in Fund Balances Fund Balance, July 1, 2012</b>	<b>\$ (119,065)</b>	<b>\$ (11,296)</b>	<b>\$ (101,702)</b>	<b>\$ (10,918)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (242,981)</b>
<b>Fund Balance, July 1, 2012</b>	<b>287,866</b>	<b>11,296</b>	<b>101,702</b>	<b>72,156</b>	<b>0</b>	<b>0</b>	<b>473,020</b>
<b>Fund Balance, June 30, 2013</b>	<b>\$ 168,801</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 61,238</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 230,039</b>

(Continued)

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

	Capital Projects Funds						Total
	General Capital Projects	CDBG Waterline Project	FastTrack Grant Project	Flooding Repair Project	Hazard Mitigation Project		
<u>Revenues</u>							
Local Taxes	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Fines, Forfeitures, and Penalties	0	0	0	0	0	0	0
Charges for Current Services	0	0	0	0	0	0	0
Other Local Revenues	0	44,808	12,519	0	0	0	57,327
State of Tennessee	0	0	78,676	0	2,812	0	81,488
Federal Government	0	347,500	0	0	16,875	0	364,375
Total Revenues	\$ 0 \$	392,308 \$	91,195 \$	0 \$	19,687 \$	0 \$	503,190
<u>Expenditures</u>							
Current:							
General Government	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Public Safety	0	0	0	0	0	0	0
Public Health and Welfare	0	0	0	0	0	0	0
Other Operations	24,795	0	0	0	19,687	0	44,482
Debt Service:							
Principal on Debt	0	0	0	0	0	0	0
Interest on Debt	0	0	0	0	0	0	0
Other Debt Service	0	0	0	0	0	0	0
Capital Projects	0	392,308	91,195	0	0	0	483,503
Total Expenditures	\$ 24,795 \$	392,308 \$	91,195 \$	0 \$	19,687 \$	0 \$	527,985
Excess (Deficiency) of Revenues Over Expenditures	\$ (24,795) \$	0 \$	0 \$	0 \$	0 \$	0 \$	(24,795)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Transfers Out	0	0	0	(357)	0	0	(357)
Total Other Financing Sources (Uses)	\$ 0 \$	0 \$	0 \$	(357) \$	0 \$	0 \$	(357)
Net Change in Fund Balances Fund Balance, July 1, 2012	\$ (24,795) \$	0 \$	0 \$	(357) \$	0 \$	0 \$	(25,152)
	28,130	0	291	357	0	0	28,778
Fund Balance, June 30, 2013	\$ 3,335 \$	0 \$	291 \$	0 \$	0 \$	0 \$	3,626

(Continued)

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

	Permanent Fund	Total Nonmajor Governmental Funds
	Library Endowment	
<u>Revenues</u>		
Local Taxes	0 \$	301,808
Fines, Forfeitures, and Penalties	0	31,520
Charges for Current Services	0	131,986
Other Local Revenues	430	60,906
State of Tennessee	0	396,639
Federal Government	0	364,375
Total Revenues	<u>430 \$</u>	<u>1,287,234</u>
<u>Expenditures</u>		
Current:		
General Government	0 \$	27,390
Public Safety	0	37,989
Public Health and Welfare	0	280,973
Other Operations	0	47,571
Debt Service:		
Principal on Debt	0	359,000
Interest on Debt	0	277,940
Other Debt Service	0	76,054
Capital Projects	0	483,503
Total Expenditures	<u>0 \$</u>	<u>1,590,420</u>
Excess (Deficiency) of Revenues Over Expenditures	430 \$	(303,186)
<u>Other Financing Sources (Uses)</u>		
Transfers In	0 \$	67,113
Transfers Out	0	(31,630)
Total Other Financing Sources (Uses)	<u>0 \$</u>	<u>35,483</u>
Net Change in Fund Balances	430 \$	(267,703)
Fund Balance, July 1, 2012	40,859	542,657
Fund Balance, June 30, 2013	<u>41,289 \$</u>	<u>274,954</u>

Exhibit G-3

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 301,808	\$ 315,000	\$ 315,000	\$ (13,192)
Fines, Forfeitures, and Penalties	4,449	4,800	4,800	(351)
Other Local Revenues	3,000	3,600	3,600	(600)
State of Tennessee	315,151	1,265,450	523,825	(208,674)
<b>Total Revenues</b>	<b>\$ 624,408</b>	<b>\$ 1,588,850</b>	<b>\$ 847,225</b>	<b>\$ (222,817)</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 27,390	\$ 27,561	\$ 27,561	\$ 171
<u>Other Operations</u>				
Miscellaneous	3,089	3,300	3,300	211
<u>Principal on Debt</u>				
General Government	359,000	359,000	359,000	0
<u>Interest on Debt</u>				
General Government	277,940	354,000	277,946	6
<u>Other Debt Service</u>				
General Government	76,054	0	76,054	0
<b>Total Expenditures</b>	<b>\$ 743,473</b>	<b>\$ 743,861</b>	<b>\$ 743,861</b>	<b>\$ 388</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (119,065)	\$ 844,989	\$ 103,364	\$ (222,429)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (741,625)	\$ 0	\$ 0
<b>Total Other Financing Sources</b>	<b>\$ 0</b>	<b>\$ (741,625)</b>	<b>\$ 0</b>	<b>\$ 0</b>
Net Change in Fund Balance	\$ (119,065)	\$ 103,364	\$ 103,364	\$ (222,429)
Fund Balance, July 1, 2012	287,866	287,865	287,865	1
<b>Fund Balance, June 30, 2013</b>	<b>\$ 168,801</b>	<b>\$ 391,229</b>	<b>\$ 391,229</b>	<b>\$ (222,428)</b>

Exhibit G-4

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 55,285	\$ 0	\$ 55,285	\$ 0	\$ 65,595	\$ (10,310)
Other Local Revenues	149	0	149	0	450	(301)
Total Revenues	\$ 55,434	\$ 0	\$ 55,434	\$ 0	\$ 66,045	\$ (10,611)
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Waste Pickup	\$ 22,843	\$ 0	\$ 22,843	\$ 0	\$ 22,843	\$ 0
Convenience Centers	37,286	(220)	37,066	0	37,066	0
Other Waste Disposal	5	0	5	0	5	0
Total Expenditures	\$ 60,134	\$ (220)	\$ 59,914	\$ 0	\$ 59,914	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,700)	\$ 220	\$ (4,480)	\$ 0	\$ 6,131	\$ (10,611)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (6,596)	\$ 0	\$ (6,596)	\$ 0	\$ (6,596)	\$ 0
Total Other Financing Sources	\$ (6,596)	\$ 0	\$ (6,596)	\$ 0	\$ (6,596)	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (11,296)	\$ 220	\$ (11,076)	\$ 0	\$ (465)	\$ (10,611)
Fund Balance, July 1, 2012	11,296	(220)	11,076	0	11,296	(220)
Fund Balance, June 30, 2013	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,831	\$ (10,831)

Exhibit G-5

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 76,701 \$	0 \$	76,701 \$	0 \$	76,701 \$	0
Total Revenues	\$ 76,701 \$	0 \$	76,701 \$	0 \$	76,701 \$	0
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Ambulance/Emergency Medical Services	\$ 220,839 \$	(391) \$	220,448 \$	0 \$	220,962 \$	514
Total Expenditures	\$ 220,839 \$	(391) \$	220,448 \$	0 \$	220,962 \$	514
<u>Excess (Deficiency) of Revenues Over Expenditures</u>						
	\$ (144,138) \$	391 \$	(143,747) \$	0 \$	(144,261) \$	514
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 67,113 \$	0 \$	67,113 \$	0 \$	168,941 \$	(101,828)
Transfers Out	(24,677)	0	(24,677)	0	(24,677)	0
Total Other Financing Sources	\$ 42,436 \$	0 \$	42,436 \$	0 \$	144,264 \$	(101,828)
<u>Net Change in Fund Balance</u>						
Fund Balance, July 1, 2012	\$ (101,702) \$	391 \$	(101,311) \$	0 \$	3 \$	(101,314)
	101,702	(391)	101,311	0	0	101,311
Fund Balance, June 30, 2013	\$ 0 \$	0 \$	0 \$	0 \$	3 \$	(3)

Exhibit G-6

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 27,071 \$	0 \$	27,071 \$	19,000 \$	19,000 \$	8,071
Total Revenues	\$ 27,071 \$	0 \$	27,071 \$	19,000 \$	19,000 \$	8,071
<u>Expenditures</u>						
<u>Public Safety</u>						
Sheriff's Department	\$ 37,734 \$	(4,250) \$	33,484 \$	19,000 \$	33,654 \$	170
Drug Enforcement	255	0	255	250	350	95
Total Expenditures	\$ 37,989 \$	(4,250) \$	33,739 \$	19,250 \$	34,004 \$	265
Excess (Deficiency) of Revenues Over Expenditures	\$ (10,918) \$	4,250 \$	(6,668) \$	(250) \$	(15,004) \$	8,336
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (10,918) \$	4,250 \$	(6,668) \$	(250) \$	(15,004) \$	8,336
	72,156	(4,250)	67,906	72,157	72,157	(4,251)
Fund Balance, June 30, 2013	\$ 61,238 \$	0 \$	61,238 \$	71,907 \$	57,153 \$	4,085

# Major Governmental Funds

## Debt Service Funds

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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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 520,614	\$ 514,470	\$ 514,470	\$ 6,144
Other Local Revenues	106,208	111,000	111,000	(4,792)
State of Tennessee	77,430	320,000	320,000	(242,570)
Federal Government	15,353	0	0	15,353
Total Revenues	<u>\$ 719,605</u>	<u>\$ 945,470</u>	<u>\$ 945,470</u>	<u>\$ (225,865)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 806,848	\$ 828,921	\$ 823,107	\$ 16,259
<u>Interest on Debt</u>				
General Government	83,264	104,630	83,323	59
<u>Other Debt Service</u>				
General Government	38,282	10,000	38,521	239
Total Expenditures	<u>\$ 928,394</u>	<u>\$ 943,551</u>	<u>\$ 944,951</u>	<u>\$ 16,557</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (208,789)</u>	<u>\$ 1,919</u>	<u>\$ 519</u>	<u>\$ (209,308)</u>
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 0	\$ 10,000	\$ 10,000	\$ (10,000)
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ (10,000)</u>
Net Change in Fund Balance	\$ (208,789)	\$ 11,919	\$ 10,519	\$ (219,308)
Fund Balance, July 1, 2012	<u>926,713</u>	<u>926,713</u>	<u>926,713</u>	<u>0</u>
Fund Balance, June 30, 2013	<u>\$ 717,924</u>	<u>\$ 938,632</u>	<u>\$ 937,232</u>	<u>\$ (219,308)</u>

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,801,997	\$ 1,781,094	\$ 1,781,094	\$ 20,903
Other Governments and Citizens Groups	296,000	296,000	296,000	0
Total Revenues	<u>\$ 2,097,997</u>	<u>\$ 2,077,094</u>	<u>\$ 2,077,094</u>	<u>\$ 20,903</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 1,120,000	\$ 1,120,000	\$ 1,120,000	\$ 0
<u>Interest on Debt</u>				
Education	642,000	642,000	642,000	0
<u>Other Debt Service</u>				
Education	22,690	23,000	23,000	310
Total Expenditures	<u>\$ 1,784,690</u>	<u>\$ 1,785,000</u>	<u>\$ 1,785,000</u>	<u>\$ 310</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 313,307</u>	<u>\$ 292,094</u>	<u>\$ 292,094</u>	<u>\$ 21,213</u>
Net Change in Fund Balance	\$ 313,307	\$ 292,094	\$ 292,094	\$ 21,213
Fund Balance, July 1, 2012	1,964,162	1,964,162	1,964,162	0
Fund Balance, June 30, 2013	<u>\$ 2,277,469</u>	<u>\$ 2,256,256</u>	<u>\$ 2,256,256</u>	<u>\$ 21,213</u>

# Fiduciary Funds

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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.

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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, 2013

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,102,414	\$ 1,102,414
Due from Other Governments	189,636	0	189,636
Total Assets	<u>\$ 189,636</u>	<u>\$ 1,102,414</u>	<u>\$ 1,292,050</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 189,636	\$ 0	\$ 189,636
Due to Litigants, Heirs, and Others	0	1,102,414	1,102,414
Total Liabilities	<u>\$ 189,636</u>	<u>\$ 1,102,414</u>	<u>\$ 1,292,050</u>

Exhibit I-2

Smith County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,163,008	\$ 1,163,008	\$ 0
Due from Other Governments	196,744	189,636	196,744	189,636
<b>Total Assets</b>	<b>\$ 196,744</b>	<b>\$ 1,352,644</b>	<b>\$ 1,359,752</b>	<b>\$ 189,636</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 196,744	\$ 1,352,644	\$ 1,359,752	\$ 189,636
<b>Total Liabilities</b>	<b>\$ 196,744</b>	<b>\$ 1,352,644</b>	<b>\$ 1,359,752</b>	<b>\$ 189,636</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,346,435	\$ 11,800,476	\$ 12,044,497	\$ 1,102,414
Cash Shortage	14,749	0	14,749	0
<b>Total Assets</b>	<b>\$ 1,361,184</b>	<b>\$ 11,800,476</b>	<b>\$ 12,059,246</b>	<b>\$ 1,102,414</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,361,184	\$ 11,800,476	\$ 12,059,246	\$ 1,102,414
<b>Total Liabilities</b>	<b>\$ 1,361,184</b>	<b>\$ 11,800,476</b>	<b>\$ 12,059,246</b>	<b>\$ 1,102,414</b>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,346,435	\$ 11,800,476	\$ 12,044,497	\$ 1,102,414
Equity in Pooled Cash and Investments	0	1,163,008	1,163,008	0
Due from Other Governments	196,744	189,636	196,744	189,636
Cash Shortage	14,749	0	14,749	0
<b>Total Assets</b>	<b>\$ 1,557,928</b>	<b>\$ 13,153,120</b>	<b>\$ 13,418,998</b>	<b>\$ 1,292,050</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,361,184	\$ 11,800,476	\$ 12,059,246	\$ 1,102,414
Due to Other Taxing Units	196,744	1,352,644	1,359,752	189,636
<b>Total Liabilities</b>	<b>\$ 1,557,928</b>	<b>\$ 13,153,120</b>	<b>\$ 13,418,998</b>	<b>\$ 1,292,050</b>

# Smith County School Department

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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.

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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, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 15,450,837	\$ 2,140	\$ 1,123,602	\$ (14,325,095)
Support Services	8,122,980	28,111	285,062	(7,809,807)
Operation of Non-Instructional Services	2,422,541	506,974	1,284,705	(630,862)
Other Debt Service	296,000	0	0	(296,000)
Total Governmental Activities	\$ 26,292,358	\$ 537,225	\$ 2,693,369	\$ (23,061,764)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 3,269,200
Local Option Sales Taxes				1,347,222
Other Local Taxes				1,315
Grants and Contributions Not Restricted for Specific Programs				16,738,899
Interest Income				5,777
Miscellaneous				110,116
Total General Revenues				\$ 21,472,529
Insurance Recovery				\$ 7,143
Change in Net Position				\$ (1,582,092)
Net Position, July 1, 2012				35,918,257
Net Position, June 30, 2013				\$ 34,336,165

Exhibit J-2

Smith County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Smith County School Department  
June 30, 2013

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 3,996,264	\$ 530,663	\$ 4,526,927
Accounts Receivable	1,048	403	1,451
Due from Other Governments	330,766	34,783	365,549
Due from Other Funds	1,988	848	2,836
Property Taxes Receivable	3,279,053	0	3,279,053
Allowance for Uncollectible Property Taxes	(145,594)	0	(145,594)
Total Assets	<u>\$ 7,463,525</u>	<u>\$ 566,697</u>	<u>\$ 8,030,222</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 9,490	\$ 503	\$ 9,993
Accrued Payroll	1,620	3,570	5,190
Payroll Deductions Payable	520,959	38,347	559,306
Due to Other Funds	848	1,988	2,836
Total Liabilities	<u>\$ 532,917</u>	<u>\$ 44,408</u>	<u>\$ 577,325</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,023,910	\$ 0	\$ 3,023,910
Deferred Delinquent Property Taxes	99,892	0	99,892
Other Deferred/Unavailable Revenue	110,000	0	110,000
Total Deferred Inflows of Resources	<u>\$ 3,233,802</u>	<u>\$ 0</u>	<u>\$ 3,233,802</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 252,578	\$ 522,289	\$ 774,867
Committed:			
Committed for Education	2,974,289	0	2,974,289
Assigned:			
Assigned for Education	56,853	0	56,853
Unassigned	413,086	0	413,086
Total Fund Balances	<u>\$ 3,696,806</u>	<u>\$ 522,289</u>	<u>\$ 4,219,095</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,463,525</u>	<u>\$ 566,697</u>	<u>\$ 8,030,222</u>

Exhibit J-3

Smith County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
Discretely Presented Smith County School Department  
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	4,219,095
(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		27,746,697	
Add: infrastructure net of accumulated depreciation		96,481	
Add: other capital assets net of accumulated depreciation		<u>1,472,500</u>	30,542,416
(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	\$	(58,215)	
Less: other postemployment benefits liability		<u>(577,023)</u>	(635,238)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>209,892</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>34,336,165</u></u>

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, 2013

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
	School	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 4,716,362	\$ 0	\$ 4,716,362
Licenses and Permits	1,596	0	1,596
Charges for Current Services	28,094	508,916	537,010
Other Local Revenues	104,030	24,830	128,860
State of Tennessee	16,218,480	40,435	16,258,915
Federal Government	93,296	2,970,589	3,063,885
Other Governments and Citizens Groups	10,290	0	10,290
Total Revenues	<u>\$ 21,172,148</u>	<u>\$ 3,544,770</u>	<u>\$ 24,716,918</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 13,113,781	\$ 1,326,002	\$ 14,439,783
Support Services	7,547,644	405,027	7,952,671
Operation of Non-Instructional Services	549,523	1,873,789	2,423,312
Capital Outlay	239,044	0	239,044
Debt Service:			
Other Debt Service	296,000	0	296,000
Total Expenditures	<u>\$ 21,745,992</u>	<u>\$ 3,604,818</u>	<u>\$ 25,350,810</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ (573,844)</u>	<u>\$ (60,048)</u>	<u>\$ (633,892)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 7,143	\$ 0	\$ 7,143
Transfers In	11,620	0	11,620
Transfers Out	0	(11,620)	(11,620)
Total Other Financing Sources (Uses)	<u>\$ 18,763</u>	<u>\$ (11,620)</u>	<u>\$ 7,143</u>
Net Change in Fund Balances	<u>\$ (555,081)</u>	<u>\$ (71,668)</u>	<u>\$ (626,749)</u>
Fund Balance, July 1, 2012	4,251,887	593,957	4,845,844
Fund Balance, June 30, 2013	<u>\$ 3,696,806</u>	<u>\$ 522,289</u>	<u>\$ 4,219,095</u>

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, 2013

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)		\$	(626,749)
(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	\$	259,707	
Less: current-year depreciation expense		<u>(1,045,882)</u>	(786,175)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: loss on disposal of capital assets			(25,568)
(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, 2013	\$	209,892	
Less: deferred delinquent property taxes and other deferred June 30, 2012		<u>(213,587)</u>	(3,695)
(4) 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	\$	542	
Change in other postemployment benefits liability		<u>(140,447)</u>	<u>(139,905)</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ (1,582,092)</u>

Exhibit J-6

Smith County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Smith County School Department  
June 30, 2013

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 42,208	\$ 488,455	\$ 530,663
Accounts Receivable	0	403	403
Due from Other Governments	34,783	0	34,783
Due from Other Funds	848	0	848
	<hr/>		
Total Assets	\$ 77,839	\$ 488,858	\$ 566,697
<u>LIABILITIES</u>			
Accounts Payable	\$ 503	\$ 0	\$ 503
Accrued Payroll	3,570	0	3,570
Payroll Deductions Payable	38,347	0	38,347
Due to Other Funds	1,988	0	1,988
Total Liabilities	\$ 44,408	\$ 0	\$ 44,408
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 33,431	\$ 488,858	\$ 522,289
Total Fund Balances	\$ 33,431	\$ 488,858	\$ 522,289
	<hr/>		
Total Liabilities and Fund Balances	\$ 77,839	\$ 488,858	\$ 566,697

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, 2013

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>		<u>Nonmajor</u>
	<u>Federal</u>	<u>Central</u>	<u>Governmental</u>
	<u>Projects</u>	<u>Cafeteria</u>	<u>Funds</u>
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 508,916	\$ 508,916
Other Local Revenues	0	24,830	24,830
State of Tennessee	20,821	19,614	40,435
Federal Government	1,705,498	1,265,091	2,970,589
Total Revenues	<u>\$ 1,726,319</u>	<u>\$ 1,818,451</u>	<u>\$ 3,544,770</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,326,002	\$ 0	\$ 1,326,002
Support Services	405,027	0	405,027
Operation of Non-Instructional Services	0	1,873,789	1,873,789
Total Expenditures	<u>\$ 1,731,029</u>	<u>\$ 1,873,789</u>	<u>\$ 3,604,818</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,710)</u>	<u>\$ (55,338)</u>	<u>\$ (60,048)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (11,620)	\$ 0	\$ (11,620)
Total Other Financing Sources (Uses)	<u>\$ (11,620)</u>	<u>\$ 0</u>	<u>\$ (11,620)</u>
Net Change in Fund Balances	\$ (16,330)	\$ (55,338)	\$ (71,668)
Fund Balance, July 1, 2012	49,761	544,196	593,957
Fund Balance, June 30, 2013	<u>\$ 33,431</u>	<u>\$ 488,858</u>	<u>\$ 522,289</u>

Exhibit J-8

Smith County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discreetly Presented Smith County School Department  
 General Purpose School Fund  
 For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 4,716,362	\$ 0	\$ 0	\$ 4,716,362	\$ 4,796,540	\$ 4,796,540	\$ (80,178)
Licenses and Permits	1,596	0	0	1,596	1,500	1,500	96
Charges for Current Services	28,094	0	0	28,094	46,000	46,000	(17,906)
Other Local Revenues	104,030	0	0	104,030	89,000	86,600	17,430
State of Tennessee	16,218,480	0	0	16,218,480	16,114,440	16,212,512	5,968
Federal Government	93,296	0	0	93,296	85,000	85,000	8,296
Other Governments and Citizens Groups	10,290	0	0	10,290	0	16,590	(6,300)
<b>Total Revenues</b>	<b>\$ 21,172,148</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 21,172,148</b>	<b>\$ 21,132,480</b>	<b>\$ 21,244,742</b>	<b>(72,594)</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction Program	\$ 10,879,795	\$ (2,135)	\$ 40,035	\$ 10,917,695	\$ 11,526,400	\$ 11,588,580	\$ 670,885
Alternative Instruction Program	60,924	0	0	60,924	61,550	61,550	626
Special Education Program	1,420,026	0	0	1,420,026	1,444,000	1,444,000	23,974
Vocational Education Program	753,036	0	0	753,036	769,600	769,600	16,564
<b>Support Services</b>							
Attendance	136,892	0	0	136,892	165,800	165,800	28,908
Health Services	217,202	(464)	2,580	219,318	223,760	233,760	14,442
Other Student Support	504,878	0	0	504,878	580,300	570,300	65,422
Regular Instruction Program	706,832	(4,500)	0	702,332	867,200	857,200	154,868
Special Education Program	158,510	0	0	158,510	166,540	166,540	8,030
Vocational Education Program	21,517	0	0	21,517	20,660	25,660	4,143
Other Programs	95,672	0	0	95,672	0	95,672	0
Board of Education	367,422	(226)	220	367,416	440,330	440,330	72,914
Director of Schools	159,820	0	3,714	163,534	165,200	170,200	6,666
Office of the Principal	1,475,739	0	0	1,475,739	1,480,350	1,490,350	14,611
Fiscal Services	279,951	0	1,494	281,445	281,250	291,250	9,805
Operation of Plant	1,615,109	(800)	0	1,614,309	1,774,650	1,774,650	160,341

(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 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 448,892	\$ (100)	\$ 7,760	\$ 456,552	\$ 481,100	\$ 501,100	\$ 44,548
Transportation	1,359,208	(18,522)	0	1,340,686	1,496,350	1,496,350	155,664
<u>Operation of Non-Instructional Services</u>							
Food Service	1,167	0	0	1,167	1,240	1,240	73
Community Services	50,501	0	0	50,501	50,550	50,550	49
Early Childhood Education	497,855	0	1,050	498,905	568,500	568,500	69,595
<u>Capital Outlay</u>							
Regular Capital Outlay	239,044	0	0	239,044	251,000	251,000	11,956
<u>Principal on Debt</u>							
Education	0	0	0	0	296,000	0	0
<u>Other Debt Service</u>							
Education	296,000	0	0	296,000	0	296,000	0
Total Expenditures	\$ 21,745,992	\$ (26,747)	\$ 56,853	\$ 21,776,098	\$ 23,112,330	\$ 23,310,182	\$ 1,534,084
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (573,844)	\$ 26,747	\$ (56,853)	\$ (603,950)	\$ (1,979,850)	\$ (2,065,440)	\$ 1,461,490
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 7,143	\$ 0	\$ 0	\$ 7,143	\$ 0	\$ 0	\$ 7,143
Transfers In	11,620	0	0	11,620	60,000	60,000	(48,380)
City General Fund Transfer	0	0	0	0	16,590	0	0
Total Other Financing Sources	\$ 18,763	\$ 0	\$ 0	\$ 18,763	\$ 76,590	\$ 60,000	\$ (41,237)
Net Change in Fund Balance	\$ (555,081)	\$ 26,747	\$ (56,853)	\$ (585,187)	\$ (1,903,260)	\$ (2,005,440)	\$ 1,420,253
Fund Balance, July 1, 2012	4,251,887	(26,747)	0	4,225,140	4,066,821	4,066,821	158,319
Fund Balance, June 30, 2013	\$ 3,696,806	\$ 0	\$ (56,853)	\$ 3,639,953	\$ 2,163,561	\$ 2,061,381	\$ 1,578,572

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, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
State of Tennessee	\$ 20,821	\$ 0	\$ 0	\$ 20,821	\$ 0	\$ 20,821	\$ 0
Federal Government	1,705,498	0	0	1,705,498	2,173,333	2,169,003	(463,505)
Total Revenues	\$ 1,726,319	\$ 0	\$ 0	\$ 1,726,319	\$ 2,173,333	\$ 2,189,824	\$ (463,505)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 829,999	\$ (725)	\$ 0	\$ 829,274	\$ 924,854	\$ 925,038	\$ 95,764
Special Education Program	444,773	(252)	0	444,521	560,711	535,853	91,332
Vocational Education Program	37,721	0	102	37,823	35,341	37,823	0
Adult Education Program	13,509	(57)	0	13,452	6,255	18,734	5,282
<u>Support Services</u>							
Other Student Support	22,273	0	0	22,273	125,887	117,583	95,310
Regular Instruction Program	109,584	(12,000)	0	97,584	211,647	220,915	123,331
Special Education Program	170,604	(506)	0	170,098	218,438	241,674	71,576
Vocational Education Program	1,381	0	0	1,381	1,500	1,381	0
Adult Programs	70,801	0	0	70,801	72,890	73,390	2,589
Transportation	30,384	0	0	30,384	34,106	35,728	5,344
Total Expenditures	\$ 1,731,029	\$ (13,540)	\$ 102	\$ 1,717,591	\$ 2,191,629	\$ 2,208,119	\$ 490,528
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,710)	\$ 13,540	\$ (102)	\$ 8,728	\$ (18,296)	\$ (18,295)	\$ 27,023
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 86,700	\$ 86,700	\$ (86,700)
Transfers Out	(11,620)	0	0	(11,620)	(103,700)	(103,700)	92,080
Total Other Financing Sources	\$ (11,620)	\$ 0	\$ 0	\$ (11,620)	\$ (17,000)	\$ (17,000)	\$ 5,380
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (16,330)	\$ 13,540	\$ (102)	\$ (2,892)	\$ (35,296)	\$ (35,295)	\$ 32,403
Fund Balance, July 1, 2012	49,761	(13,540)	0	36,221	49,761	49,761	(13,540)
Fund Balance, June 30, 2013	\$ 33,431	\$ 0	\$ (102)	\$ 33,329	\$ 14,465	\$ 14,466	\$ 18,863

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, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 508,916	\$ 652,500	\$ 652,500	\$ (143,584)
Other Local Revenues	24,830	40,000	40,000	(15,170)
State of Tennessee	19,614	25,000	25,000	(5,386)
Federal Government	1,265,091	1,537,000	1,537,000	(271,909)
Total Revenues	<u>\$ 1,818,451</u>	<u>\$ 2,254,500</u>	<u>\$ 2,254,500</u>	<u>\$ (436,049)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,873,789	\$ 2,254,500	\$ 2,254,500	\$ 380,711
Total Expenditures	<u>\$ 1,873,789</u>	<u>\$ 2,254,500</u>	<u>\$ 2,254,500</u>	<u>\$ 380,711</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (55,338)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (55,338)</u>
Net Change in Fund Balance	\$ (55,338)	\$ 0	\$ 0	\$ (55,338)
Fund Balance, July 1, 2012	544,196	519,923	519,923	24,273
Fund Balance, June 30, 2013	<u>\$ 488,858</u>	<u>\$ 519,923</u>	<u>\$ 519,923</u>	<u>\$ (31,065)</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Smith County, Tennessee  
 Schedule of Changes in Long-term Notes,  
 Other Loans, and Bonds  
 For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-13
<b>GOVERNMENTAL ACTIVITIES</b>								
<b>NOTES PAYABLE</b>								
<u>Payable through General Fund</u>								
Patrol Cars	\$ 140,869	3.39 %	3-25-10	3-25-13	\$ 46,957	\$ 0	\$ 46,957	\$ 0
Patrol Cars	191,000	2.97	8-8-11	8-8-14	191,000	0	93,667	97,333
Patrol Cars	191,000	2.39	8-10-12	8-10-15	0	191,000	0	191,000
Ambulance Equipment	(1) 60,000	3.42	7-9-10	7-9-16	50,000	0	10,000	40,000
EMS Stations	(1) 112,500	3.64	7-9-10	7-9-19	100,000	0	12,500	87,500
Total Payable through General Fund					\$ 387,957	\$ 191,000	\$ 163,124	\$ 415,833
<u>Payable through Highway/Public Works Fund</u>								
Highway Equipment - Backhoe	53,141	2.96	4-19-11	4-19-14	\$ 33,035	\$ 0	\$ 19,304	\$ 13,731
Highway Projects	200,000	2.11	8-22-11	8-22-14	200,000	0	66,667	133,333
Total Payable through Highway/Public Works Fund					\$ 233,035	\$ 0	\$ 85,971	\$ 147,064
<u>Payable through General Debt Service Fund</u>								
Health Department, Boat Ramp, Playground	1,066,800	3.85	1-16-07	1-16-19	\$ 622,300	\$ 0	\$ 88,900	\$ 533,400
Land Purchase (Jail Site)	280,000	4.22	3-27-07	3-27-16	124,445	0	31,111	93,334
Dump Trucks	350,224	4.15	11-5-07	11-5-12	70,045	0	70,045	0
Health Wellness Center	260,000	3.65	3-7-08	3-7-20	173,332	0	21,667	151,665
Ambulance Remount	74,000	3.67	12-21-09	12-21-12	24,666	0	24,666	0
Highway Repairs	(2) 1,000,000	3.21	6-15-10	6-15-16	333,333	0	0	333,333
Ambulance Remount	75,450	1.99	12-10-10	12-10-13	50,300	0	25,150	25,150
Highway Repairs	400,000	2.11	8-11-11	6-30-13	400,000	0	400,000	0
Ambulance Remount	80,000	3.11	12-30-11	12-30-14	80,000	0	26,667	53,333
Cardiac Monitors	24,960	2.49	6-22-12	6-22-15	24,960	0	8,320	16,640
Lighting Crump Paris Park	300,000	2.39	12-10-12	12-10-15	0	300,000	0	300,000
Highway Mowers and Road Repair	205,907	2.39	1-22-13	1-22-16	0	205,907	0	205,907
Ambulance Remount	78,000	2.39	2-25-13	2-25-16	0	78,000	0	78,000
Highway Culverts	100,000	2.59	4-4-13	4-4-19	0	100,000	0	100,000
Total Payable through General Debt Service Fund					\$ 1,903,381	\$ 683,907	\$ 696,526	\$ 1,890,762
Total Notes Payable					\$ 2,524,373	\$ 874,907	\$ 945,621	\$ 2,453,659

(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 7-1-12	Issued During Period	Paid and/or Mated During Period	Outstanding 6-30-13
<b>GOVERNMENTAL ACTIVITIES (CONT.)</b>								
<b>OTHER LOANS PAYABLE</b>								
Payable through General Debt Service Fund								
Career/Agriculture Center Construction	\$ 1,250,000	variable %	12-7-05	5-25-25	\$ 846,000	\$ 0	\$ 58,000	\$ 788,000
Head Start Facility and New Jail Facility	704,413	variable	10-31-07	5-25-27	587,200	0	27,240	559,960
Total Payable through General Debt Service Fund					\$ 1,433,200	\$ 0	\$ 85,240	\$ 1,347,960
Payable through Courthouse and Jail Maintenance Fund								
Head Start Facility and New Jail Facility	674,186	variable	10-31-07	5-25-27	\$ 561,570	\$ 0	\$ 26,000	\$ 535,570
Jail Facility	10,000,000	variable	5-30-08	5-25-30	9,380,000	0	333,000	9,047,000
Total Payable through Courthouse and Jail Maintenance Fund					\$ 9,941,570	\$ 0	\$ 359,000	\$ 9,582,570
Total Other Loans Payable					\$ 11,374,770	\$ 0	\$ 444,240	\$ 10,930,530
<b>BONDS PAYABLE</b>								
Payable through General Fund								
Fire Trucks	1,250,000	4.5	6-17-09	6-17-29	\$ 1,102,370	\$ 0	\$ 48,068	\$ 1,054,302
Total Payable through General Fund					\$ 1,102,370	\$ 0	\$ 48,068	\$ 1,054,302
Payable through General Debt Service Fund								
Welcome Center	90,000	4.25	10-16-03	10-16-42	\$ 75,459	\$ 0	\$ 2,321	\$ 73,138
USDA - Community Facility	257,200	4.63	5-26-06	5-26-42	201,888	0	22,761	179,127
Total Payable through General Debt Service Fund					\$ 277,347	\$ 0	\$ 25,082	\$ 252,265
Payable through Education Debt Service Fund								
School Bonds, Series 2002	5,400,000	3 to 4.75	4-11-02	4-11-13	\$ 600,000	\$ 0	\$ 600,000	\$ 0
School Refunding Bonds, Series 2005	12,800,000	5	1-1-05	4-1-21	12,300,000	0	520,000	11,780,000
Total Payable through Education Debt Service Fund					\$ 12,900,000	\$ 0	\$ 1,120,000	\$ 11,780,000
Total Bonds Payable					\$ 14,279,717	\$ 0	\$ 1,193,150	\$ 13,086,567

(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 7-1-12	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-13
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>								
<b>NOTES PAYABLE</b>								
<u>Payable through Solid Waste Disposal Fund</u>								
Landfill Expansion	\$ 700,000	4.21 %	7-16-07	7-16-16	\$ 388,888	\$ 0	\$ 77,778	\$ 311,110
Compactor Rebuild	122,000	1.99	12-10-10	12-10-14	81,333	0	40,667	40,666
Cell Expansion	829,583	2.97	4-27-11	4-27-14	737,407	0	92,176	645,231
Landfill Class III Expansion	508,138	2.24	3-7-12	3-7-21	508,138	0	56,459	451,679
Total Notes Payable					\$ 1,715,766	\$ 0	\$ 267,080	\$ 1,448,686
<b>OTHER LOANS PAYABLE</b>								
<u>Payable through Solid Waste Disposal Fund</u>								
Recycling Center	2,000,000	4.25	12-6-05	12-6-45	\$ 1,882,987	\$ 0	\$ 26,599	\$ 1,856,388

(1) These notes were paid from the Ambulance Service Fund in the prior year. During the year examined, that fund was closed into the General Fund.

(2) The original maturity date of this note was 6-15-13; however, the county was granted a three-year extension during the year examined.

Exhibit K-2

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

GOVERNMENTAL ACTIVITIES

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 743,486	\$ 78,361	\$ 821,847
2015	621,107	53,160	674,267
2016	625,703	34,131	659,834
2017	149,733	17,017	166,750
2018	139,734	11,592	151,326
2019	139,733	8,680	148,413
2020	34,163	1,071	35,234
Total	\$ 2,453,659	\$ 204,012	\$ 2,657,671

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2014	\$ 465,900	\$ 268,578	\$ 142,980	877,458
2015	487,690	258,046	137,016	882,752
2016	510,630	246,979	130,773	888,382
2017	533,710	235,374	124,236	893,320
2018	559,940	223,204	117,404	900,548
2019	585,340	210,408	110,236	905,984
2020	612,910	196,989	102,743	912,642
2021	642,650	182,912	94,897	920,459
2022	672,590	168,122	86,669	927,381
2023	704,720	152,615	78,061	935,396
2024	737,050	136,335	69,039	942,424
2025	737,610	119,254	59,604	916,468
2026	729,390	101,425	49,142	879,957
2027	765,400	82,853	39,805	888,058
2028	693,000	63,365	28,988	785,353
2029	728,000	43,268	20,117	791,385
2030	764,000	22,156	10,799	796,955
Total	\$ 10,930,530	\$ 2,711,883	\$ 1,402,509	\$ 15,044,922

(Continued)

Exhibit K-2

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

GOVERNMENTAL ACTIVITIES (CONT.)

Year Ending June 30	Bonds		Total
	Principal	Interest	
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	76,897	13,363	90,260
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	13,473	4,179	17,652
2039	3,677	1,041	4,718
2040	3,833	885	4,718
2041	3,996	722	4,718
2042	4,164	553	4,717
2043	1,520	975	2,495
Total	\$ 13,086,567	\$ 3,508,491	\$ 16,595,058

(Continued)

Exhibit K-2

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

BUSINESS-TYPE ACTIVITIES

Year Ending June 30	Notes		Total
	Principal	Interest	
2014	\$ 820,135	\$ 41,147	\$ 861,282
2015	134,238	17,039	151,277
2016	134,238	12,499	146,737
2017	134,236	7,960	142,196
2018	56,460	5,059	61,519
2019	56,460	3,794	60,254
2020	56,460	2,529	58,989
2021	56,459	1,265	57,724
Total	\$ 1,448,686	\$ 91,292	\$ 1,539,978

Year Ending June 30	Other Loans		Total
	Principal	Interest	
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	\$ 1,856,388	\$ 1,553,697	\$ 3,410,085

Smith County, Tennessee  
Schedule of Notes Receivable  
June 30, 2013

Exhibit K-3

Description	Payee	Original Amount of Loan	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-13
General Debt Service Fund	Industrial Development Board of Smith County	\$ 100,000	3-20-07	3-20-17	0%	\$ 40,000
Total						<u>\$ 40,000</u>

Exhibit K-4

Smith County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Smith County School Department  
For the Year Ended June 30, 2013

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General	Ambulance Service	Operations	\$ 67,113
General	Highway/Public Works	Operations	44,000
Solid Waste/Sanitation	Solid Waste Disposal	To close fund	6,596
Flooding Repair Projects	Highway/Public Works	Road repairs	357
Ambulance Service	General	To close fund	24,677
Total Transfers Primary Government			<u>\$ 142,743</u>
<u>DISCRETELY PRESENTED SMITH COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 11,620
Total Transfers Discretely Presented Smith County School Department			<u>\$ 11,620</u>

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, 2013

Official	Authorization for Salary	\$	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$	67,843	\$ 100,000	Cincinnati Insurance Company
Road Commissioner	Section 8-24-102, TCA		64,613	100,000	"
Director of Schools	State Board of Education and Smith County Board of Education		88,154 (1)	100,000	"
Trustee	Section 8-24-102, TCA		58,739	560,800	"
Assessor of Property	Section 8-24-102, TCA		58,739	12,500	"
County Clerk	Section 8-24-102, TCA		58,739	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA		58,739	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge		58,739 (2)	50,000	"
Register of Deeds	Section 8-24-102, TCA		58,739	25,000	"
Sheriff	Section 8-24-102, TCA		64,613 (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 chief executive officer training supplement of \$1,000.
- (2) Does not include special commissioner fees of \$1,797.
- (3) Does not include a law enforcement training supplement of \$600.

Exhibit K-6

Smith County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2013

Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Solid Waste / Sanitation	Ambulance Service	Drug Control	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,887,328	\$ 0	\$ 0	\$ 0	\$ 0	\$ 188,139
Trustee's Collections - Prior Year	110,988	0	0	0	0	7,047
Circuit/Clerk & Master Collections - Prior Years	86,269	0	0	0	0	5,477
Interest and Penalty	19,890	0	0	0	0	1,269
Payments in-Lieu-of Taxes - T.V.A.	1,030	0	0	0	0	67
Payments in-Lieu-of Taxes - Other	10,612	0	0	0	0	565
<u>County Local Option Taxes</u>						
Local Option Sales Tax	679,477	0	0	0	0	0
Wheel Tax	0	251,286	0	0	0	0
Litigation Tax - General	44,294	15,617	0	0	0	0
Litigation Tax - Special Purpose	4,950	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	41,300	34,905	0	0	0	0
Business Tax	134,775	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	49,491
<u>Statutory Local Taxes</u>						
Bank Excise Tax	80,767	0	0	0	0	5,910
Wholesale Beer Tax	49,579	0	0	0	0	0
Interstate Telecommunications Tax	1,222	0	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 4,152,481</b>	<b>\$ 301,808</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 257,965</b>
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 125	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	30,059	0	0	0	0	0
<u>Permits</u>						
Beer Permits	2,284	0	0	0	0	0
Building Permits	27,850	0	0	0	0	0
Other Permits	13,850	0	0	0	0	0
<b>Total Licenses and Permits</b>	<b>\$ 74,168</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 277	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Jail Fees	0	924	0	0	0	0
Data Entry Fee - Circuit Court	1,044	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	
<b>Fines, Forfeitures, and Penalties (Cont.)</b>							
<u>Criminal Court</u>							
DUI Treatment Fines	\$ 760	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>General Sessions Court</u>							
Fines	4,023	0	0	0	0	0	0
Game and Fish Fines	293	0	0	0	0	0	0
Drug Control Fines	1,876	0	0	0	944	0	0
Drug Court Fees	0	0	0	0	25,874	0	0
DUI Treatment Fines	3,392	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	7,071	0	0	0	0	0	0
Courtroom Security Fee	2,084	0	0	0	0	0	0
<u>Juvenile Court</u>							
Data Entry Fee - Juvenile Court	226	0	0	0	0	0	0
Courtroom Security Fee	104	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	2,782	0	0	0	0	0	0
Data Entry Fee - Chancery Court	876	0	0	0	0	0	0
Courtroom Security Fee	0	3,525	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	253	0	0
Other Fines, Forfeitures, and Penalties	5,081	0	0	0	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 29,889</b>	<b>\$ 4,449</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 27,071</b>	<b>\$ 0</b>	<b>0</b>
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Tipping Fees	0	0	55,285	0	0	0	0
Patient Charges	888,129	0	0	76,621	0	0	0
Other General Service Charges	300	0	0	0	0	0	0
<u>Fees</u>							
Recreation Fees	20,104	0	0	0	0	0	0
Copy Fees	1,915	0	0	80	0	0	0
Greenbelt Late Application Fee	100	0	0	0	0	0	0
Telephone Commissions	79,084	0	0	0	0	0	0
Data Processing Fee - Register	6,402	0	0	0	0	0	0
Data Processing Fee - Sheriff	7,590	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,250	0	0	0	0	0	0
Data Processing Fee - County Clerk	849	0	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
<u>Charges for Current Services (Cont.)</u>						
<u>Education Charges</u>						
Tuition - Other	\$ 28,748	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Charges for Services</u>	275	0	0	0	0	0
Total Charges for Current Services	\$ 1,035,746	\$ 0	\$ 55,285	\$ 76,701	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 164,598	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	25,225	3,000	149	0	0	0
Sale of Materials and Supplies	150	0	0	0	0	0
Commissary Sales	4,591	0	0	0	0	0
Sale of Gasoline	5	0	0	0	0	0
Miscellaneous Refunds	11,848	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	48,780	0	0	0	0	0
Damages Recovered from Individuals	2,000	0	0	0	0	0
Contributions and Gifts	24,843	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	163,189	0	0	0	0	20,937
Total Other Local Revenues	\$ 445,229	\$ 3,000	\$ 149	\$ 0	\$ 0	\$ 20,937
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 172,125	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	80,358	0	0	0	0	0
General Sessions Court Clerk	130,100	0	0	0	0	0
Clerk and Master	72,547	0	0	0	0	0
Register	71,737	0	0	0	0	0
Sheriff	57,017	0	0	0	0	0
Trustee	277,577	0	0	0	0	0
Total Fees Received from County Officials	\$ 861,461	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	15,000	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
<u>State of Tennessee (Cont.)</u>						
<u>General Government Grants (Cont.)</u>						
On-Behalf Contributions for OPEB	\$ 470	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other General Government Grants	2,653	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	14,800	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	12,989	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	18,629
Litter Program	32,266	0	0	0	0	0
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0
<u>Other State Revenues</u>						
Flood Control	9,639	0	0	0	0	0
Income Tax	62,129	0	0	0	0	0
Beer Tax	18,586	0	0	0	0	0
Alcoholic Beverage Tax	36,454	0	0	0	0	0
State Revenue Sharing - T.V.A.	477,683	0	0	0	0	0
Contracted Prisoner Boarding	741,625	315,151	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,454,261
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	1,151
Total State of Tennessee	\$ 1,448,458	\$ 315,151	\$ 0	\$ 0	\$ 0	\$ 1,487,870
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	0	0	0	0	0	0
Homeland Security Grants	12,350	0	0	0	0	0
Law Enforcement Grants	45,460	0	0	0	0	0
Other Federal through State	101,546	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	25,729	0	0	0	0	0
Total Federal Government	\$ 185,085	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
Other Governments Contributions	\$ 76,990	\$ 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
Other Governments and Citizens Groups (Cont.)						
Citizens Groups						
Donations	\$ 5,093	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 82,083	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 8,314,600	\$ 624,408	\$ 55,434	\$ 76,701	\$ 27,071	\$ 1,766,772

(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	CDBG Waterline Project	FastTrack Grant Project	Hazard Mitigation Project	Library Endowment	Total		
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 470,764	\$ 407,994	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,954,225
Trustee's Collections - Prior Year	17,617	15,268	0	0	0	0	0	0	150,920
Circuit/Clerk & Master Collections - Prior Years	13,693	11,867	0	0	0	0	0	0	117,306
Interest and Penalty	3,170	2,750	0	0	0	0	0	0	27,079
Payments in-Lieu-of Taxes - T.V.A.	168	146	0	0	0	0	0	0	1,411
Payments in-Lieu-of Taxes - Other	1,413	1,225	0	0	0	0	0	0	13,815
<u>County Local Option Taxes</u>									
Local Option Sales Tax	0	501,642	0	0	0	0	0	0	1,181,119
Wheel Tax	0	848,840	0	0	0	0	0	0	1,100,126
Litigation Tax - General	0	0	0	0	0	0	0	0	59,911
Litigation Tax - Special Purpose	0	0	0	0	0	0	0	0	4,950
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	0	0	76,205
Business Tax	0	0	0	0	0	0	0	0	134,775
Mineral Severance Tax	0	0	0	0	0	0	0	0	49,491
<u>Statutory Local Taxes</u>									
Bank Excise Tax	13,789	11,819	0	0	0	0	0	0	112,285
Wholesale Beer Tax	0	0	0	0	0	0	0	0	49,579
Interstate Telecommunications Tax	0	446	0	0	0	0	0	0	1,668
Total Local Taxes	\$ 520,614	\$ 1,801,997	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,034,865
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Marriage Licenses	0	0	0	0	0	0	0	0	125
Cable TV Franchise	0	0	0	0	0	0	0	0	30,059
<u>Permits</u>									
Beer Permits	0	0	0	0	0	0	0	0	2,284
Building Permits	0	0	0	0	0	0	0	0	27,850
Other Permits	0	0	0	0	0	0	0	0	13,850
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 74,168
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	0	0	0	0	0	0	0	0	277
Jail Fees	0	0	0	0	0	0	0	0	924
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	0	1,044

(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	CDBG Waterline Project	FastTrack Grant Project	Hazard Mitigation Project	Library Endowment	Total		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>Criminal Court</u>									
DUI Treatment Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	760
<u>General Sessions Court</u>									
Fines	0	0	0	0	0	0	0	0	4,023
Game and Fish Fines	0	0	0	0	0	0	0	0	293
Drug Control Fines	0	0	0	0	0	0	0	0	2,820
Drug Court Fees	0	0	0	0	0	0	0	0	25,874
DUI Treatment Fines	0	0	0	0	0	0	0	0	3,392
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	0	7,071
Courtroom Security Fee	0	0	0	0	0	0	0	0	2,084
<u>Juvenile Court</u>									
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	0	0	226
Courtroom Security Fee	0	0	0	0	0	0	0	0	104
<u>Chancery Court</u>									
Officers Costs	0	0	0	0	0	0	0	0	2,782
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	0	876
Courtroom Security Fee	0	0	0	0	0	0	0	0	3,525
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	0	0	0	0	0	0	253
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	0	0	5,081
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 61,409</b>
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	55,285
Patient Charges	0	0	0	0	0	0	0	0	964,750
Other General Service Charges	0	0	0	0	0	0	0	0	300
<u>Fees</u>									
Recreation Fees	0	0	0	0	0	0	0	0	20,104
Copy Fees	0	0	0	0	0	0	0	0	1,995
Greenbelt Late Application Fee	0	0	0	0	0	0	0	0	100
Telephone Commissions	0	0	0	0	0	0	0	0	79,084
Data Processing Fee - Register	0	0	0	0	0	0	0	0	6,402
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	0	7,590
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	0	2,250
Data Processing Fee - County Clerk	0	0	0	0	0	0	0	0	849

(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	CDBG Waterline Project	FastTrack Grant Project	Hazard Mitigation Project	Library Endowment	Total	
<u>Charges for Current Services (Cont.)</u>								
<u>Education Charges</u>								
Tuition - Other	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	28,748
<u>Other Charges for Services</u>								
Other Charges for Services	0	0	0	0	0	0	0	275
Total Charges for Current Services	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,167,732
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	0 \$	0 \$	0 \$	0 \$	0 \$	430 \$	0 \$	165,028
Lease/Rentals	106,208	0	0	0	0	0	0	134,582
Sale of Materials and Supplies	0	0	0	0	0	0	0	150
Commissary Sales	0	0	0	0	0	0	0	4,591
Sale of Gasoline	0	0	0	0	0	0	0	5
Miscellaneous Refunds	0	0	0	0	0	0	0	11,848
<u>Nonrecurring Items</u>								
Sale of Equipment	0	0	0	0	0	0	0	48,780
Damages Recovered from Individuals	0	0	0	0	0	0	0	2,000
Contributions and Gifts	0	0	44,808	12,519	0	0	0	82,170
<u>Other Local Revenues</u>								
Other Local Revenues	0	0	0	0	0	0	0	184,126
Total Other Local Revenues	106,208 \$	0 \$	44,808 \$	12,519 \$	0 \$	430 \$	0 \$	633,280
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	172,125
Circuit Court Clerk	0	0	0	0	0	0	0	80,358
General Sessions Court Clerk	0	0	0	0	0	0	0	130,100
Clerk and Master	0	0	0	0	0	0	0	72,547
Register	0	0	0	0	0	0	0	71,737
Sheriff	0	0	0	0	0	0	0	57,017
Trustee	0	0	0	0	0	0	0	277,577
Total Fees Received from County Officials	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	861,461
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	9,000
Aging Programs	0	0	0	0	0	0	0	15,000

(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	CDBG Waterline Project	FastTrack Grant Project	Hazard Mitigation Project	Library Endowment	Total			
<u>State of Tennessee (Cont.)</u>										
<u>General Government Grants (Cont.)</u>										
On-Behalf Contributions for OPEB	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 470
Other General Government Grants	0	0	0	0	0	0	0	0	0	2,653
<u>Public Safety Grants</u>										
Law Enforcement Training Programs	0	0	0	0	0	0	0	0	0	14,800
<u>Health and Welfare Grants</u>										
Health Department Programs	0	0	0	0	0	0	0	0	0	12,989
<u>Public Works Grants</u>										
Bridge Program	0	0	0	0	0	0	0	0	0	18,629
Litter Program	0	0	0	0	0	0	0	0	0	32,266
Tennessee Industrial Infrastructure Program	0	0	0	78,676	0	0	0	0	0	78,676
<u>Other State Revenues</u>										
Flood Control	0	0	0	0	0	0	0	0	0	9,639
Income Tax	0	0	0	0	0	0	0	0	0	62,129
Beer Tax	0	0	0	0	0	0	0	0	0	18,586
Alcoholic Beverage Tax	0	0	0	0	0	0	0	0	0	36,454
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	0	0	0	477,683
Contracted Prisoner Boarding	0	0	0	0	0	0	0	0	0	1,056,776
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	0	0	1,454,261
Petroleum Special Tax	0	0	0	0	0	0	0	0	0	13,829
Registrar's Salary Supplement	0	0	0	0	0	0	0	0	0	15,164
Other State Grants	77,430	0	0	0	2,812	0	0	0	0	81,393
Total State of Tennessee	\$ 77,430	\$ 0	\$ 0	\$ 78,676	\$ 2,812	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,410,397
<u>Federal Government</u>										
<u>Federal Through State</u>										
Community Development	\$ 0	\$ 0	\$ 347,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 347,500
Homeland Security Grants	0	0	0	0	0	0	0	0	0	12,350
Law Enforcement Grants	0	0	0	0	0	0	0	0	0	45,460
Other Federal through State	15,353	0	0	0	16,875	0	0	0	0	133,774
<u>Direct Federal Revenue</u>										
Police Service (Lake Area)	0	0	0	0	0	0	0	0	0	25,729
Total Federal Government	\$ 15,353	\$ 0	\$ 347,500	\$ 0	\$ 16,875	\$ 0	\$ 0	\$ 0	\$ 0	\$ 564,813
<u>Other Governments and Citizens Groups</u>										
Other Governments Contributions	\$ 0	\$ 296,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 372,990

(Continued)

Exhibit K-6

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

	Debt Service Funds			Capital Projects Funds			Permanent Fund		Total
	General Debt Service	Education Debt Service	CDBG Waterline Project	FastTrack Grant Project	Hazard Mitigation Project	Library Endowment			
Other Governments and Citizens Groups (Cont.)									
Citizens Groups									
Donations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,093
Total Other Governments and Citizens Groups	\$ 0	\$ 296,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 378,083
Total	\$ 719,605	\$ 2,097,997	\$ 392,308	\$ 91,195	\$ 19,687	\$ 430	\$ 14,186,208		

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, 2013

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 3,044,256	\$ 0	\$ 0	\$ 3,044,256
Trustee's Collections - Prior Year	116,861	0	0	116,861
Circuit/Clerk & Master Collections - Prior Years	90,833	0	0	90,833
Interest and Penalty	20,945	0	0	20,945
Payments in-Lieu-of Taxes - T.V.A.	1,086	0	0	1,086
Payments in-Lieu-of Taxes - Other	9,138	0	0	9,138
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,347,222	0	0	1,347,222
Mineral Severance Tax	181	0	0	181
<u>Statutory Local Taxes</u>				
Bank Excise Tax	84,706	0	0	84,706
Interstate Telecommunications Tax	1,134	0	0	1,134
<b>Total Local Taxes</b>	<b>\$ 4,716,362</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,716,362</b>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,596	\$ 0	\$ 0	\$ 1,596
<b>Total Licenses and Permits</b>	<b>\$ 1,596</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,596</b>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 2,140	\$ 0	\$ 0	\$ 2,140
Lunch Payments - Children	0	0	351,475	351,475
Lunch Payments - Adults	0	0	61,701	61,701
Special Milk Sales	0	0	6,768	6,768
A la carte Sales	0	0	87,030	87,030
Receipts from Individual Schools	25,954	0	1,942	27,896
<b>Total Charges for Current Services</b>	<b>\$ 28,094</b>	<b>\$ 0</b>	<b>\$ 508,916</b>	<b>\$ 537,010</b>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 5,085	\$ 0	\$ 692	\$ 5,777
Lease/Rentals	215	0	0	215
Sale of Materials and Supplies	10,953	0	0	10,953
Sale of Recycled Materials	0	0	496	496
Refund of Telecommunication and Internet Fees (E-Rate)	25,085	0	0	25,085
Commodity Rebates	0	0	5,356	5,356
Miscellaneous Refunds	59,746	0	18,286	78,032
<u>Nonrecurring Items</u>				
Contributions and Gifts	2,652	0	0	2,652
<u>Other Local Revenues</u>				
Other Local Revenues	294	0	0	294
<b>Total Other Local Revenues</b>	<b>\$ 104,030</b>	<b>\$ 0</b>	<b>\$ 24,830</b>	<b>\$ 128,860</b>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 95,672	\$ 0	\$ 0	\$ 95,672
<u>State Education Funds</u>				
Basic Education Program	15,316,052	0	0	15,316,052
Early Childhood Education	499,184	0	0	499,184
School Food Service	0	0	19,614	19,614
Driver Education	4,101	0	0	4,101
Other State Education Funds	168,545	0	0	168,545
Career Ladder Program	109,426	0	0	109,426
Career Ladder - Extended Contract	23,100	0	0	23,100

(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	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
Other State Grants	\$ 2,400	\$ 20,821	\$ 0	\$ 23,221
Total State of Tennessee	\$ 16,218,480	\$ 20,821	\$ 19,614	\$ 16,258,915
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 790,031	\$ 790,031
USDA - Commodities	0	0	113,420	113,420
Breakfast	0	0	357,157	357,157
USDA - Other	0	0	4,483	4,483
Adult Education State Grant Program	0	62,462	0	62,462
Vocational Education - Basic Grants to States	0	50,974	0	50,974
Title I Grants to Local Education Agencies	0	718,523	0	718,523
Special Education - Grants to States	0	627,361	0	627,361
Special Education Preschool Grants	0	24,902	0	24,902
Eisenhower Professional Development State Grants	0	72,149	0	72,149
Race-to-the-Top - ARRA	0	149,127	0	149,127
Other Federal through State	93,296	0	0	93,296
Total Federal Government	\$ 93,296	\$ 1,705,498	\$ 1,265,091	\$ 3,063,885
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 10,290	\$ 0	\$ 0	\$ 10,290
Total Other Governments and Citizens Groups	\$ 10,290	\$ 0	\$ 0	\$ 10,290
Total	\$ 21,172,148	\$ 1,726,319	\$ 1,818,451	\$ 24,716,918

Exhibit K-8

Smith County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2013

General Fund

General Government

County Commission

Other Salaries and Wages	\$	358	
Board and Committee Members Fees		18,000	
Other Per Diem and Fees		5,400	
Social Security		1,634	
Audit Services		5,750	
Dues and Memberships		2,366	
Other Contracted Services		1,955	
Total County Commission			\$ 35,463

Board of Equalization

Board and Committee Members Fees	\$	2,150	
Total Board of Equalization			2,150

County Mayor/Executive

County Official/Administrative Officer	\$	67,843	
Salary Supplements		800	
Secretary(ies)		57,036	
Overtime Pay		2,332	
Social Security		9,598	
State Retirement		8,892	
Medical Insurance		2,640	
Communication		4,409	
Dues and Memberships		1,400	
Operating Lease Payments		3,694	
Travel		1,148	
Office Supplies		7,244	
Premiums on Corporate Surety Bonds		607	
Other Charges		1,000	
Data Processing Equipment		5,995	
Office Equipment		1,145	
Total County Mayor/Executive			175,783

County Attorney

County Official/Administrative Officer	\$	58,278	
Total County Attorney			58,278

Election Commission

County Official/Administrative Officer	\$	52,865	
Clerical Personnel		26,586	
Custodial Personnel		9,438	
Part-time Personnel		11,747	
Overtime Pay		1,061	
Election Commission		6,300	
Election Workers		22,470	
Social Security		7,058	
State Retirement		5,596	
Advertising		1,973	
Communication		2,579	
Postal Charges		2,458	
Printing, Stationery, and Forms		1,669	

(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.)

Rentals	\$	550	
Travel		1,641	
Office Supplies		3,319	
Other Charges		20,652	
Total Election Commission			\$ 177,962

Register of Deeds

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		52,017	
Data Processing Personnel		5,000	
Social Security		8,221	
State Retirement		7,742	
Medical Insurance		2,640	
Communication		2,918	
Dues and Memberships		407	
Operating Lease Payments		2,524	
Office Supplies		2,860	
Premiums on Corporate Surety Bonds		125	
Total Register of Deeds			143,193

Planning

Other Per Diem and Fees	\$	1,175	
Dues and Memberships		7,400	
Total Planning			8,575

Codes Compliance

County Official/Administrative Officer	\$	43,975	
Deputy(ies)		9,710	
Social Security		4,358	
State Retirement		3,074	
Medical Insurance		2,640	
Advertising		203	
Communication		1,205	
Contracts with Government Agencies		9,065	
Maintenance and Repair Services - Vehicles		741	
Gasoline		488	
Office Supplies		1,165	
Road Signs		6,633	
Other Charges		170	
Office Equipment		411	
Total Codes Compliance			83,838

County Buildings

Deputy(ies)	\$	112,894	
Overtime Pay		531	
Social Security		8,441	
State Retirement		6,047	
Medical Insurance		7,480	
Communication		7,889	
Contracts with Private Agencies		4,873	

(Continued)

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

General Fund (Cont.)General Government (Cont.)County Buildings (Cont.)

Maintenance and Repair Services - Buildings	\$	66,345	
Maintenance and Repair Services - Equipment		2,764	
Maintenance and Repair Services - Vehicles		2,252	
Rentals		5,955	
Custodial Supplies		3,847	
Gasoline		18,075	
Utilities		231,314	
Other Supplies and Materials		2,914	
Total County Buildings			\$ 481,621

Other General Administration

On-Behalf Payments to OPEB	\$	470	
Total Other General Administration			470

FinanceProperty Assessor's Office

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		52,017	
Social Security		8,473	
State Retirement		7,742	
Advertising		98	
Communication		3,872	
Contracts with Government Agencies		8,919	
Dues and Memberships		1,350	
Postal Charges		1,476	
Travel		5,000	
Other Contracted Services		9,075	
Office Supplies		1,505	
Premiums on Corporate Surety Bonds		150	
Total Property Assessor's Office			158,416

Reappraisal Program

Deputy(ies)	\$	13,520	
Social Security		1,034	
Contracts with Government Agencies		2,200	
Total Reappraisal Program			16,754

County Trustee's Office

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		52,017	
In-Service Training		252	
Social Security		8,067	
State Retirement		7,719	
Communication		2,327	
Dues and Memberships		407	
Legal Notices, Recording, and Court Costs		135	
Postal Charges		3,356	
Office Supplies		2,093	
Premiums on Corporate Surety Bonds		3,508	
Data Processing Equipment		5,122	
Office Equipment		338	
Total County Trustee's Office			144,080

(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

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		117,031	
Part-time Personnel		5,916	
Overtime Pay		3,356	
Social Security		13,125	
State Retirement		11,623	
Medical Insurance		4,180	
Advertising		78	
Communication		4,965	
Dues and Memberships		507	
Postal Charges		4,566	
Printing, Stationery, and Forms		378	
Office Supplies		1,293	
Premiums on Corporate Surety Bonds		650	
Data Processing Equipment		11,888	
Total County Clerk's Office			\$ 238,295

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	58,739	
Deputy(ies)		127,320	
Overtime Pay		780	
Jury and Witness Expense		8,759	
Social Security		13,573	
State Retirement		12,921	
Medical Insurance		5,293	
Communication		4,218	
Dues and Memberships		407	
Operating Lease Payments		643	
Postal Charges		1,427	
Other Contracted Services		6,500	
Office Supplies		11,277	
Premiums on Corporate Surety Bonds		775	
Other Charges		30	
Data Processing Equipment		10,769	
Total Circuit Court			263,431

General Sessions Judge

Judge(s)	\$	93,851	
In-Service Training		215	
Social Security		7,180	
State Retirement		6,560	
Communication		3,080	
Travel		287	
Office Supplies		158	
Other Charges		4,148	
Total General Sessions Judge			115,479

Chancery Court

County Official/Administrative Officer	\$	58,739	
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(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Deputy(ies)	\$	26,566	
Social Security		6,291	
State Retirement		5,963	
Medical Insurance		2,640	
Communication		2,946	
Dues and Memberships		407	
Operating Lease Payments		1,645	
Office Supplies		2,080	
Premiums on Corporate Surety Bonds		450	
Data Processing Equipment		3,252	
Total Chancery Court			\$ 110,979

Judicial Commissioners

County Official/Administrative Officer	\$	16,495	
Other Salaries and Wages		3,000	
In-Service Training		125	
Social Security		1,491	
Communication		631	
Travel		204	
Total Judicial Commissioners			21,946

Other Administration of Justice

Other Charges	\$	4,080	
Total Other Administration of Justice			4,080

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	64,613	
Supervisor/Director		7,002	
Deputy(ies)		298,370	
Detective(s)		71,860	
Captain(s)		49,250	
Lieutenant(s)		83,116	
Sergeant(s)		148,614	
Paraprofessionals		33,592	
Salary Supplements		14,800	
Dispatchers/Radio Operators		126,128	
Guards		95,959	
Clerical Personnel		31,763	
Attendants		44,662	
Maintenance Personnel		26,065	
School Resource Officer		75,421	
Overtime Pay		56,154	
Other Salaries and Wages		29,751	
In-Service Training		11,559	
Social Security		95,192	
State Retirement		84,771	
Medical Insurance		30,300	
Communication		20,754	
Confidential Drug Enforcement Payments		29,567	

(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.)

Dues and Memberships	\$	1,500	
Operating Lease Payments		3,243	
Maintenance and Repair Services - Office Equipment		2,921	
Maintenance and Repair Services - Vehicles		39,684	
Medical and Dental Services		2,870	
Travel		1,174	
Animal Food and Supplies		20	
Gasoline		108,581	
Office Supplies		18,672	
Uniforms		20,987	
Other Supplies and Materials		4,986	
Premiums on Corporate Surety Bonds		375	
Other Charges		2,056	
Law Enforcement Equipment		2,967	
Motor Vehicles		190,046	
Other Equipment		33,421	
Total Sheriff's Department			\$ 1,962,766

Traffic Control

Traffic Control Equipment	\$	1,174	
Total Traffic Control			1,174

Jail

Cafeteria Personnel	\$	24,454	
Overtime Pay		1,089	
Social Security		1,848	
State Retirement		1,114	
Medical Insurance		1,870	
Medical and Dental Services		159,212	
Custodial Supplies		23,377	
Food Supplies		142,481	
Other Supplies and Materials		53,301	
Total Jail			408,746

Correctional Incentive Program Improvements

Supervisor/Director	\$	29,550	
Deputy(ies)		510,226	
Overtime Pay		28,259	
Social Security		40,682	
State Retirement		33,283	
Medical Insurance		24,758	
Total Correctional Incentive Program Improvements			666,758

Juvenile Services

Youth Service Officer(s)	\$	26,961	
Social Security		2,118	
State Retirement		1,885	
Communication		1,064	
Travel		37	
Other Contracted Services		2,931	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Drugs and Medical Supplies	\$	202	
Office Supplies		542	
Other Charges		1,163	
Total Juvenile Services			\$ 36,903

Fire Prevention and Control

Deputy(ies)	\$	12,000	
In-Service Training		1,220	
Social Security		918	
Advertising		50	
Maintenance and Repair Services - Equipment		3,551	
Maintenance and Repair Services - Vehicles		13,500	
Rentals		16,060	
Other Contracted Services		99,495	
Gasoline		5,191	
Utilities		11,483	
Other Charges		3,444	
Other Equipment		25,550	
Total Fire Prevention and Control			192,462

Rescue Squad

Contributions	\$	30,000	
Other Charges		500	
Total Rescue Squad			30,500

Other Emergency Management

Supervisor/Director	\$	16,406	
Social Security		1,255	
Communication		4,300	
Maintenance and Repair Services - Vehicles		3,638	
Other Contracted Services		2,448	
Gasoline		3,600	
Office Supplies		200	
Utilities		887	
Other Supplies and Materials		341	
Other Charges		286	
Office Equipment		1,289	
Other Equipment		4,103	
Total Other Emergency Management			38,753

Inspection and Regulation

Supervisor/Director	\$	2,400	
Social Security		184	
Total Inspection and Regulation			2,584

County Coroner/Medical Examiner

Other Contracted Services	\$	55,780	
Total County Coroner/Medical Examiner			55,780

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety

Deputy(ies)	\$	14,080	
Dispatchers/Radio Operators		186,595	
Longevity Pay		2,831	
Overtime Pay		15,579	
Social Security		16,006	
State Retirement		12,977	
Medical Insurance		6,380	
Total Other Public Safety			\$ 254,448

Public Health and Welfare

Local Health Center

Communication	\$	3,700	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		1,376	
Custodial Supplies		733	
Drugs and Medical Supplies		609	
Office Supplies		854	
Utilities		17,013	
Total Local Health Center			24,485

Ambulance/Emergency Medical Services

Medical Personnel	\$	474,801	
Longevity Pay		3,370	
Overtime Pay		164,424	
In-Service Training		12,811	
Social Security		47,064	
State Retirement		41,300	
Medical Insurance		20,993	
Communication		10,134	
Operating Lease Payments		344	
Licenses		2,268	
Maintenance and Repair Services - Equipment		4,811	
Maintenance and Repair Services - Vehicles		18,766	
Medical and Dental Services		310	
Custodial Supplies		2,176	
Drugs and Medical Supplies		42,435	
Gasoline		57,024	
Office Supplies		3,155	
Uniforms		8,507	
Utilities		16,260	
Other Supplies and Materials		4,536	
Building and Contents Insurance		2,250	
Liability Insurance		2,860	
Refunds		95	
Vehicle and Equipment Insurance		6,217	
Workers' Compensation Insurance		108,861	
Other Charges		500	
Building Improvements		6,054	
Data Processing Equipment		2,214	
Motor Vehicles		77,895	
Total Ambulance/Emergency Medical Services			1,142,435

(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 Local Health Services

Supervisor/Director	\$	29,033	
Other Salaries and Wages		8,850	
Social Security		2,898	
State Retirement		2,029	
Communication		1,855	
Contributions		9,333	
Rentals		1,676	
Instructional Supplies and Materials		385	
Office Supplies		351	
Utilities		7,793	
Other Charges		517	
Building Improvements		181	
Other Equipment		3,016	
Total Other Local Health Services			\$ 67,917

Appropriation to State

Contracts with Government Agencies	\$	13,772	
Total Appropriation to State			13,772

General Welfare Assistance

Advertising	\$	2,883	
Communication		2,228	
Postal Charges		500	
Printing, Stationery, and Forms		2,308	
Travel		1,994	
Other Contracted Services		24,050	
Office Supplies		6,040	
Total General Welfare Assistance			40,003

Other Local Welfare Services

Contributions	\$	10,000	
Total Other Local Welfare Services			10,000

Waste Pickup

Supervisor/Director	\$	10,050	
Social Security		769	
Maintenance and Repair Services - Vehicles		1,042	
Gasoline		3,130	
Instructional Supplies and Materials		5,800	
Other Charges		8,817	
Total Waste Pickup			29,608

Other Public Health and Welfare

Other Salaries and Wages	\$	10,132	
Social Security		775	
Travel		2,082	
Total Other Public Health and Welfare			12,989

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	25,452	
Other Salaries and Wages		7,740	
Social Security		2,173	
State Retirement		1,779	
Medical Insurance		2,640	
Communication		481	
Travel		1,258	
Office Supplies		922	
Utilities		11,742	
Other Supplies and Materials		927	
Total Senior Citizens Assistance			\$ 55,114

Libraries

County Official/Administrative Officer	\$	31,461	
Other Salaries and Wages		29,170	
Social Security		4,638	
State Retirement		2,199	
Communication		4,137	
Dues and Memberships		35	
Postal Charges		182	
Travel		587	
Custodial Supplies		378	
Data Processing Supplies		883	
Library Books/Media		14,524	
Office Supplies		1,144	
Periodicals		28	
Utilities		2,818	
Other Supplies and Materials		3,552	
Data Processing Equipment		6,522	
Office Equipment		1,500	
Total Libraries			103,758

Parks and Fair Boards

Communication	\$	1,192	
Other Supplies and Materials		3,395	
Other Charges		10,693	
Building Improvements		342,341	
Other Equipment		7,900	
Total Parks and Fair Boards			365,521

Other Social, Cultural, and Recreational

Other Supplies and Materials	\$	2,449	
Site Development		9,301	
Total Other Social, Cultural, and Recreational			11,750

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	30,245	
Secretary(ies)		7,049	
Social Security		2,399	

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

State Retirement	\$	4,848	
Communication		4,338	
Rentals		7,140	
Other Charges		3,500	
Total Agriculture Extension Service			\$ 59,519

Soil Conservation

Other Contracted Services	\$	11,000	
Total Soil Conservation			11,000

Other Agriculture and Natural Resources

Maintenance and Repair Services - Buildings	\$	34,186	
Custodial Supplies		943	
Utilities		24,055	
Other Charges		400	
Total Other Agriculture and Natural Resources			59,584

Other Operations

Industrial Development

Dues and Memberships	\$	20	
Office Supplies		77	
Other Charges		2,944	
Total Industrial Development			3,041

Housing and Urban Development

Legal Services	\$	3,000	
Land		56,412	
Total Housing and Urban Development			59,412

Other Economic and Community Development

Contributions	\$	32,867	
Office Supplies		366	
Total Other Economic and Community Development			33,233

Veterans' Services

Supervisor/Director	\$	10,281	
Social Security		787	
Communication		838	
Travel		1,313	
Office Supplies		217	
Office Equipment		300	
Total Veterans' Services			13,736

Other Charges

Building and Contents Insurance	\$	42,379	
Liability Insurance		60,395	
Vehicle and Equipment Insurance		39,821	
Workers' Compensation Insurance		94,972	
Other Charges		7,450	
Total Other Charges			245,017

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Longevity Pay	\$	21,905	
Social Security		1,676	
State Retirement		1,531	
Life Insurance		5,821	
Unemployment Compensation		19,390	
Total Employee Benefits			\$ 50,323

Miscellaneous

Contributions	\$	41,780	
Dues and Memberships		3,008	
Other Supplies and Materials		996	
Trustee's Commission		90,634	
Other Charges		55,786	
Bridge Construction		11,855	
Highway Construction		80,600	
Other Equipment		161,907	
Total Miscellaneous			446,566

Principal on Debt

General Government

Principal on Bonds	\$	48,068	
Principal on Notes		163,124	
Total General Government			211,192

Interest on Debt

General Government

Interest on Bonds	\$	48,032	
Interest on Notes		13,738	
Total General Government			61,770

Total General Fund \$ 9,023,412

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Custodial Personnel	\$	21,798	
Social Security		1,538	
State Retirement		1,524	
Medical Insurance		2,530	
Total County Buildings			\$ 27,390

Other Operations

Miscellaneous

Trustee's Commission	\$	3,089	
Total Miscellaneous			3,089

Principal on Debt

General Government

Principal on Other Loans	\$	359,000	
Total General Government			359,000

(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	\$ 277,940	
Total General Government		\$ 277,940

Other Debt Service

General Government

Other Debt Service	\$ 76,054	
Total General Government		<u>76,054</u>

Total Courthouse and Jail Maintenance Fund		\$ 743,473
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Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Other Salaries and Wages	\$ 10,836	
Social Security	754	
State Retirement	404	
Medical Insurance	880	
Communication	76	
Maintenance and Repair Services - Equipment	3,634	
Gasoline	6,259	
Total Waste Pickup		\$ 22,843

Convenience Centers

Other Salaries and Wages	\$ 29,227	
Social Security	2,236	
Communication	743	
Maintenance and Repair Services - Buildings	349	
Maintenance and Repair Services - Equipment	516	
Rentals	2,300	
Utilities	818	
Other Supplies and Materials	1,097	
Total Convenience Centers		37,286

Other Waste Disposal

Trustee's Commission	\$ 5	
Total Other Waste Disposal		<u>5</u>

Total Solid Waste/Sanitation Fund		60,134
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Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Medical Personnel	\$ 111,682	
Longevity Pay	2,273	
Overtime Pay	37,173	
In-Service Training	323	
Social Security	11,065	
State Retirement	9,001	
Medical Insurance	5,429	
Communication	2,096	

(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.)

Operating Lease Payments	\$	73	
Licenses		470	
Maintenance and Repair Services - Equipment		228	
Maintenance and Repair Services - Vehicles		5,832	
Medical and Dental Services		70	
Custodial Supplies		246	
Drugs and Medical Supplies		12,569	
Gasoline		11,225	
Office Supplies		755	
Uniforms		359	
Utilities		3,072	
Other Supplies and Materials		1,538	
Premiums on Corporate Surety Bonds		200	
Refunds		698	
Trustee's Commission		1,261	
Building Improvements		3,142	
Data Processing Equipment		59	
Total Ambulance/Emergency Medical Services			\$ 220,839

Total Ambulance Service Fund \$ 220,839

Drug Control Fund

Public Safety

Sheriff's Department

Instructional Supplies and Materials	\$	3,594	
Other Charges		2,481	
Law Enforcement Equipment		31,659	
Total Sheriff's Department			\$ 37,734

Drug Enforcement

Trustee's Commission	\$	255	
Total Drug Enforcement			255

Total Drug Control Fund 37,989

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	64,613	
Accountants/Bookkeepers		36,205	
Overtime Pay		3,293	
Other Salaries and Wages		28,933	
Advertising		554	
Communication		7,000	
Data Processing Services		7,594	
Dues and Memberships		3,355	
Maintenance and Repair Services - Buildings		2,490	
Maintenance and Repair Services - Office Equipment		145	
Medical and Dental Services		175	
Postal Charges		360	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Printing, Stationery, and Forms	\$	85	
Electricity		5,946	
Natural Gas		2,240	
Office Supplies		3,640	
Water and Sewer		424	
Other Charges		1,598	
Office Equipment		1,979	
Total Administration			\$ 170,629

Highway and Bridge Maintenance

Foremen	\$	34,295	
Equipment Operators		111,084	
Truck Drivers		94,607	
Laborers		143,453	
Overtime Pay		1,040	
Explosive and Drilling Services		20,000	
Rentals		5,701	
Other Contracted Services		102,951	
Asphalt - Cold Mix		238,378	
Concrete		13,422	
Crushed Stone		140,919	
Other Road Supplies		2,950	
Pipe		46,657	
Road Signs		1,952	
Salt		529	
Wood Products		4,162	
Other Charges		998	
Total Highway and Bridge Maintenance			963,098

Operation and Maintenance of Equipment

Mechanic(s)	\$	56,340	
Overtime Pay		573	
Freight Expenses		115	
Maintenance and Repair Services - Equipment		930	
Towing Services		700	
Custodial Supplies		3,790	
Diesel Fuel		87,821	
Equipment and Machinery Parts		36,977	
Garage Supplies		988	
Gasoline		36,329	
Lubricants		13,998	
Small Tools		2,497	
Tires and Tubes		18,362	
Vehicle Parts		13,687	
Other Supplies and Materials		999	
Other Charges		497	
Total Operation and Maintenance of Equipment			274,603

Other Charges

Contributions	\$	100	
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(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Building and Contents Insurance	\$	1,488	
Liability Insurance		3,829	
Trustee's Commission		19,415	
Vehicle and Equipment Insurance		10,948	
Workers' Compensation Insurance		38,368	
Total Other Charges			\$ 74,148

Employee Benefits

Social Security	\$	43,944	
State Retirement		35,557	
Employee and Dependent Insurance		256,127	
Unemployment Compensation		6,206	
Total Employee Benefits			341,834

Capital Outlay

Bridge Construction	\$	18,629	
Highway Equipment		5,870	
Motor Vehicles		8,050	
Total Capital Outlay			32,549

Principal on Debt

Highways and Streets

Principal on Notes	\$	85,971	
Total Highways and Streets			85,971

Interest on Debt

Highways and Streets

Interest on Notes	\$	4,170	
Total Highways and Streets			4,170

Total Highway/Public Works Fund \$ 1,947,002

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	25,082	
Principal on Notes		696,526	
Principal on Other Loans		85,240	
Total General Government			\$ 806,848

Interest on Debt

General Government

Interest on Bonds	\$	3,960	
Interest on Notes		59,411	
Interest on Other Loans		19,893	
Total General Government			83,264

Other Debt Service

General Government

Trustee's Commission	\$	11,161	
Other Debt Service		27,121	
Total General Government			38,282

Total General Debt Service Fund 928,394

(Continued)

Exhibit K-8

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

<u>Education Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>Education</u>		
Principal on Bonds	\$ 1,120,000	
Total Education		\$ 1,120,000
<u>Interest on Debt</u>		
<u>Education</u>		
Interest on Bonds	\$ 642,000	
Total Education		642,000
<u>Other Debt Service</u>		
<u>Education</u>		
Bank Charges	\$ 250	
Trustee's Commission	22,440	
Total Education		22,690
 Total Education Debt Service Fund		 \$ 1,784,690
<u>General Capital Projects Fund</u>		
<u>Other Operations</u>		
<u>Miscellaneous</u>		
Bridge Construction	\$ 24,795	
Total Miscellaneous		\$ 24,795
 Total General Capital Projects Fund		 24,795
<u>CDBG Waterline Project Fund</u>		
<u>Capital Projects</u>		
<u>Public Health and Welfare Projects</u>		
Contracts with Government Agencies	\$ 19,000	
Engineering Services	78,499	
Other Contracted Services	291,508	
Other Charges	3,301	
Total Public Health and Welfare Projects		\$ 392,308
 Total CDBG Waterline Project Fund		 392,308
<u>FastTrack Grant Project Fund</u>		
<u>Capital Projects</u>		
<u>Public Utility Projects</u>		
Engineering Services	\$ 19,000	
Other Contracted Services	61,695	
Utilities	5,000	
Other Charges	5,500	
Total Public Utility Projects		\$ 91,195
 Total FastTrack Grant Program Fund		 91,195
<u>Hazard Mitigation Project Fund</u>		
<u>Other Operations</u>		
<u>Housing and Urban Development</u>		
Other Capital Outlay	\$ 19,687	
Total Housing and Urban Development		\$ 19,687
 Total Hazard Mitigation Project Fund		 19,687
 Total Governmental Funds - Primary Government		 <u>\$ 15,273,918</u>

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, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	7,135,148	
Career Ladder Program		69,738	
Career Ladder Extended Contracts		23,135	
Educational Assistants		395,968	
Other Salaries and Wages		13,169	
Certified Substitute Teachers		65,152	
Non-certified Substitute Teachers		58,916	
Social Security		452,045	
State Retirement		649,838	
Medical Insurance		1,303,955	
Unemployment Compensation		2,737	
Employer Medicare		107,383	
Maintenance and Repair Services - Equipment		14,215	
Other Contracted Services		29,618	
Instructional Supplies and Materials		121,734	
Textbooks		261,156	
Other Supplies and Materials		12,744	
Fee Waivers		17,546	
Other Charges		7,147	
Regular Instruction Equipment		138,451	
Total Regular Instruction Program			\$ 10,879,795

Alternative Instruction Program

Teachers	\$	43,004	
Career Ladder Program		1,000	
Career Ladder Extended Contracts		2,991	
Social Security		2,899	
State Retirement		4,173	
Medical Insurance		6,015	
Unemployment Compensation		50	
Employer Medicare		678	
Other Supplies and Materials		114	
Total Alternative Instruction Program			60,924

Special Education Program

Teachers	\$	839,012
Career Ladder Program		5,000
Career Ladder Extended Contracts		1,182
Educational Assistants		168,030
Speech Pathologist		42,553
Certified Substitute Teachers		6,240
Non-certified Substitute Teachers		4,098
Social Security		62,939
State Retirement		87,874
Medical Insurance		167,260
Unemployment Compensation		2,230
Employer Medicare		14,722
Contracts with Private Agencies		4,810
Maintenance and Repair Services - Equipment		231

(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.)

Instructional Supplies and Materials	\$	3,493	
Other Supplies and Materials		1,000	
Special Education Equipment		9,352	
Total Special Education Program			\$ 1,420,026

Vocational Education Program

Teachers	\$	542,205	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		509	
Certified Substitute Teachers		10,108	
Non-certified Substitute Teachers		4,222	
Social Security		33,765	
State Retirement		48,434	
Medical Insurance		91,621	
Unemployment Compensation		902	
Employer Medicare		7,917	
Instructional Supplies and Materials		9,133	
Other Charges		1,220	
Total Vocational Education Program			753,036

Support Services

Attendance

Supervisor/Director	\$	48,409	
Social Workers		36,322	
Social Security		4,882	
State Retirement		7,524	
Medical Insurance		16,965	
Unemployment Compensation		187	
Employer Medicare		1,142	
Travel		1,553	
Other Contracted Services		8,877	
Other Supplies and Materials		751	
Attendance Equipment		10,280	
Total Attendance			136,892

Health Services

Supervisor/Director	\$	48,500	
Medical Personnel		79,369	
Other Salaries and Wages		15,825	
Social Security		8,211	
State Retirement		12,430	
Medical Insurance		27,652	
Unemployment Compensation		230	
Employer Medicare		1,920	
Travel		10,767	
Drugs and Medical Supplies		837	
Other Supplies and Materials		10,620	
Health Equipment		841	
Total Health Services			217,202

(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.)

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		264,967	
Career Ladder Extended Contracts		4,200	
Other Salaries and Wages		13,372	
Social Security		16,654	
State Retirement		25,267	
Medical Insurance		50,307	
Unemployment Compensation		368	
Employer Medicare		3,895	
Contracts with Government Agencies		75,157	
Evaluation and Testing		42,839	
Other Supplies and Materials		1,996	
Other Charges		3,856	
Total Other Student Support			\$ 504,878

Regular Instruction Program

Supervisor/Director	\$	140,112	
Career Ladder Program		4,000	
Career Ladder Extended Contracts		1,000	
Librarians		223,839	
Instructional Computer Personnel		119,414	
Other Salaries and Wages		26,213	
Social Security		29,588	
State Retirement		41,169	
Medical Insurance		67,543	
Unemployment Compensation		800	
Employer Medicare		7,299	
Travel		25,895	
Other Contracted Services		1,000	
Library Books/Media		3,402	
Other Supplies and Materials		565	
In Service/Staff Development		10,196	
Other Charges		134	
Other Equipment		4,663	
Total Regular Instruction Program			706,832

Special Education Program

Supervisor/Director	\$	59,812	
Career Ladder Program		1,000	
Psychological Personnel		47,343	
Social Security		6,551	
State Retirement		9,611	
Medical Insurance		19,161	
Unemployment Compensation		116	
Employer Medicare		1,532	
Communication		217	
Travel		10,130	
Other Supplies and Materials		998	
In Service/Staff Development		999	
Other Equipment		1,040	
Total Special Education Program			158,510

(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

Supervisor/Director	\$	16,113	
Social Security		855	
State Retirement		1,431	
Medical Insurance		1,407	
Unemployment Compensation		58	
Employer Medicare		200	
Travel		1,453	
Total Vocational Education Program			\$ 21,517

Other Programs

On-Behalf Payments to OPEB	\$	95,672	
Total Other Programs			95,672

Board of Education

Secretary to Board	\$	667	
Board and Committee Members Fees		12,580	
Social Security		821	
State Retirement		59	
Unemployment Compensation		77	
Employer Medicare		192	
Audit Services		7,000	
Contracts with Government Agencies		3,822	
Contracts with Private Agencies		7,190	
Dues and Memberships		8,862	
Legal Services		28,494	
Other Contracted Services		1,391	
Other Supplies and Materials		120	
Liability Insurance		35,691	
Premiums on Corporate Surety Bonds		320	
Trustee's Commission		106,534	
Workers' Compensation Insurance		143,497	
Refund to Applicant for Criminal Investigation		2,376	
Other Charges		7,729	
Total Board of Education			367,422

Director of Schools

County Official/Administrative Officer	\$	87,154	
Career Ladder Program		1,000	
Social Security		5,376	
State Retirement		7,828	
Medical Insurance		5,929	
Unemployment Compensation		40	
Employer Medicare		1,278	
Communication		45,157	
Dues and Memberships		1,120	
Travel		4,476	
Other Charges		462	
Total Director of Schools			159,820

(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.)

Office of the Principal

Principals	\$	589,279	
Career Ladder Program		9,052	
Accountants/Bookkeepers		108,502	
Career Ladder Extended Contracts		4,000	
Assistant Principals		342,453	
Clerical Personnel		100,452	
Social Security		64,807	
State Retirement		95,057	
Medical Insurance		133,351	
Unemployment Compensation		1,738	
Employer Medicare		15,906	
Communication		6,319	
Dues and Memberships		3,625	
Other Charges		392	
Administration Equipment		806	
Total Office of the Principal			\$ 1,475,739

Fiscal Services

Accountants/Bookkeepers	\$	156,999	
Clerical Personnel		38,830	
Social Security		10,152	
State Retirement		12,043	
Medical Insurance		28,480	
Unemployment Compensation		338	
Employer Medicare		2,707	
Data Processing Services		10,036	
Maintenance and Repair Services - Office Equipment		5,074	
Travel		1,038	
Office Supplies		10,594	
Administration Equipment		3,660	
Total Fiscal Services			279,951

Operation of Plant

Custodial Personnel	\$	350,487	
Other Salaries and Wages		24,120	
Social Security		22,972	
State Retirement		21,349	
Medical Insurance		325	
Unemployment Compensation		1,545	
Employer Medicare		5,373	
Contracts with Government Agencies		5,895	
Contracts with Private Agencies		31,171	
Maintenance and Repair Services - Equipment		6,969	
Pest Control		5,050	
Other Contracted Services		6,112	
Custodial Supplies		57,303	
Electricity		821,011	
Natural Gas		84,575	
Water and Sewer		77,441	

(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 (Cont.)

Other Supplies and Materials	\$	8,037	
Boiler Insurance		1,272	
Building and Contents Insurance		48,825	
Other Charges		375	
Plant Operation Equipment		34,902	
Total Operation of Plant			\$ 1,615,109

Maintenance of Plant

Supervisor/Director	\$	60,112	
Maintenance Personnel		144,519	
Other Salaries and Wages		27,490	
Social Security		14,159	
State Retirement		16,155	
Medical Insurance		30,812	
Unemployment Compensation		372	
Employer Medicare		3,360	
Laundry Service		3,794	
Maintenance and Repair Services - Buildings		15,218	
Maintenance and Repair Services - Equipment		58,015	
Other Contracted Services		19,970	
Other Supplies and Materials		51,116	
Maintenance Equipment		3,800	
Total Maintenance of Plant			448,892

Transportation

Supervisor/Director	\$	40,706	
Mechanic(s)		94,751	
Bus Drivers		437,369	
Other Salaries and Wages		20,843	
Social Security		34,292	
State Retirement		36,163	
Medical Insurance		29,472	
Unemployment Compensation		2,188	
Employer Medicare		8,541	
Communication		368	
Contracts with Government Agencies		3,421	
Contracts with Private Agencies		9,613	
Contracts with Parents		1,820	
Laundry Service		2,769	
Maintenance and Repair Services - Vehicles		202	
Medical and Dental Services		2,153	
Towing Services		1,275	
Travel		1,345	
Diesel Fuel		185,016	
Equipment and Machinery Parts		395	
Garage Supplies		2,084	
Gasoline		26,115	
Lubricants		8,676	
Tires and Tubes		18,927	

(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 (Cont.)

Vehicle Parts	\$	60,542	
Gravel and Chert		2,214	
Other Supplies and Materials		1,938	
Vehicle and Equipment Insurance		31,463	
Other Charges		382	
Administration Equipment		931	
Transportation Equipment		293,234	
Total Transportation			\$ 1,359,208

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$	1,000	
Social Security		62	
State Retirement		89	
Unemployment Compensation		2	
Employer Medicare		14	
Total Food Service			1,167

Community Services

Supervisor/Director	\$	35,364	
Social Security		2,152	
State Retirement		3,140	
Medical Insurance		6,525	
Unemployment Compensation		58	
Employer Medicare		503	
Travel		1,031	
Other Supplies and Materials		1,728	
Total Community Services			50,501

Early Childhood Education

Supervisor/Director	\$	32,440	
Teachers		196,701	
Educational Assistants		66,912	
Certified Substitute Teachers		575	
Non-certified Substitute Teachers		2,394	
Social Security		17,453	
State Retirement		24,565	
Medical Insurance		42,512	
Unemployment Compensation		730	
Employer Medicare		4,086	
Travel		2,048	
Instructional Supplies and Materials		30,431	
Other Supplies and Materials		21,943	
In Service/Staff Development		1,361	
Other Charges		200	
Other Equipment		53,504	
Total Early Childhood Education			497,855

(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.)

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	16,370	
Site Development		15,410	
Other Capital Outlay		207,264	
Total Regular Capital Outlay			\$ 239,044

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	296,000	
Total Education			296,000

Total General Purpose School Fund \$ 21,745,992

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	413,992	
Educational Assistants		22,650	
Certified Substitute Teachers		3,831	
Non-certified Substitute Teachers		6,132	
Social Security		26,219	
State Retirement		38,304	
Medical Insurance		76,169	
Unemployment Compensation		762	
Employer Medicare		6,202	
Maintenance and Repair Services - Equipment		7,126	
Other Contracted Services		48,138	
Instructional Supplies and Materials		47,131	
Regular Instruction Equipment		133,343	
Total Regular Instruction Program			\$ 829,999

Special Education Program

Educational Assistants	\$	253,923	
Speech Pathologist		94,206	
Non-certified Substitute Teachers		533	
Social Security		21,252	
State Retirement		23,415	
Medical Insurance		11,613	
Unemployment Compensation		1,374	
Employer Medicare		4,970	
Contracts with Private Agencies		441	
Other Contracted Services		262	
Instructional Supplies and Materials		14,300	
Other Supplies and Materials		5,974	
Special Education Equipment		12,510	
Total Special Education Program			444,773

Vocational Education Program

Maintenance and Repair Services - Equipment	\$	149	
Instructional Supplies and Materials		4,133	
Vocational Instruction Equipment		33,439	
Total Vocational Education Program			37,721

(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.)

Adult Education Program

Teachers	\$	11,520	
Unemployment Compensation		62	
Employer Medicare		160	
Instructional Supplies and Materials		208	
Other Equipment		1,559	
Total Adult Education Program			\$ 13,509

Support Services

Other Student Support

Bus Drivers	\$	209	
Other Salaries and Wages		500	
Social Security		41	
State Retirement		56	
Unemployment Compensation		1	
Employer Medicare		10	
Travel		13,142	
In Service/Staff Development		148	
Other Charges		7,170	
Regular Instruction Equipment		996	
Total Other Student Support			22,273

Regular Instruction Program

Supervisor/Director	\$	58,955	
Social Security		3,635	
State Retirement		5,235	
Medical Insurance		6,015	
Unemployment Compensation		58	
Employer Medicare		850	
Travel		7,442	
Library Books/Media		670	
Other Supplies and Materials		879	
In Service/Staff Development		22,657	
Other Charges		900	
Other Equipment		2,288	
Total Regular Instruction Program			109,584

Special Education Program

Assessment Personnel	\$	10,995	
Clerical Personnel		21,960	
Social Security		1,357	
State Retirement		1,567	
Medical Insurance		19,080	
Unemployment Compensation		118	
Employer Medicare		445	
Travel		19,897	
Other Contracted Services		83,453	
Other Supplies and Materials		7,311	
In Service/Staff Development		4,421	
Total Special Education Program			170,604

(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.)

Vocational Education Program

Other Equipment	\$ 1,381	
Total Vocational Education Program		\$ 1,381

Adult Programs

Supervisor/Director	\$ 40,334	
Other Salaries and Wages	18,975	
Social Security	3,787	
State Retirement	5,132	
Unemployment Compensation	103	
Employer Medicare	886	
Communication	880	
Postal Charges	46	
In Service/Staff Development	658	
Total Adult Programs		70,801

Transportation

Bus Drivers	\$ 22,349	
Other Salaries and Wages	375	
Social Security	1,409	
State Retirement	1,588	
Unemployment Compensation	115	
Employer Medicare	329	
Contracts with Parents	4,219	
Total Transportation		30,384

Total School Federal Projects Fund \$ 1,731,029

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 50,225
Accountants/Bookkeepers	36,218
Clerical Personnel	24,050
Cafeteria Personnel	567,906
Other Salaries and Wages	17,484
Social Security	42,708
State Retirement	45,286
Medical Insurance	11,901
Unemployment Compensation	408
Employer Medicare	10,050
Communication	3,306
Legal Notices, Recording, and Court Costs	50
Maintenance and Repair Services - Equipment	6,244
Pest Control	3,240
Printing, Stationery, and Forms	1,050
Travel	2,805
Other Contracted Services	4,427
Data Processing Supplies	2,797
Equipment and Machinery Parts	8,190

(Continued)

Exhibit K-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Food Supplies	\$	835,046	
Office Supplies		1,364	
Uniforms		354	
USDA - Commodities		113,420	
Other Supplies and Materials		80,589	
In Service/Staff Development		2,023	
Refund to Applicant for Criminal Investigation		210	
Food Service Equipment		2,438	
Total Food Service			\$ 1,873,789

Total Central Cafeteria Fund \$ 1,873,789

Total Governmental Funds - Smith County School Department \$ 25,350,810

Exhibit K-10

Smith County, Tennessee  
Schedule of Detailed Revenues and Expenses  
Proprietary Fund  
For the Year Ended June 30, 2013

	Major Enterprise Fund
	Solid Waste Disposal
<hr/>	
<u>Revenues</u>	
<u>Operating Revenues</u>	
<u>Licenses and Permits</u>	
Other Permits	\$ 1,000
<u>Charges for Current Services</u>	
Tipping Fees	1,104,173
Total Operating Revenues	<u>\$ 1,105,173</u>
<u>Nonoperating Revenues</u>	
<u>Recurring Items</u>	
Lease/Rentals	\$ 2,120
Sale of Recycled Materials	21,912
<u>Nonrecurring Items</u>	
Grants	16,862
Contributions	2,898
Total Nonoperating Revenue	<u>\$ 43,792</u>
Total Revenues	<u>\$ 1,148,965</u>
<u>Expenses</u>	
<u>Operating Expenses</u>	
<u>Waste Pickup</u>	
Other Contracted Services	\$ 48,063
State Retirement	3,115
Medical Insurance	3,960
Maintenance and Repair Services - Equipment	8,934
Gasoline	31,319
<u>Convenience Centers</u>	
Other Salaries and Wages	119,780
Social Security	9,163
Communication	3,123
Maintenance and Repair Services - Buildings	650
Maintenance and Repair Services - Equipment	3,191
Rentals	3,250
Utilities	6,376
Other Supplies and Materials	1,741
Site Development	380
<u>Other Waste Collection</u>	
Other Contracted Services	11,984

(Continued)

Exhibit K-10

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

	Major Enterprise Fund
	Solid Waste Disposal
<hr/>	
<u>Expenses (Cont.)</u>	
<u>Operating Expenses (Cont.)</u>	
<u>Landfill Operation and Maintenance</u>	
Supervisor/Director	\$ 42,500
Salary Supplements	400
Attendants	5,210
Longevity Pay	2,403
Overtime Pay	635
Other Salaries and Wages	217,813
In-Service Training	690
Social Security	23,888
State Retirement	17,186
Advertising	181
Communication	4,000
Contracts with Private Agencies	7,461
Engineering Services	34,257
Maintenance and Repair Services	68,685
Medical and Dental Services	385
Travel	352
Other Contracted Services	59,166
Gasoline	144,116
Office Supplies	934
Utilities	8,000
Other Supplies and Materials	39,251
Building and Contents Insurance	2,277
Liability Insurance	1,430
Refunds	100
Trustee's Commission	11,153
Vehicle and Equipment Insurance	5,263
Worker's Compensation Insurance	50,000
Depreciation	215,523
Other Charges	369
<u>Employee Benefits</u>	
Longevity Pay	750
State Retirement	52
Total Operating Expenses	<u>\$ 1,219,459</u>
<u>Nonoperating Expenses</u>	
Interest on Notes	\$ 49,507
Interest on Other Loans	79,721
Total Nonoperating Expenses	<u>\$ 129,228</u>
Total Expenses	<u><u>\$ 1,348,687</u></u>

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, 2013

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 1,163,008</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,151,378
Trustee's Commission	11,630
Total Cash Disbursements	<u>\$ 1,163,008</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2012	<u>0</u>
Cash Balance, June 30, 2013	<u><u>\$ 0</u></u>

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## **SINGLE AUDIT SECTION**

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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***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2013, and the related notes to the financial statements, which collectively comprise Smith County's basic financial statements, and have issued our report thereon dated December 19, 2013. Our report includes a reference to other auditors who audited the financial statements of the Smith County Emergency Communications District as described in our report of 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**

In planning and performing our audit of the financial statements, we considered Smith County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Smith County's internal control.

*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 a 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2013-001, 2013-002, 2013-007, and 2013-008.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Smith County's financial statements are free from 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: 2013-003, 2013-004, 2013-005, and 2013-006.

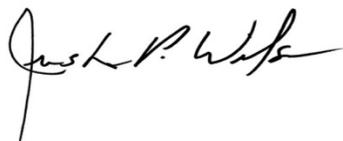
### **Smith County's Responses to Findings**

Smith County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Smith County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Smith County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

December 19, 2013

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 For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Smith County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Smith County's major federal programs for the year ended June 30, 2013. 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.

*Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of Smith County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Smith County's compliance.

#### *Opinion on Each Major Federal Program*

In our opinion, Smith County complied, in all material respects, with the types of compliance 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, 2013.

#### **Report on Internal Control Over Compliance**

Management of Smith County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Smith County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

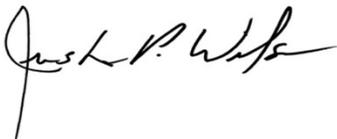
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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, 2013, and the related notes to the financial statements, which collectively comprise Smith County's basic financial statements. We issued our report thereon dated December 19, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying 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 Schedule of Expenditure of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

December 19, 2013

JPW/sb

Smith County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2013

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 357,157
National School Lunch Program	10.555	N/A	794,514 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	113,420 (3)
Total U.S. Department of Agriculture			\$ 1,265,091
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii	14.228	GG-1238444	\$ 347,500
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(4)	\$ 45,460
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	(2)	\$ 63,196
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	726,905
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	621,139
Special Education - Preschool Grants	84.173	N/A	24,861
Career and Technical Education - Basic Grants to States	84.048	N/A	50,874
Twenty-first Century Community Learning Centers	84.287	N/A	93,296
Improving Teacher Quality State Grants	84.367	N/A	91,695
State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	148,522
Total U.S. Department of Education			\$ 1,820,488
U.S. Department of Health and Human Services:			
Passed-through State Department of Mental Health and Substance Abuse Services:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	\$ 39,640
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1909-DR-TN	\$ 15,353
Hazard Mitigation Grant	97.039	GG1136203	78,781
Emergency Management Performance Grants	97.042	(2)	12,350
Total U.S. Department of Homeland Security			\$ 106,484
Total Expenditures of Federal Awards			\$ 3,624,663

(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
<u>State Grants</u>			
Aging Program - Upper Cumberland Development District	N/A	(2)	\$ 15,000
Local Health Services Grant - State Department of Health	N/A	GG1338859	12,989
Youth Services Officer Grant - State Commission on Children and Youth	N/A	(2)	9,000
Law Enforcement Training - State Department of Safety	N/A	(2)	14,800
Litter Program - State Department of Transportation	N/A	(2)	32,266
Library Technology Grant - Tennessee Secretary of State	N/A	(2)	1,653
Farmer's Market Grant - State Department of Education	N/A	DG-1235548	1,000
Disaster Grant - State Department of Military	N/A	(5)	78,581
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	6,981
Used Oil Grant - State Department of Environment and Conservation	N/A	GG-1237735	9,881
Pilot and Voluntary State Funded Classrooms Grant - State Department of Education	N/A	(2)	499,184
ConnecTenn Grant - State Department of Education	N/A	(2)	10,416
Safe Schools Act - State Department of Education	N/A	(2)	17,300
Family Resource - State Department of Education	N/A	(2)	29,612
Coordinated School Health - State Department of Education	N/A	(2)	99,727
Tennessee Arts Commission STS - State Department of Education	N/A	(2)	2,400
Adult Education - State Department of Labor and Workforce	N/A	(2)	21,065
Fasttrack Infrastructure Development Program - State Department of Economic and Community Development	N/A	(2)	78,676
Hazard Mitigation Project - State Department of Military (TEMA)	N/A	GG1136203	2,812
Total State Grants			\$ 943,343

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 \$907,934.
- (4) Z13GHS283: \$25,108; Z12GHJS264: \$20,352.
- (5) 1909-DR-TN: \$77,430; 1974-DR-TN: \$1,151.

Smith County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2013

*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, 2012, which have not been corrected.

**OFFICE OF COUNTY MAYOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.01	181	The Solid Waste Disposal Fund had a deficit in unrestricted net position

**OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.05	183	The execution docket trial balances did not reconcile with general ledger accounts
12.06	184	Unclaimed funds were not reported and paid to the state

**OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK AND CLERK AND MASTER**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.08	185	Multiple employees operated from the same cash drawer

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

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.09	185	Duties were not segregated adequately

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**SMITH COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2013**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. Our report on the financial statements of Smith County is unmodified.
2. The audit of the financial statements of Smith County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
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 unmodified 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), Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii (CFDA No. 14.228), the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), and the State Fiscal Stabilization Program – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) 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 included in this report. Other management officials did not provide responses for inclusion in this report.

### OFFICE OF COUNTY MAYOR

#### FINDING 2013-001

#### **THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET POSITION**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The Solid Waste Disposal Fund had a deficit of \$2,483,258 in unrestricted net position at June 30, 2013. This deficit resulted from the recognition of a liability of \$2,636,569 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 position.

#### MANAGEMENT'S RESPONSE – COUNTY MAYOR

The Solid Waste Disposal Fund is a proprietary fund that has a liability for the closure and postclosure costs for the life of the landfill. Smith County does some of the closure and postclosure work in house to cut down on costs. The closure and postclosure costs will be spread out over several years as each cell meets its capacity.

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#### FINDING 2013-002

#### **THE SOLID WASTE DISPOSAL FUND HAD A CASH OVERDRAFT**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The Solid Waste Disposal Fund had a cash overdraft of \$19,606 at June 30, 2013. Sound business practices dictate that expenditures be held within available funds. The cash overdraft resulted from the issuance of checks exceeding cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2013.

## RECOMMENDATION

The office should not issue checks in excess of cash on deposit with the county trustee.

## MANAGEMENT'S RESPONSE – COUNTY MAYOR

The county mayor's accounts payable department wrote checks for some invoices before year-end for bills that were from the 2012-13 budget year. These checks, dated June 30, 2013, should not have been written, but should have been set up as accounts payable. By writing the checks, this caused a cash overdraft because on June 30, 2013, there were not enough funds to cover the checks, but by the day the checks were paid there were enough funds to cover the checks.

## FINDING 2013-003

### **THE OFFICE DID NOT DEPOSIT SOME FUNDS WITHIN THREE DAYS OF COLLECTION**

(Noncompliance Under *Government Auditing Standards*)

There are several departments in Smith County that receipt and collect cash for various activities and deposit these collections with the county trustee. As part of our audit procedures for obtaining reasonable assurance that funds were deposited with the county trustee within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected various months in the county's library, planning office, and wellness center to compare receipts with deposits for these months. As a result, we discovered that the library, planning office, and wellness center did not deposit some funds with the county trustee within three days of collection in 50, 19, and 12 percent of deposits tested, respectively. These deficiencies were the result of a lack of management oversight over cash collections. The delay in depositing the funds increases the risks of fraud and misappropriation.

## RECOMMENDATION

All funds should be deposited with the county trustee within three days of collection as required by state statute.

## MANAGEMENT'S RESPONSE – COUNTY MAYOR

The county mayor met with the county librarian, county planning director, and the county wellness center director to discuss their deposit practices. After the discussion, the county mayor instructed them to make deposits on Monday, Wednesday, and Friday. All agreed, and the county planning director even stated that he would make deposits every day. The County Commission adopted a receipting and depositing policy on November 14, 2011, Resolution 11-2011-14, and the county mayor will submit a revised policy at the January 13, 2014, County Commission meeting to include the requirement of depositing on at least Monday, Wednesday, and Friday or the deposits can be made more frequently if possible.

FINDING 2013-004

**THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**

(Noncompliance Under *Government Auditing Standards*)

System backups were not stored off-site. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper system backup procedures were implemented in April 2013.

RECOMMENDATION

Management should ensure backups are rotated off-site on a routine basis.

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**OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK**

FINDING 2013-005

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

(Noncompliance Under *Government Auditing Standards*)

At June 30, 2013, 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 \$5,746 and \$4,366, 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 is the result of management's failure to correctly identify funds held and the failure of management to correct the finding noted in prior-year audit reports.

RECOMMENDATION

Execution docket trial balances should be reconciled with cash journal accounts. Any funds held by the court for one year and unclaimed by the owner are considered abandoned and should be reported and paid to the state Treasurer's Office in compliance with state statute.

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FINDING 2013-006

**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 \$26,365. At June 30, 2013, Circuit Court had 31 outstanding checks issued before July 1, 2012, totaling \$18,488, and General Sessions Court had 93 outstanding checks issued before July 1, 2012, totaling \$7,877. 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 in internal controls 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.

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**OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK AND CLERK AND MASTER**

FINDING 2013-007

**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 and Clerk and Master. 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, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, AND SHERIFF**

**FINDING 2013-008**

**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, Circuit and General Sessions Courts Clerk, Clerk and Master, 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.

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**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, 2013**

There were no audit findings relative to federal awards presented in the prior- or current-years' Schedules of Findings and Questioned Costs.