
ANNUAL FINANCIAL REPORT SMITH COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



**ANNUAL FINANCIAL REPORT
SMITH COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2014**

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

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

SMITH COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Smith County, Tennessee
For the Year Ended June 30, 2014

Scope

We have audited the basic financial statements of Smith County as of and for the year ended June 30, 2014.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The Education Debt Service Fund required a material audit adjustment for proper financial statement presentation.
- ◆ The Solid Waste Disposal Fund had a deficit in unrestricted net position.
- ◆ Several departments did not deposit some funds within three days of collection.
- ◆ Expenditures exceeded appropriations.

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.

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, CLERK
AND MASTER, AND SHERIFF**

- ◆ Duties were not segregated adequately.

SMITH COUNTY

- ◆ Smith County had deficiencies related to Section 1033 Excess Federal Property.

INTRODUCTORY SECTION

Smith County Officials

June 30, 2014

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
Angie Hunter, 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
Scotty Enoch
Tommy Manning
Tim Maynard
Robin Moore
Brian Smith
Joe Taylor

Audit Committee

Larry Wilkerson, Chairman
Anthony Apple
Joseph Nixon
Laura Piper
David West

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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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, 2014, 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 2.15 percent, 2.45 percent, and 1.28 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, 2014, 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.

Change in Accounting Principle

As described in Note V.B., Smith County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

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 benefits plan on pages 78 - 80 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 Education Debt Service Fund, 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.

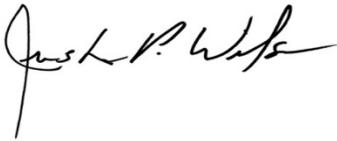
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, combining and individual fund financial statements of the Smith County School Department (a discretely presented component unit), and miscellaneous 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 Education Debt Service Fund, 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 January 27, 2015, 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

January 27, 2015

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Smith County, Tennessee
Statement of Net Position
June 30, 2014

	Primary Government		Component Units	
	Governmental Activities	Business-type Activities	Smith County School Department	Smith County Emergency Communications District
			Total	
ASSETS				
Cash	\$ 2,334	\$ 0	\$ 2,334	\$ 0
Equity in Pooled Cash and Investments	3,694,651	1,186,545	4,881,196	4,738,691
Accounts Receivable	429,723	197,513	627,236	2,085
Allowance for Uncollectibles	(149,370)	0	(149,370)	0
Due from Other Governments	737,554	1,829	739,383	381,557
Due from Other Funds	14	0	14	0
Due from Component Units	296,000	0	296,000	0
Property Taxes Receivable	4,545,630	0	4,545,630	3,499,733
Allowance for Uncollectible Property Taxes	(216,198)	0	(216,198)	(166,454)
Prepaid Items	400	0	400	0
Notes Receivable	30,000	0	30,000	0
Capital Assets:				
Assets Not Depreciated:				
Land	974,935	2,052,484	3,027,419	1,230,238
Intangible Assets - Indefinite Life	1,009,865	1,329,286	2,339,151	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	14,250,921	50,132	14,301,053	26,878,251
Infrastructure	19,036,766	0	19,036,766	93,256
Other Capital Assets	2,300,570	611,323	2,911,893	1,532,855
Landfill Facilities and Development	0	2,741,365	2,741,365	0
Total Assets	\$ 46,943,795	\$ 8,170,477	\$ 55,114,272	\$ 38,190,212
				\$ 839,915
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated Decrease in Fair Value of Hedging Derivative - Interest Rate Collar	\$ 847,789	\$ 0	\$ 847,789	\$ 0
Total Deferred Outflows of Resources	\$ 847,789	\$ 0	\$ 847,789	\$ 0
LIABILITIES				
Accounts Payable	\$ 0	\$ 28,507	\$ 28,507	\$ 21,196
Accrued Payroll	36,886	0	36,886	1,602
Payroll Deductions Payable	69,004	4,647	73,651	593,548
Due to Other Funds	0	14	14	0
Due to Primary Government	0	0	0	296,000
Due to State of Tennessee	0	0	0	11,653
Accrued Interest Payable	286,211	0	286,211	0
Derivative - Interest Rate Collar	847,789	0	847,789	0
Noncurrent Liabilities:				
Due Within One Year	2,617,286	591,335	3,208,621	24,439
Due in More Than One Year	21,949,993	7,905,610	29,855,603	600,977
Total Liabilities	\$ 25,807,169	\$ 8,530,113	\$ 34,337,282	\$ 1,549,415

(Continued)

Exhibit B

Smith County, Tennessee
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Position			Component Units		
	Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions		Primary Government			Smith County		
	Expenses	Services	Contributions	and Contributions	Governmental Activities	Business-type Activities	School Department	Emergency Communications District	Total	Department	District	
Primary Government:												
Governmental Activities:												
General Government	\$ 2,094,118	\$ 357,532	\$ 418,375	\$ 0	\$ (1,318,211)	\$ 0	\$ 0	\$ 0	\$ (1,318,211)	\$ 0	\$ 0	\$ 0
Finance	561,507	482,442	0	0	(79,065)	0	0	0	(79,065)	0	0	0
Administration of Justice	525,484	354,875	9,000	0	(161,609)	0	0	0	(161,609)	0	0	0
Public Safety	4,128,211	1,391,254	229,396	0	(2,507,561)	0	0	0	(2,507,561)	0	0	0
Public Health and Welfare	1,704,023	765,157	120,251	0	(818,615)	0	0	0	(818,615)	0	0	0
Social, Cultural, and Recreational Services	288,698	22,249	19,842	0	(246,607)	0	0	0	(246,607)	0	0	0
Agriculture and Natural Resources	138,774	0	0	0	(138,774)	0	0	0	(138,774)	0	0	0
Highways/Public Works	2,259,213	18,534	1,522,777	262,478	(455,424)	0	0	0	(455,424)	0	0	0
Interest on Long-term Debt	976,521	0	0	0	(976,521)	0	0	0	(976,521)	0	0	0
Total Governmental Activities	\$ 12,676,549	\$ 3,392,043	\$ 2,319,641	\$ 262,478	\$ (6,702,387)	\$ 0	\$ 0	\$ 0	\$ (6,702,387)	\$ 0	\$ 0	\$ 0
Business-type Activities:												
Solid Waste Disposal	\$ 1,796,422	\$ 1,890,610	\$ 5,199	\$ 0	\$ 0	\$ 99,387	\$ 0	\$ 0	\$ 99,387	\$ 0	\$ 0	\$ 0
Total Business-type Activities	\$ 1,796,422	\$ 1,890,610	\$ 5,199	\$ 0	\$ 0	\$ 99,387	\$ 0	\$ 0	\$ 99,387	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 14,472,971	\$ 5,282,653	\$ 2,324,840	\$ 262,478	\$ (6,702,387)	\$ 99,387	\$ 0	\$ 0	\$ (6,603,000)	\$ 0	\$ 0	\$ 0
Component Units:												
School Department	\$ 26,369,276	\$ 610,986	\$ 3,074,830	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (22,683,460)	\$ 0	\$ 0
Emergency Communications District	327,835	63,198	192,021	0	0	0	0	0	0	0	0	(72,616)
Total Component Units	\$ 26,697,111	\$ 674,184	\$ 3,266,851	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (22,683,460)	\$ 0	\$ (72,616)

(Continued)

Exhibit B

Smith County, Tennessee
Statement of Activities (Cont.)

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 Business-type Activities		Smith County School Department	Smith County Emergency Communications District
					Governmental Activities	Total		
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes			3,390,306	\$	0	\$	3,354,776	\$
Property Taxes Levied for Debt Service			968,393		0		0	0
Local Option Sales Taxes			1,297,437		0		1,434,828	0
Wheel Tax			1,120,956		0		0	0
Litigation Tax - General			65,839		0		65,839	0
Litigation Tax - Jail, Workhouse, or Courthouse			86,234		0		86,234	0
Business Tax			131,995		0		131,995	0
Mineral Severance Tax			61,963		0		61,963	0
Wholesale Beer Tax			38,910		0		38,910	0
Other Local Taxes			9,211		0		9,211	0
Grants and Contributions Not Restricted to Specific Purposes			710,581		0		710,581	0
Interest Income			78,083		0		78,083	67,263
Miscellaneous			9,568		2,150		5,972	1,258
Sale of Equipment			19,897		0		64,706	6,925
Donation of Capital Assets			293,044		0		0	0
Total General Revenues			\$ 8,282,417	\$	2,150	\$	21,729,641	\$ 75,446
Insurance Recovery			7,116	\$	0	\$	0	0
Change in Net Position			1,587,146	\$	101,537	\$	(953,819)	\$ 2,830
Net Position, July 1, 2013			16,165,028		(461,173)		34,336,165	836,885
Net Position, June 30, 2014			\$ 17,752,174	\$	(359,636)	\$	33,382,346	\$ 839,715

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

Smith County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	Education Debt Service	Other		
				Governmental Funds	Governmental Funds	
\$	0	0	0	2,334	0	2,334
Cash	536,308	382,947	2,264,292	511,104	0	3,694,651
Equity in Pooled Cash and Investments	429,250	0	0	473	0	429,723
Accounts Receivable	(149,370)	0	0	0	0	(149,370)
Allowance for Uncollectibles	236,205	317,336	92,595	91,418	0	737,554
Due from Other Governments	144,146	0	0	0	0	144,146
Due from Other Funds	0	0	296,000	0	0	296,000
Due from Component Units	3,318,712	216,420	469,045	541,453	0	4,545,630
Property Taxes Receivable	(157,843)	(10,294)	(22,309)	(25,752)	0	(216,198)
Allowance for Uncollectible Property Taxes	400	0	0	0	0	400
Prepaid Items	0	0	0	10,000	0	10,000
Notes Receivable - Current	0	0	0	20,000	0	20,000
Notes Receivable - Long-term	0	0	0	0	0	0
Total Assets	4,357,808	906,409	3,099,623	1,151,030	0	9,514,870

LIABILITIES

\$	36,886	0	0	0	0	36,886
Accounts Payable	67,803	0	0	1,201	0	69,004
Payroll Deductions Payable	0	0	0	144,132	0	144,132
Due to Other Funds	0	0	0	145,333	0	145,333
Total Liabilities	104,689	0	0	145,333	0	250,022

DEFERRED INFLOWS OF RESOURCES

\$	3,089,911	201,499	436,707	504,124	0	4,232,241
Deferred Current Property Taxes	64,358	4,197	9,096	10,500	0	88,151
Deferred Delinquent Property Taxes	210,979	151,152	46,300	0	0	408,431
Other Deferred/Unavailable Revenue	3,365,248	356,848	492,103	514,624	0	4,728,823
Total Deferred Inflows of Resources	3,660,536	713,696	984,206	1,029,224	0	6,387,662

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	Education Debt Service	Other	Governmental Funds	
\$	0	0	0	40,284	\$	40,284
8,364	0	0	0	0		8,364
7,466	0	0	0	49,534		57,000
80,311	0	0	0	0		80,311
0	549,561	0	0	0		549,561
0	0	2,607,520	0	315,111		2,922,631
0	0	0	0	84,747		84,747
67,207	0	0	0	0		67,207
0	0	0	0	1,397		1,397
724,523	0	0	0	0		724,523
\$	887,871	\$ 549,561	\$ 2,607,520	\$ 491,073	\$	4,536,025
\$	4,357,808	\$ 906,409	\$ 3,099,623	\$ 1,151,030	\$	9,514,870

FUND BALANCES

Nonspendable:
 Endowments
 Restricted:
 Restricted for General Government
 Restricted for Public Safety
 Restricted for Public Health and Welfare
 Restricted for Highways/Public Works
 Restricted for Debt Service
 Committed:
 Committed for General Government
 Committed for Administration of Justice
 Committed for Social, Cultural, and Recreational Services
 Unassigned
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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, 2014

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)		\$ 4,536,025
(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	14,250,921	
Add: infrastructure net of accumulated depreciation	19,036,766	
Add: other capital assets net of accumulated depreciation	<u>2,300,570</u>	37,573,057
(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	\$ (11,793,583)	
Less: notes payable	(1,922,470)	
Less: other loans payable	(10,464,630)	
Less: compensated absences payable	(224,398)	
Less: other postemployment benefits liability	(162,198)	
Less: accrued interest on bonds, notes, and other loans	<u>(286,211)</u>	(24,853,490)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>496,582</u>
Net position of governmental activities (Exhibit A)		<u>\$ 17,752,174</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, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	Education Debt Service	Other Governmental Funds		
<u>Revenues</u>						
Local Taxes	\$ 4,312,509	\$ 277,881	\$ 1,876,373	\$ 849,851	\$ 7,316,614	
Licenses and Permits	134,699	0	0	0	134,699	
Fines, Forfeitures, and Penalties	29,053	0	0	24,577	53,630	
Charges for Current Services	1,083,536	0	0	0	1,083,536	
Other Local Revenues	312,427	92,163	0	117,053	521,643	
Fees Received from County Officials	852,532	0	0	0	852,532	
State of Tennessee	1,369,840	1,763,255	0	411,656	3,544,751	
Federal Government	181,808	0	0	19,375	201,183	
Other Governments and Citizens Groups	162,410	0	296,000	0	458,410	
Total Revenues	\$ 8,438,814	\$ 2,133,299	\$ 2,172,373	\$ 1,422,512	\$ 14,166,998	
<u>Expenditures</u>						
Current:						
General Government	\$ 1,203,844	\$ 0	\$ 0	\$ 28,150	\$ 1,231,994	
Finance	562,424	0	0	0	562,424	
Administration of Justice	525,484	0	0	0	525,484	
Public Safety	3,792,472	0	0	31,265	3,823,737	
Public Health and Welfare	1,651,248	0	0	0	1,651,248	
Social, Cultural, and Recreational Services	309,503	0	0	0	309,503	
Agriculture and Natural Resources	138,774	0	0	0	138,774	
Other Operations	599,947	0	0	22,660	622,607	
Highways	0	2,228,100	0	0	2,228,100	
Debt Service:						
Principal on Debt	195,109	80,398	1,230,000	1,330,602	2,836,109	
Interest on Debt	63,247	2,280	589,000	352,953	1,007,480	
Other Debt Service	0	0	23,322	155,896	179,218	

(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	Education Debt Service	Other	Governmental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,791	\$ 2,791
Total Expenditures	\$ 9,042,052	\$ 2,310,778	\$ 1,842,322	\$ 1,924,317	\$ 15,119,469	\$ 15,119,469
Excess (Deficiency) of Revenues Over Expenditures	\$ (603,238)	\$ (177,479)	\$ 330,051	\$ (501,805)	\$ (952,471)	\$ (952,471)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 364,036	\$ 182,000	\$ 0	\$ 0	\$ 0	\$ 546,036
Insurance Recovery	558	6,558	0	0	0	7,116
Transfers In	0	0	0	3,335	3,335	3,335
Transfers Out	0	0	0	(3,335)	(3,335)	(3,335)
Total Other Financing Sources (Uses)	\$ 364,594	\$ 188,558	\$ 0	\$ 0	\$ 0	\$ 553,152
Net Change in Fund Balances	\$ (238,644)	\$ 11,079	\$ 330,051	\$ (501,805)	\$ (399,319)	\$ (399,319)
Fund Balance, July 1, 2013	1,126,515	538,482	2,277,469	992,878	4,935,344	4,935,344
Fund Balance, June 30, 2014	\$ 887,871	\$ 549,561	\$ 2,607,520	\$ 491,073	\$ 4,536,025	\$ 4,536,025

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, 2014

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)		\$ (399,319)
(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:		
follows:		
Add: capital assets purchased in the current period	\$ 649,145	
Less: current-year depreciation expense	<u>(984,703)</u>	(335,558)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Add: assets donated and capitalized	\$ 293,044	
Less: book value of capital assets disposed	<u>(59,942)</u>	233,102
(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, 2014	\$ 496,582	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(636,295)</u>	(139,713)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: note proceeds	\$ (546,036)	
Add: principal payments on bonds	1,292,984	
Add: principal payments on notes	1,077,225	
Add: principal payments on other loans	<u>465,900</u>	2,290,073
(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	\$ 30,959	
Change in compensated absences payable	(78,827)	
Change in other postemployment benefits liability	<u>(13,571)</u>	(61,439)
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,587,146</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 and Budget
General Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,312,509	\$ 4,222,720	\$ 4,222,720	\$ 89,789
Licenses and Permits	134,699	72,600	102,600	32,099
Fines, Forfeitures, and Penalties	29,053	52,600	52,600	(23,547)
Charges for Current Services	1,083,536	1,349,050	1,353,445	(269,909)
Other Local Revenues	312,427	372,496	399,732	(87,305)
Fees Received from County Officials	852,532	853,000	853,000	(468)
State of Tennessee	1,369,840	717,664	1,363,546	6,294
Federal Government	181,808	20,000	168,697	13,111
Other Governments and Citizens Groups	162,410	74,800	153,738	8,672
Total Revenues	\$ 8,438,814	\$ 7,734,930	\$ 8,670,078	\$ (231,264)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 36,070	\$ 34,745	\$ 36,335	\$ 265
Board of Equalization	2,150	2,150	2,150	0
County Mayor/Executive	180,070	180,730	182,782	2,712
County Attorney	39,982	50,000	40,000	18
Election Commission	172,692	153,110	194,640	21,948
Register of Deeds	151,854	150,837	152,622	768
Planning	10,911	13,750	12,160	1,249
Codes Compliance	118,786	98,300	131,115	12,329
County Buildings	491,329	488,806	494,494	3,165
<u>Finance</u>				
Property Assessor's Office	158,759	163,335	163,335	4,576
Reappraisal Program	16,753	16,753	16,753	0
County Trustee's Office	152,107	155,390	155,390	3,283
County Clerk's Office	234,805	239,596	239,596	4,791
<u>Administration of Justice</u>				
Circuit Court	265,054	279,008	279,008	13,954
General Sessions Judge	116,419	117,603	117,603	1,184
Chancery Court	116,569	117,943	117,943	1,374
Judicial Commissioners	21,997	23,530	23,530	1,533
Other Administration of Justice	5,445	6,000	6,000	555
<u>Public Safety</u>				
Sheriff's Department	2,112,352	2,272,363	2,171,982	59,630
Traffic Control	1,169	1,200	1,200	31
Jail	419,016	417,244	447,735	28,719
Correctional Incentive Program Improvements	685,778	632,890	696,043	10,265
Juvenile Services	36,117	38,976	38,976	2,859
Fire Prevention and Control	160,338	286,719	195,915	35,577
Rescue Squad	30,000	30,000	30,000	0
Other Emergency Management	35,420	39,764	40,385	4,965
Inspection and Regulation	2,584	2,584	2,584	0
County Coroner/Medical Examiner	43,611	30,500	41,381	(2,230)
Other Public Safety	266,087	264,826	266,686	599
<u>Public Health and Welfare</u>				
Local Health Center	28,438	25,576	29,737	1,299
Ambulance/Emergency Medical Services	1,393,683	1,462,080	1,469,844	76,161
Alcohol and Drug Programs	5,084	0	20,595	15,511

(Continued)

Exhibit C-5

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

	Actual	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	\$ 70,569	\$ 70,030	\$ 71,320	\$ 751
Appropriation to State	13,772	13,772	13,772	0
General Welfare Assistance	51,113	50,000	52,042	929
Other Local Welfare Services	10,000	10,000	10,000	0
Waste Pickup	29,365	34,238	34,238	4,873
Other Public Health and Welfare	49,224	25,900	68,100	18,876
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	55,024	59,657	59,657	4,633
Libraries	113,059	117,943	121,729	8,670
Parks and Fair Boards	129,455	142,700	141,194	11,739
Other Social, Cultural, and Recreational	11,965	12,000	12,204	239
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	59,073	62,646	62,646	3,573
Soil Conservation	11,000	11,000	11,000	0
Other Agriculture and Natural Resources	68,701	67,000	74,000	5,299
<u>Other Operations</u>				
Tourism	300	300	300	0
Industrial Development	4,876	14,497	14,497	9,621
Housing and Urban Development	42,207	0	42,207	0
Other Economic and Community Development	32,867	32,867	32,867	0
Veterans' Services	18,910	14,540	19,640	730
Other Charges	280,957	266,131	281,209	252
Employee Benefits	52,828	53,080	53,080	252
Miscellaneous	167,002	184,788	177,836	10,834
<u>Principal on Debt</u>				
General Government	195,109	0	202,288	7,179
<u>Interest on Debt</u>				
General Government	63,247	0	65,125	1,878
Total Expenditures	\$ 9,042,052	\$ 9,039,397	\$ 9,439,470	\$ 397,418
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (603,238)	\$ (1,304,467)	\$ (769,392)	\$ 166,154
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 364,036	\$ 414,000	\$ 414,000	\$ (49,964)
Insurance Recovery	558	0	7,608	(7,050)
Transfers In	0	641,625	0	0
Total Other Financing Sources	\$ 364,594	\$ 1,055,625	\$ 421,608	\$ (57,014)
Net Change in Fund Balance				
Fund Balance, July 1, 2013	\$ 1,126,515	\$ 1,123,675	\$ 1,123,675	\$ 2,840
Fund Balance, June 30, 2014	\$ 887,871	\$ 874,833	\$ 775,891	\$ 111,980

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 277,881	\$ 286,860	\$ 286,860	\$ (8,979)
Other Local Revenues	92,163	30,150	85,620	6,543
State of Tennessee	1,763,255	2,229,501	2,229,501	(466,246)
Total Revenues	<u>\$ 2,133,299</u>	<u>\$ 2,546,511</u>	<u>\$ 2,601,981</u>	<u>\$ (468,682)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 172,347	\$ 181,684	\$ 182,302	\$ 9,955
Highway and Bridge Maintenance	895,675	1,069,091	1,097,766	202,091
Operation and Maintenance of Equipment	294,823	300,500	335,258	40,435
Other Charges	80,070	84,748	83,025	2,955
Employee Benefits	340,802	399,000	395,000	54,198
Capital Outlay	444,383	801,506	805,206	360,823
<u>Principal on Debt</u>				
Highways and Streets	80,398	81,910	81,910	1,512
<u>Interest on Debt</u>				
Highways and Streets	2,280	2,325	2,325	45
Total Expenditures	<u>\$ 2,310,778</u>	<u>\$ 2,920,764</u>	<u>\$ 2,982,792</u>	<u>\$ 672,014</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (177,479)</u>	<u>\$ (374,253)</u>	<u>\$ (380,811)</u>	<u>\$ 203,332</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 182,000	\$ 0	\$ 0	\$ 182,000
Insurance Recovery	6,558	0	6,558	0
Total Other Financing Sources	<u>\$ 188,558</u>	<u>\$ 0</u>	<u>\$ 6,558</u>	<u>\$ 182,000</u>
Net Change in Fund Balance	\$ 11,079	\$ (374,253)	\$ (374,253)	\$ 385,332
Fund Balance, July 1, 2013	<u>538,482</u>	<u>511,372</u>	<u>511,372</u>	<u>27,110</u>
Fund Balance, June 30, 2014	<u>\$ 549,561</u>	<u>\$ 137,119</u>	<u>\$ 137,119</u>	<u>\$ 412,442</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, 2014

	Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 1,186,545
Accounts Receivable	197,513
Due from Other Governments	1,829
Total Current Assets	<hr/> \$ 1,385,887
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	\$ 2,052,484
Construction in Progress	1,329,286
Assets Net of Accumulated Depreciation:	
Landfill Facilities and Development	2,741,365
Buildings and Improvements	50,132
Machinery and Equipment	611,323
Total Noncurrent Assets	<hr/> \$ 6,784,590
Total Assets	<hr/> \$ 8,170,477
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 28,507
Payroll Deductions Payable	4,647
Due to Other Funds	14
Capital Outlay Notes Payable	550,237
Other Loans Payable	28,954
Accrued Liability for Landfill Closure/Postclosure Care Costs	12,144
Total Current Liabilities	<hr/> \$ 624,503
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 2,853,289
Capital Outlay Notes Payable	3,252,639
Other Loans Payable	1,799,682
Total Noncurrent Liabilities	<hr/> \$ 7,905,610
Total Liabilities	<hr/> \$ 8,530,113
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 1,153,078
Unrestricted (Deficit)	<hr/> (1,512,714)
Total Net Position (Deficit)	<hr/> \$ (359,636)

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, 2014

	Business-type Activities - Major Enterprise Fund
	Solid Waste Disposal Fund
<u>Operating Revenues</u>	
Licenses and Permits	\$ 1,200
Charges for Current Services	1,775,124
Other Local Revenues	27,826
Other Governments and Citizens Groups	86,460
Total Operating Revenues	<u>\$ 1,890,610</u>
<u>Operating Expenses</u>	
Waste Pickup	\$ 116,253
Convenience Centers	181,371
Other Waste Collection	12,977
Landfill Operations and Maintenance	1,111,465
Employee Benefits	917
Miscellaneous	25
Depreciation Expense	209,885
Total Operating Expenses	<u>\$ 1,632,893</u>
Operating Income (Loss)	<u>\$ 257,717</u>
<u>Nonoperating Revenues (Expenses)</u>	
Gain on Disposal of Property	\$ 2,150
Grants Received	5,199
Interest on Notes	(84,961)
Interest on Other Loans	(78,568)
Total Nonoperating Revenues (Expenses)	<u>\$ (156,180)</u>
Change in Net Position	\$ 101,537
Net Position, July 1, 2013	<u>(461,173)</u>
Net Position, June 30, 2014	<u><u>\$ (359,636)</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, 2014

	Business-type Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 1,869,169
Payments to Suppliers	(429,132)
Payments to Employees	(604,191)
Other Payments	(132,524)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 703,322</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Grants Received	\$ 5,086
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 5,086</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Sale of Capital Assets	\$ 4,400
Proceeds from Issuance of Capital Debt	2,621,270
Acquisition and Construction of Capital Assets	(1,669,566)
Principal Paid on Capital Outlay Note	(267,080)
Principal Paid on Other Loan	(27,752)
Interest Paid on Capital Outlay Note	(84,961)
Interest Paid on Other Loan	(78,568)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ 497,743</u>
Net Increase (Decrease) in Cash	\$ 1,206,151
Cash, July 1, 2013	<u>(19,606)</u>
Cash, June 30, 2014	<u><u>\$ 1,186,545</u></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>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 257,717
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	209,885
(Increase) Decrease in Accounts Receivable, Net	(21,441)
(Increase) Decrease in Closure/Postclosure Payable	228,864
(Increase) Decrease in Accounts Payable	26,947
Increase (Decrease) in Payroll Deductions Payable	1,336
Increase (Decrease) in Due to Other Funds	<u>14</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 703,322</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, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,077,220
Due from Other Governments	<u>217,291</u>
Total Assets	<u>\$ 1,294,511</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 217,291
Due to Litigants, Heirs, and Others	<u>1,077,220</u>
Total Liabilities	<u>\$ 1,294,511</u>

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

SMITH COUNTY, TENNESSEE
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SMITH COUNTY, TENNESSEE
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SMITH COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2014.

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 funds 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.

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 two 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. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaid amounts at June 30, 2014, were considered immaterial and are included in unassigned fund balance in governmental funds.

4. 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

5. 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, 2014, 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.

6. Compensated Absences

Primary Government

It is the county's policy (with the exception of the Highway Department and the Office of County Clerk) not to allow employees to accumulate unused vacation days beyond year-end. The Highway Department and county clerk permit 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 Highway Department and 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 Highway Department and 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.

7. 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.

8. Net Position and Fund Balance

In the government-wide financial statements and the proprietary fund in the fund 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.

As of June 30, 2014, Smith County had \$10,550,000 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.

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.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

At June 30, 2014, the Smith County School Department reported the following significant encumbrance:

Fund	Description	Amount
School Department:		
Major Fund:		
General Purpose School	Textbooks	\$ 214,246

B. Net Position Deficit

The Solid Waste Disposal Fund had a deficit of \$1,512,714 in unrestricted net position at June 30, 2014. This deficit resulted from the recognition of a liability of \$2,865,433 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. 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:	
County Coroner/Medical Examiner	\$ 2,230
General Debt Service:	
Interest on Debt	19,943
Other Debt Service	201

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, 2014.

B. Note Receivable

The General Debt Service Fund had a long-term note receivable of \$30,000 on June 30, 2014, 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, 2014, Smith County had the following derivative instrument outstanding:

<u>Instrument</u>	<u>Type</u>	<u>Objective</u>	<u>Original Notional Amount</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>
\$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, 2014, classified by type, and the change in fair value of the derivative instrument for the year then ended as reported in the 2014 financial statements are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2014		6-30-14
	Classification	Amount	Classification	Amount	Notional Amount
Governmental Activities:					
Cash Flow Hedges:					
Interest Rate Collar:					
\$10M collar	Deferred	\$ (42,207)	Debt	\$ (847,789)	\$ 8,697,000
	Outflow				

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, 2014, the interest rate collar has a negative fair value of \$847,789. 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, 2014, 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, 2014, was rated as follows:

Moody's		Standard and Poor's		Fitch	
S/T	L/T	S/T	L/T	S/T	L/T
A2	P-1	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, 2014, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 974,935	\$ 0	\$ 0	\$ 974,935
Intangible Assets - Indefinite Life	1,009,865	0	0	1,009,865
Total Capital Assets				
Not Depreciated	\$ 1,984,800	\$ 0	\$ 0	\$ 1,984,800
Capital Assets Depreciated:				
Buildings and Improvements	\$ 16,465,156	\$ 0	\$ 0	\$ 16,465,156
Infrastructure	25,671,991	166,267	0	25,838,258
Other Capital Assets	4,633,479	775,922	(428,562)	4,980,839
Total Capital Assets				
Depreciated	\$ 46,770,626	\$ 942,189	\$ (428,562)	\$ 47,284,253

Governmental Activities (Cont.):

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,846,100	\$ 368,135	\$ 0	\$ 2,214,235
Infrastructure	6,644,368	157,124	0	6,801,492
Other Capital Assets	2,589,445	459,444	(368,620)	2,680,269
Total Accumulated Depreciation	<u>\$ 11,079,913</u>	<u>\$ 984,703</u>	<u>\$ (368,620)</u>	<u>\$ 11,695,996</u>
Total Capital Assets Depreciated, Net	<u>\$ 35,690,713</u>	<u>\$ (42,514)</u>	<u>\$ (59,942)</u>	<u>\$ 35,588,257</u>
Governmental Activities Capital Assets, Net	<u>\$ 37,675,513</u>	<u>\$ (42,514)</u>	<u>\$ (59,942)</u>	<u>\$ 37,573,057</u>

Business-type Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 2,052,484	\$ 0	\$ 0	\$ 2,052,484
Construction in Progress	0	1,329,286	0	1,329,286
Total Capital Assets Not Depreciated	<u>\$ 2,052,484</u>	<u>\$ 1,329,286</u>	<u>\$ 0</u>	<u>\$ 3,381,770</u>
Capital Assets Depreciated:				
Landfill Facilities and Development	\$ 3,694,767	\$ 0	\$ 0	\$ 3,694,767
Buildings and Improvements	74,039	0	0	74,039
Other Capital Assets	1,046,944	340,280	(45,000)	1,342,224
Total Capital Assets Depreciated	<u>\$ 4,815,750</u>	<u>\$ 340,280</u>	<u>\$ (45,000)</u>	<u>\$ 5,111,030</u>
Less Accumulated Depreciation For:				
Landfill Facilities and Development	\$ 817,176	\$ 136,226	\$ 0	\$ 953,402
Buildings and Improvements	22,288	1,619	0	23,907
Other Capital Assets	701,611	72,040	(42,750)	730,901
Total Accumulated Depreciation	<u>\$ 1,541,075</u>	<u>\$ 209,885</u>	<u>\$ (42,750)</u>	<u>\$ 1,708,210</u>
Total Capital Assets Depreciated, Net	<u>\$ 3,274,675</u>	<u>\$ 130,395</u>	<u>\$ (2,250)</u>	<u>\$ 3,402,820</u>
Business-type Activities Capital Assets, Net	<u>\$ 5,327,159</u>	<u>\$ 1,459,681</u>	<u>\$ (2,250)</u>	<u>\$ 6,784,590</u>

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

Governmental Activities:

General Government	\$ 45,691
Public Safety	515,055
Public Health and Welfare	139,459
Social, Cultural, and Recreational Services	61,737
Highways/Public Works	<u>222,761</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 984,703</u>

Business-type Activities:

Solid Waste Disposal	<u>\$ 209,885</u>
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Discretely Presented Smith County School Department**Governmental Activities:**

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 1,226,738	\$ 3,500	\$ 0	\$ 1,230,238
Total Capital Assets Not Depreciated	<u>\$ 1,226,738</u>	<u>\$ 3,500</u>	<u>\$ 0</u>	<u>\$ 1,230,238</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 39,052,541	\$ 0	\$ 0	\$ 39,052,541
Infrastructure	129,000	0	0	129,000
Other Capital Assets	2,840,637	241,500	(200,628)	2,881,509
Total Capital Assets Depreciated	<u>\$ 42,022,178</u>	<u>\$ 241,500</u>	<u>\$ (200,628)</u>	<u>\$ 42,063,050</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 11,305,844	\$ 868,446	\$ 0	\$ 12,174,290
Infrastructure	32,519	3,225	0	35,744
Other Capital Assets	1,368,137	170,823	(190,306)	1,348,654
Total Accumulated Depreciation	<u>\$ 12,706,500</u>	<u>\$ 1,042,494</u>	<u>\$ (190,306)</u>	<u>\$ 13,558,688</u>
Total Capital Assets Depreciated, Net	<u>\$ 29,315,678</u>	<u>\$ (800,994)</u>	<u>\$ (10,322)</u>	<u>\$ 28,504,362</u>
Governmental Activities Capital Assets, Net	<u>\$ 30,542,416</u>	<u>\$ (797,494)</u>	<u>\$ (10,322)</u>	<u>\$ 29,734,600</u>

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

Governmental Activities:

Instruction	\$ 853,885
Support Services	<u>188,609</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,042,494</u></u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 144,132
"	Solid Waste Disposal	14
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	1,061
Nonmajor governmental	General Purpose School	58

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.

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit:		
Primary Government	School Department	
Education Debt Service	General Purpose School	\$ 296,000

The Due to Primary Government represents an annual amount that the School Department has agreed to contribute to the county for the retirement of debt. This amount is set in the annual budget and is not contributed for any specific debt, but is to be applied to any school debt being retired from the Education Debt Service Fund. The School Department had not made its

contribution as of June 30, 2014; therefore this obligation is reflected in the governmental activities on the Statement of Net Position.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2014, consisted of the following amounts:

Primary Government

	Transfer In Nonmajor Govern- mental Fund
Transfer Out	
Nonmajor governmental fund	\$ 3,335

Discretely Presented Smith County School Department

	Transfer In General Purpose School Fund
Transfer Out	
Nonmajor governmental fund	\$ 12,692

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, 2014, 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, 2014, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds	4.25 to 4.63 %	10-16-42	\$ 1,597,200	\$ 1,243,583
General Obligation Bonds - Refunding	5	4-1-21	12,800,000	10,550,000
Capital Outlay Notes	1.97 to 3.85	3-7-20	3,311,243	1,922,470
Other Loans	variable	5-25-30	12,628,599	10,464,630

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, 2014, the variable interest rate for each of these loans was .28 percent. Other fees based on the outstanding loan principal at June 30, 2014, 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, 2014, the interest rate was .28 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, 2014, 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, 2014, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 690,382	\$ 53,370	\$ 743,752
2016	590,049	34,157	624,206
2017	331,744	20,302	352,046
2018	139,734	11,592	151,326
2019	136,398	8,680	145,078
2020	34,163	1,071	35,234
Total	\$ 1,922,470	\$ 129,172	\$ 2,051,642

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2015	\$ 487,690	\$ 257,162	\$ 137,007	\$ 881,859
2016	510,630	246,156	130,765	887,551
2017	533,710	234,612	124,228	892,550
2018	559,940	222,507	117,397	899,844
2019	585,340	209,778	110,230	905,348
2020-2024	3,369,920	834,917	431,390	4,636,227
2025-2029	3,653,400	409,836	197,654	4,260,890
2030	764,000	22,156	10,799	796,955
Total	\$ 10,464,630	\$ 2,437,124	\$ 1,259,470	\$ 14,161,224

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2020-2024	3,741,357	456,010	4,197,367
2025-2029	445,970	109,027	554,997
2030-2034	58,900	38,714	97,614
2035-2039	47,153	18,651	65,804
2040-2042	13,245	2,160	15,405
Total	\$ 11,793,583	\$ 2,852,719	\$ 14,646,302

There is \$315,111 available in the General Debt Service Fund and \$2,607,520 available in the Education Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled \$1,555, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Notes	Other Loans	Bonds
Balance, July 1, 2013	\$ 2,453,659	\$ 10,930,530	\$ 13,086,567
Additions	546,036	0	0
Reductions	(1,077,225)	(465,900)	(1,292,984)
Balance, June 30, 2014	<u>\$ 1,922,470</u>	<u>\$ 10,464,630</u>	<u>\$ 11,793,583</u>
Balance Due Within One Year	<u>\$ 690,382</u>	<u>\$ 487,690</u>	<u>\$ 1,360,191</u>

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2013	\$ 145,571	\$ 148,627
Additions	160,921	15,153
Reductions	(82,094)	(1,582)
Balance, June 30, 2014	<u>\$ 224,398</u>	<u>\$ 162,198</u>
Balance Due Within One Year	<u>\$ 79,023</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 24,567,279
Less: Due Within One Year	<u>(2,617,286)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 21,949,993</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, 2014, the following outstanding bonds are considered defeased:

	<u>Amount</u>
2000 School Bonds	\$ 5,170,000
2001 School Bonds	5,550,000

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, 2014, will be retired from the Solid Waste Disposal Fund.

Capital outlay notes and other loans outstanding as of June 30, 2014, 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 6-30-14</u>
Capital Outlay Notes	2.19 to 4.21 %	7-19-22	\$ 4,658,991	\$ 3,802,876
Other Loans	4.25	12-6-45	2,000,000	1,828,636

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, 2014, including interest payments, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 550,237	\$ 116,258	\$ 666,495
2016	550,237	98,487	648,724
2017	826,763	80,859	907,622
2018	352,950	56,331	409,281
2019	352,950	45,157	398,107
2020-2023	1,169,739	75,016	1,244,755
Total	\$ 3,802,876	\$ 472,108	\$ 4,274,984

Year Ending June 30	Other Loans		
	Principal	Interest	Total
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
2020-2024	195,181	336,419	531,600
2025-2029	241,303	290,297	531,600
2030-2034	298,321	233,279	531,600
2035-2039	368,817	162,783	531,600
2040-2044	455,969	75,631	531,600
2045-2046	111,171	2,993	114,164
Total	\$ 1,828,636	\$ 1,475,128	\$ 3,303,764

Changes in Long-term Obligations

Long-term obligations activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2014, was as follows:

Business-type Activities:

	Notes	Other Loans	Closure/ Postclosure Care Costs
Balance, July 1, 2013	\$ 1,448,686	\$ 1,856,388	\$ 2,636,569
Additions	2,621,270	0	228,864
Reductions	(267,080)	(27,752)	0
Balance, June 30, 2014	\$ 3,802,876	\$ 1,828,636	\$ 2,865,433
Balance Due Within One Year	\$ 550,237	\$ 28,954	\$ 12,144

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 8,496,945
Less: Due Within One Year	<u>(591,335)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 7,905,610</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, 2014, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>
Balance, July 1, 2013	\$ 58,215	\$ 577,023
Additions	43,188	184,595
Reductions	<u>(40,305)</u>	<u>(197,300)</u>
Balance, June 30, 2014	<u>\$ 61,098</u>	<u>\$ 564,318</u>
Balance Due Within One Year	<u>\$ 24,439</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 625,416
Less: Due Within One Year	<u>(24,439)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 600,977</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 issuance 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 2030.

Debt obligation schedules include annual principal, interest, and various other loan fee payments over the life of the debt issued. For the current year, principal, interest, and other loan fees paid by the Courthouse and Jail Maintenance Fund for the jail building programs totaled \$782,391.

H. On-Behalf Payments - 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, 2014, were \$92,079 and \$17,858, 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, 2014, was as follows:

	Balance 7-1-13	Issued	Paid	Balance 6-30-14
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 and workers' compensation. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67 replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70 relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

C. Subsequent Events

On June 30, 2014, Roger Lewis left the Office of Director of Schools and was succeeded by Barry Smith effective July 1, 2014.

On August 31, 2014, Angie Hunter left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Tommy Turner.

On October 6, 2014, the county's Education Debt Service Fund issued a \$600,000 tax anticipation note to the General Fund for temporary operating funds.

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. Change in Administration

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

F. 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. The \$2,865,433 reported as landfill closure and postclosure care liability at June 30, 2014, represents the cumulative amount reported to date based on 97 percent use of the estimated capacity of the operating landfill (\$2,686,282) and for a landfill closed in 1999 (\$179,151). These amounts are based on what it would cost to perform all closure and postclosure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. 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, Smith, Jackson, Macon, and Trousdale

counties, 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, 2014, 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

H. Jointly Governed Organization

The Nashville and Eastern Railroad Authority was created according to an act of the Tennessee Legislature in 1983 to purchase the property, track, and roadbed along approximately 130 miles in Davidson, Wilson, Smith, and Putnam counties from Seaboard System Railroad, Inc. The business of the authority is conducted by a board of directors whose members are appointed by the governing bodies of the cities and counties of service. 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

I. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

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, 2014, 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, 2014, Smith County's annual pension cost of \$536,853 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>
6-30-14	\$536,853	100%	\$0
6-30-13	532,002	100	0
6-30-12	519,255	100	0

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 95.57 percent funded. The actuarial accrued liability for benefits was \$16.36 million, and the actuarial value of assets was \$15.64 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.73 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6.96 million, and the ratio of the UAAL to the covered payroll was 10.43 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 SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2014, 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, 2014, 2013, and 2012, were \$1,033,868, \$1,025,559, and \$1,046,811, respectively, equal to the required contributions for each year.

2. Deferred Compensation

The Smith County School Department offers its employees a deferred compensation plan established pursuant to IRC Section 403(b). All costs of administering and funding the program are the responsibility of the plan participants. The Section 403(b) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 403(b) establishes participation, contribution, and withdrawal provisions for the plans.

J. 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 \$1,582 and \$197,300, respectively, to other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Primary Government Local Government Group Plan	School Department Local Education Group Plan
ARC	\$ 15,000	\$ 184,000
Interest on the NOPEBO	5,945	23,081
Adjustment to the ARC	(5,792)	(22,486)
Annual OPEB cost	\$ 15,153	\$ 184,595
Amount of contribution	(1,582)	(197,300)
Increase/decrease in NOPEBO	\$ 13,571	\$ (12,705)
Net OPEB obligation, 7-1-13	148,627	577,023
Net OPEB obligation, 6-30-14	\$ 162,198	\$ 564,318

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

6-30-12	Local Government Group	\$ 36,797	10 %	\$ 115,582
6-30-13	"	37,275	10	148,627
6-30-14	"	15,153	10	162,198

DISCRETELY PRESENTED SMITH
COUNTY SCHOOL DEPARTMENT

6-30-12	Local Education Group	312,284	53	436,576
6-30-13	"	314,927	55	577,023
6-30-14	"	184,595	107	564,318

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	<u>Primary Government Local Government Group Plan</u>	<u>School Department Local Education Group Plan</u>
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 90,000	\$ 1,889,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 90,000	\$ 1,889,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 4,059,905	\$ 14,109,469
UAAL as a % of covered payroll	2%	13%

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, 2013, 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 7.5 percent for fiscal year 2014. The trend rate will decrease to seven percent in fiscal year 2015 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. 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.

K. 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	2014 Depreciation
Land Improvements	S/L	10 - 15	\$ 1,319
Buildings and Improvements	S/L	10 - 40	8,548
Communications Equipment	S/L	5 - 12	55,212
Furniture and Fixtures	S/L	5 - 10	2,251
Office Equipment	S/L	5 - 15	1,789
Vehicles	S/L	5 - 10	5,639
Total Depreciation			<u>\$ 74,758</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, 2014:

	Balance 6-30-14
Checking - Citizens Bank	\$ 295,103
Money Market - Citizens Bank	142,778
Certificate of Deposit - Citizens Bank	30,000
Total Cash	<u>\$ 467,881</u>

At June 30, 2014, the carrying amount of the district's cash deposits was \$467,881. 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, 2014. 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, 2014:

<u>Assets</u>	Cost	Accumulated Depreciation	Net
<u>Non-Depreciable</u>			
Land	\$ 30,000	\$ 0	\$ 30,000
<u>Depreciable</u>			
Land Improvements	\$ 13,190	\$ 5,018	\$ 8,172
Buildings and Improvements	175,745	29,713	146,032
Communication Equipment	574,882	423,005	151,877
Furniture and Fixtures	12,293	11,236	1,057
Office Equipment	40,583	40,155	428
Vehicle	57,007	45,260	11,747
Total Depreciable	<u>\$ 873,700</u>	<u>\$ 554,387</u>	<u>\$ 319,313</u>
Total Assets	<u>\$ 903,700</u>	<u>\$ 554,387</u>	<u>\$ 349,313</u>

<u>Assets</u>	Balance 7-1-13	Additions/ Reductions	Balance 6-30-14
<u>Non-Depreciable</u>			
Land	\$ 30,000	\$ 0	\$ 30,000
<u>Depreciable</u>			
Land Improvements	\$ 13,190	\$ 0	\$ 13,190
Buildings/Improvements Communication Equipment	175,745	0	175,745
Furniture and Fixtures	561,485	13,397	574,882
Office Equipment	12,293	0	12,293
Vehicle	40,583	0	40,583
Total Depreciable	<u>\$ 860,303</u>	<u>\$ 13,397</u>	<u>\$ 873,700</u>
Total Assets	<u>\$ 890,303</u>	<u>\$ 13,397</u>	<u>\$ 903,700</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	\$ 13,281
State Emergency Communications Board	<u>8,168</u>
Total	<u><u>\$ 21,449</u></u>

G. Net Investment in Capital Assets

Total Noncurrent Assets	<u>\$ 349,313</u>
Invested in Capital Assets	<u><u>\$ 349,313</u></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 Events

The district has evaluated subsequent events through the date in the district's financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Smith County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Smith County School Department
June 30, 2014

(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)
7-1-13	\$ 15,643	\$ 16,368	\$ 725	95.57 %	\$ 6,956	10.43 %
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

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, 2014

(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	7-1-10	\$ 0	\$ 403	\$ 403	0 %	\$ 4,126	10 %
"	7-1-11	0	230	230	0	3,585	6
"	7-1-13	0	90	90	0	4,060	2
<u>DISCRETELY PRESENTED SMITH COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	2,251	2,251	0	12,798	18
"	7-1-11	0	3,005	3,005	0	13,207	23
"	7-1-13	0	1,889	1,889	0	14,109	13

SMITH COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2014

NONE

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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.

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 of deeds, and sheriff.

Debt Service Fund

The General Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital Projects Funds

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

General Capital Projects Fund – The General Capital Projects Fund is used to account for funds used for construction of major capital facilities. This fund was closed during the year.

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. This fund was closed during the year.

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. 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. This fund was closed during the year.

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.

Smith County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

	Special Revenue Funds				Debt Service Fund
	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees	Total	
\$	0 \$	0 \$	2,334 \$	2,334 \$	0
	135,855	49,534	0	185,389	284,034
	300	0	173	473	0
	91,418	0	0	91,418	0
	0	0	0	0	541,453
	0	0	0	0	(25,752)
	0	0	0	0	10,000
	0	0	0	0	20,000

\$	227,573 \$	49,534 \$	2,507 \$	279,614 \$	829,735
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ASSETS

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

Total Assets

LIABILITIES

Payroll Deductions Payable
 Due to Other Funds
 Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
 Deferred Delinquent Property Taxes
 Total Deferred Inflows of Resources

(Continued)

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

	Special Revenue Funds				Total	Debt Service Fund
	Courthouse and Jail Maintenance	Drug Control	Constitutional Officers - Fees			
\$	0	0	0	0	0	0
	0	49,534	0	0	49,534	0
	0	0	0	0	0	315,111
	84,747	0	0	0	84,747	0
	0	0	0	0	0	0
	<u>84,747</u>	<u>49,534</u>	<u>0</u>	<u>0</u>	<u>134,281</u>	<u>315,111</u>
	\$ 227,573	\$ 49,534	\$ 2,507	\$ 279,614	\$ 829,735	

FUND BALANCES

Nonspendable:
 Endowments
 Restricted:
 Restricted for Public Safety
 Restricted for Debt Service
 Committed:
 Committed for General Government
 Committed for Social, Cultural, and Recreational Services
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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

	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>		
Cash	0 \$	2,334
Equity in Pooled Cash and Investments	41,681	511,104
Accounts Receivable	0	473
Due from Other Governments	0	91,418
Property Taxes Receivable	0	541,453
Allowance for Uncollectible Property Taxes	0	(25,752)
Notes Receivable - Current	0	10,000
Notes Receivable - Long-term	0	20,000
Total Assets	<u>41,681 \$</u>	<u>1,151,030</u>
<u>LIABILITIES</u>		
Payroll Deductions Payable	0 \$	1,201
Due to Other Funds	0	144,132
Total Liabilities	<u>0 \$</u>	<u>145,333</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	0 \$	504,124
Deferred Delinquent Property Taxes	0	10,500
Total Deferred Inflows of Resources	<u>0 \$</u>	<u>514,624</u>

(Continued)

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

	Permanent Fund	Total Nonmajor Governmental Funds
	\$ 40,284	\$ 40,284
	0	49,534
	0	315,111
	0	84,747
	1,397	1,397
	<u>\$ 41,681</u>	<u>\$ 491,073</u>
	<u>\$ 41,681</u>	<u>\$ 1,151,030</u>

FUND BALANCES

Nonspendable:
 Endowments
 Restricted:
 Restricted for Public Safety
 Restricted for Debt Service
 Committed:
 Committed for General Government
 Committed for Social, Cultural, and Recreational Services
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Exhibit G-2

Smith County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2014

	Special Revenue Funds			Debt Service Fund		Capital Projects Funds		
	Courtthouse and Jail Maintenance		Drug Control	Total	General Debt Service	General Capital Projects	CDBG Waterline Project	
<u>Revenues</u>								
Local Taxes	\$ 311,400	\$ 0	\$ 0	\$ 311,400	\$ 538,451	\$ 0	\$ 0	0
Fines, Forfeitures, and Penalties	5,016	19,561	0	24,577	0	0	0	0
Other Local Revenues	4,200	0	4,200	4,200	112,461	0	0	0
State of Tennessee	408,843	0	408,843	408,843	0	0	0	0
Federal Government	0	0	0	0	0	0	0	2,500
Total Revenues	\$ 729,459	\$ 19,561	\$ 19,561	\$ 749,020	\$ 650,912	\$ 0	\$ 0	2,500
<u>Expenditures</u>								
Current:								
General Government	\$ 28,150	\$ 0	\$ 0	\$ 28,150	\$ 0	\$ 0	\$ 0	0
Public Safety	0	31,265	0	31,265	0	0	0	0
Other Operations	2,972	0	2,972	2,972	0	0	0	0
Debt Service:								
Principal on Debt	377,391	0	377,391	377,391	953,211	0	0	0
Interest on Debt	280,231	0	280,231	280,231	72,722	0	0	0
Other Debt Service	124,769	0	124,769	124,769	31,127	0	0	0
Capital Projects	0	0	0	0	0	0	0	2,500
Total Expenditures	\$ 813,513	\$ 31,265	\$ 31,265	\$ 844,778	\$ 1,057,060	\$ 0	\$ 0	2,500
Excess (Deficiency) of Revenues Over Expenditures	\$ (84,054)	\$ (11,704)	\$ (11,704)	\$ (95,758)	\$ (406,148)	\$ 0	\$ 0	0

(Continued)

Exhibit G-2

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

	Special Revenue Funds			Debt Service Fund		Capital Projects Funds		
	Courthouse and Jail Maintenance	Drug Control	Total	General	Debt Service	General	Capital Projects	CDBG Waterline Project
Transfers In	\$ 0	\$ 0	\$ 0	\$ 3,335	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out	0	0	0	0	0	(3,335)	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 3,335	\$ 0	\$ (3,335)	\$ 0	\$ 0
Net Change in Fund Balances	\$ (84,054)	\$ (11,704)	\$ (95,758)	\$ (402,813)	\$ 0	\$ (3,335)	\$ 0	\$ 0
Fund Balance, July 1, 2013	168,801	61,238	230,039	717,924	0	3,335	0	0
Fund Balance, June 30, 2014	\$ 84,747	\$ 49,534	\$ 134,281	\$ 315,111	\$ 0	\$ 0	\$ 0	\$ 0

Exhibit G-2

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

	Capital Projects Funds (Cont.)				Total	Permanent Fund	Total Nonmajor Governmental Funds
	FastTrack Grant Project	Hazard Mitigation Project					
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 849,851	
Fines, Forfeitures, and Penalties	0	0	0	0	0	24,577	
Other Local Revenues	0	0	0	0	392	117,053	
State of Tennessee	0	2,813	2,813	0	0	411,656	
Federal Government	0	16,875	16,875	0	0	19,375	
Total Revenues	\$ 0	\$ 19,688	\$ 19,688	\$ 22,188	\$ 392	\$ 1,422,512	
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,150	
Public Safety	0	0	0	0	0	31,265	
Other Operations	0	19,688	19,688	0	0	22,660	
Debt Service:							
Principal on Debt	0	0	0	0	0	1,330,602	
Interest on Debt	0	0	0	0	0	352,953	
Other Debt Service	0	0	0	0	0	155,896	
Capital Projects	291	0	2,791	0	0	2,791	
Total Expenditures	\$ 291	\$ 19,688	\$ 22,479	\$ 0	\$ 0	\$ 1,924,317	
Excess (Deficiency) of Revenues Over Expenditures	\$ (291)	\$ 0	\$ (291)	\$ 392	\$ (501,805)		

(Continued)

Exhibit G-2

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

	Capital Projects Funds (Cont.)				Total	Permanent Fund	Total Nonmajor Governmental Funds
	FastTrack Grant Project	Hazard Mitigation Project					
\$	0 \$	0 \$	0 \$	0 \$	0 \$	3,335	
\$	0	0	(3,335)	0	0	(3,335)	
\$	0 \$	0 \$	(3,335) \$	0 \$	0 \$	0	
\$	(291) \$	0 \$	(3,626) \$	392 \$	392 \$	(501,805)	
	291	0	3,626	41,289	41,289	992,878	
\$	0 \$	0 \$	0 \$	0 \$	41,681 \$	491,073	

Other Financing Sources (Uses)
 Transfers In
 Transfers Out
 Total Other Financing Sources (Uses)

Net Change in Fund Balances
 Fund Balance, July 1, 2013
 Fund Balance, June 30, 2014

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 311,400	\$ 313,000	\$ 313,000	\$ (1,600)
Fines, Forfeitures, and Penalties	5,016	4,800	4,800	216
Other Local Revenues	4,200	3,600	3,600	600
State of Tennessee	408,843	1,110,400	468,775	(59,932)
Total Revenues	\$ 729,459	\$ 1,431,800	\$ 790,175	\$ (60,716)
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 28,150	\$ 28,204	\$ 28,204	\$ 54
<u>Other Operations</u>				
Miscellaneous	2,972	3,200	3,200	228
<u>Principal on Debt</u>				
General Government	377,391	377,391	377,391	0
<u>Interest on Debt</u>				
General Government	280,231	370,000	280,231	0
<u>Other Debt Service</u>				
General Government	124,769	0	124,769	0
Total Expenditures	\$ 813,513	\$ 778,795	\$ 813,795	\$ 282
Excess (Deficiency) of Revenues Over Expenditures	\$ (84,054)	\$ 653,005	\$ (23,620)	\$ (60,434)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ 0	\$ (641,625)	\$ 0	\$ 0
Total Other Financing Sources	\$ 0	\$ (641,625)	\$ 0	\$ 0
Net Change in Fund Balance	\$ (84,054)	\$ 11,380	\$ (23,620)	\$ (60,434)
Fund Balance, July 1, 2013	168,801	391,230	391,230	(222,429)
Fund Balance, June 30, 2014	\$ 84,747	\$ 402,610	\$ 367,610	\$ (282,863)

Exhibit G-4

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 19,561	\$ 23,000	\$ 23,000	\$ (3,439)
Total Revenues	\$ 19,561	\$ 23,000	\$ 23,000	\$ (3,439)
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 31,047	\$ 19,000	\$ 36,500	\$ 5,453
Drug Enforcement	218	0	300	82
Total Expenditures	\$ 31,265	\$ 19,000	\$ 36,800	\$ 5,535
Excess (Deficiency) of Revenues Over Expenditures	\$ (11,704)	\$ 4,000	\$ (13,800)	\$ 2,096
Net Change in Fund Balance	\$ (11,704)	\$ 4,000	\$ (13,800)	\$ 2,096
Fund Balance, July 1, 2013	61,238	56,987	56,987	4,251
Fund Balance, June 30, 2014	\$ 49,534	\$ 60,987	\$ 43,187	\$ 6,347

Exhibit G-5

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 538,451	\$ 529,300	\$ 529,300	\$ 9,151
Other Local Revenues	112,461	106,250	106,250	6,211
Total Revenues	<u>\$ 650,912</u>	<u>\$ 635,550</u>	<u>\$ 635,550</u>	<u>\$ 15,362</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 953,211	\$ 922,553	\$ 979,546	\$ 26,335
<u>Interest on Debt</u>				
General Government	72,722	92,463	52,779	(19,943)
<u>Other Debt Service</u>				
General Government	31,127	11,400	30,926	(201)
Total Expenditures	<u>\$ 1,057,060</u>	<u>\$ 1,026,416</u>	<u>\$ 1,063,251</u>	<u>\$ 6,191</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (406,148)</u>	<u>\$ (390,866)</u>	<u>\$ (427,701)</u>	<u>\$ 21,553</u>
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 0	\$ 10,000	\$ 10,000	\$ (10,000)
Transfers In	3,335	0	3,335	0
Total Other Financing Sources	<u>\$ 3,335</u>	<u>\$ 10,000</u>	<u>\$ 13,335</u>	<u>\$ (10,000)</u>
Net Change in Fund Balance	\$ (402,813)	\$ (380,866)	\$ (414,366)	\$ 11,553
Fund Balance, July 1, 2013	<u>717,924</u>	<u>727,925</u>	<u>727,925</u>	<u>(10,001)</u>
Fund Balance, June 30, 2014	<u><u>\$ 315,111</u></u>	<u><u>\$ 347,059</u></u>	<u><u>\$ 313,559</u></u>	<u><u>\$ 1,552</u></u>

Major Governmental Fund

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

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,876,373	\$ 1,769,380	\$ 1,769,380	\$ 106,993
Other Governments and Citizens Groups	296,000	296,000	296,000	0
Total Revenues	<u>\$ 2,172,373</u>	<u>\$ 2,065,380</u>	<u>\$ 2,065,380</u>	<u>\$ 106,993</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 1,230,000	\$ 1,230,000	\$ 1,230,000	\$ 0
<u>Interest on Debt</u>				
Education	589,000	589,000	589,000	0
<u>Other Debt Service</u>				
Education	23,322	27,000	27,000	3,678
Total Expenditures	<u>\$ 1,842,322</u>	<u>\$ 1,846,000</u>	<u>\$ 1,846,000</u>	<u>\$ 3,678</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 330,051</u>	<u>\$ 219,380</u>	<u>\$ 219,380</u>	<u>\$ 110,671</u>
Net Change in Fund Balance	\$ 330,051	\$ 219,380	\$ 219,380	\$ 110,671
Fund Balance, July 1, 2013	2,277,469	2,277,470	2,277,470	(1)
Fund Balance, June 30, 2014	<u>\$ 2,607,520</u>	<u>\$ 2,496,850</u>	<u>\$ 2,496,850</u>	<u>\$ 110,670</u>

Fiduciary Funds

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

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

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register of deeds, 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, 2014

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,077,220	\$ 1,077,220
Due from Other Governments	217,291	0	217,291
Total Assets	<u>\$ 217,291</u>	<u>\$ 1,077,220</u>	<u>\$ 1,294,511</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 217,291	\$ 0	\$ 217,291
Due to Litigants, Heirs, and Others	0	1,077,220	1,077,220
Total Liabilities	<u>\$ 217,291</u>	<u>\$ 1,077,220</u>	<u>\$ 1,294,511</u>

Exhibit I-2

Smith County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,254,727	\$ 1,254,727	\$ 0
Due from Other Governments	189,636	217,291	189,636	217,291
Total Assets	\$ 189,636	\$ 1,472,018	\$ 1,444,363	\$ 217,291
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 189,636	\$ 1,472,018	\$ 1,444,363	\$ 217,291
Total Liabilities	\$ 189,636	\$ 1,472,018	\$ 1,444,363	\$ 217,291
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,102,414	\$ 12,901,833	\$ 12,927,027	\$ 1,077,220
Total Assets	\$ 1,102,414	\$ 12,901,833	\$ 12,927,027	\$ 1,077,220
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,102,414	\$ 12,901,833	\$ 12,927,027	\$ 1,077,220
Total Liabilities	\$ 1,102,414	\$ 12,901,833	\$ 12,927,027	\$ 1,077,220
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,102,414	\$ 12,901,833	\$ 12,927,027	\$ 1,077,220
Equity in Pooled Cash and Investments	0	1,254,727	1,254,727	0
Due from Other Governments	189,636	217,291	189,636	217,291
Total Assets	\$ 1,292,050	\$ 14,373,851	\$ 14,371,390	\$ 1,294,511
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,102,414	\$ 12,901,833	\$ 12,927,027	\$ 1,077,220
Due to Other Taxing Units	189,636	1,472,018	1,444,363	217,291
Total Liabilities	\$ 1,292,050	\$ 14,373,851	\$ 14,371,390	\$ 1,294,511

Smith County School Department

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

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

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

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

Exhibit J-1

Smith County, Tennessee
 Statement of Activities
Discretely Presented Smith County School Department
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 15,388,509	\$ 3,607	\$ 1,036,491	\$ (14,348,411)
Support Services	8,570,627	37,274	691,013	(7,842,340)
Operation of Non-instructional Services	2,410,140	570,105	1,347,326	(492,709)
Total Governmental Activities	\$ 26,369,276	\$ 610,986	\$ 3,074,830	\$ (22,683,460)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 3,354,776
Local Option Sales Taxes				1,434,828
Other Local Taxes				1,998
Grants and Contributions Not Restricted for Specific Programs				16,867,361
Interest Income				5,972
Miscellaneous				64,706
Total General Revenues				\$ 21,729,641
Change in Net Position				\$ (953,819)
Net Position, July 1, 2013				34,336,165
Net Position, June 30, 2014				\$ 33,382,346

Exhibit J-2

Smith County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Smith County School Department
June 30, 2014

	<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	\$ 4,112,763	\$ 625,928	\$ 4,738,691
Accounts Receivable	802	1,283	2,085
Due from Other Governments	381,557	0	381,557
Due from Other Funds	1,061	58	1,119
Property Taxes Receivable	3,499,733	0	3,499,733
Allowance for Uncollectible Property Taxes	(166,454)	0	(166,454)
Total Assets	<u>\$ 7,829,462</u>	<u>\$ 627,269</u>	<u>\$ 8,456,731</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 20,120	\$ 1,076	\$ 21,196
Accrued Payroll	1,331	271	1,602
Payroll Deductions Payable	548,820	44,728	593,548
Due to Other Funds	58	1,061	1,119
Due to Primary Government	296,000	0	296,000
Due to State of Tennessee	11,653	0	11,653
Total Liabilities	<u>\$ 877,982</u>	<u>\$ 47,136</u>	<u>\$ 925,118</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,258,451	\$ 0	\$ 3,258,451
Deferred Delinquent Property Taxes	67,868	0	67,868
Other Deferred/Unavailable Revenue	108,000	0	108,000
Total Deferred Inflows of Resources	<u>\$ 3,434,319</u>	<u>\$ 0</u>	<u>\$ 3,434,319</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 251,251	\$ 580,133	\$ 831,384
Committed:			
Committed for Education	2,854,502	0	2,854,502
Assigned:			
Assigned for Education	217,124	0	217,124
Unassigned	194,284	0	194,284
Total Fund Balances	<u>\$ 3,517,161</u>	<u>\$ 580,133</u>	<u>\$ 4,097,294</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,829,462</u>	<u>\$ 627,269</u>	<u>\$ 8,456,731</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, 2014

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)		\$ 4,097,294
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,230,238	
Add: buildings and improvements net of accumulated depreciation	26,878,251	
Add: infrastructure net of accumulated depreciation	93,256	
Add: other capital assets net of accumulated depreciation	<u>1,532,855</u>	29,734,600
(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	\$ (61,098)	
Less: other postemployment benefits liability	<u>(564,318)</u>	(625,416)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>175,868</u>
Net position of governmental activities (Exhibit A)		<u>\$ 33,382,346</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, 2014

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 4,916,579	\$ 0	\$ 4,916,579
Licenses and Permits	1,984	0	1,984
Charges for Current Services	40,881	570,105	610,986
Other Local Revenues	79,941	5,024	84,965
State of Tennessee	16,619,021	19,364	16,638,385
Federal Government	273,036	2,916,296	3,189,332
Other Governments and Citizens Groups	11,350	0	11,350
Total Revenues	<u>\$ 21,942,792</u>	<u>\$ 3,510,789</u>	<u>\$ 25,453,581</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 13,136,275	\$ 1,249,838	\$ 14,386,113
Support Services	7,815,136	334,459	8,149,595
Operation of Non-instructional Services	553,698	1,855,956	2,409,654
Capital Outlay	334,020	0	334,020
Debt Service:			
Other Debt Service	296,000	0	296,000
Total Expenditures	<u>\$ 22,135,129</u>	<u>\$ 3,440,253</u>	<u>\$ 25,575,382</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (192,337)</u>	<u>\$ 70,536</u>	<u>\$ (121,801)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 12,692	\$ 0	\$ 12,692
Transfers Out	0	(12,692)	(12,692)
Total Other Financing Sources (Uses)	<u>\$ 12,692</u>	<u>\$ (12,692)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (179,645)	\$ 57,844	\$ (121,801)
Fund Balance, July 1, 2013	3,696,806	522,289	4,219,095
Fund Balance, June 30, 2014	<u>\$ 3,517,161</u>	<u>\$ 580,133</u>	<u>\$ 4,097,294</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, 2014

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)		\$ (121,801)
(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	\$ 245,000	
Less: current-year depreciation expense	<u>(1,042,494)</u>	(797,494)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(10,322)
(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, 2014	\$ 175,868	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(209,892)</u>	(34,024)
(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	\$ (2,883)	
Change in other postemployment benefits liability	<u>12,705</u>	<u>9,822</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (953,819)</u>

Exhibit J-6

Smith County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Smith County School Department
June 30, 2014

	<u>Special Revenue Funds</u>		Total
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 70,614	\$ 555,314	\$ 625,928
Accounts Receivable	1,240	43	1,283
Due from Other Funds	58	0	58
Total Assets	<u>\$ 71,912</u>	<u>\$ 555,357</u>	<u>\$ 627,269</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,076	\$ 0	\$ 1,076
Accrued Payroll	271	0	271
Payroll Deductions Payable	44,728	0	44,728
Due to Other Funds	1,061	0	1,061
Total Liabilities	<u>\$ 47,136</u>	<u>\$ 0</u>	<u>\$ 47,136</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 24,776	\$ 555,357	\$ 580,133
Total Fund Balances	<u>\$ 24,776</u>	<u>\$ 555,357</u>	<u>\$ 580,133</u>
Total Liabilities and Fund Balances	<u>\$ 71,912</u>	<u>\$ 555,357</u>	<u>\$ 627,269</u>

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, 2014

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 570,105	\$ 570,105
Other Local Revenues	0	5,024	5,024
State of Tennessee	0	19,364	19,364
Federal Government	1,588,334	1,327,962	2,916,296
Total Revenues	<u>\$ 1,588,334</u>	<u>\$ 1,922,455</u>	<u>\$ 3,510,789</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,249,838	\$ 0	\$ 1,249,838
Support Services	334,459	0	334,459
Operation of Non-instructional Services	0	1,855,956	1,855,956
Total Expenditures	<u>\$ 1,584,297</u>	<u>\$ 1,855,956</u>	<u>\$ 3,440,253</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 4,037</u>	<u>\$ 66,499</u>	<u>\$ 70,536</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (12,692)	\$ 0	\$ (12,692)
Total Other Financing Sources (Uses)	<u>\$ (12,692)</u>	<u>\$ 0</u>	<u>\$ (12,692)</u>
Net Change in Fund Balances	\$ (8,655)	\$ 66,499	\$ 57,844
Fund Balance, July 1, 2013	<u>33,431</u>	<u>488,858</u>	<u>522,289</u>
Fund Balance, June 30, 2014	<u>\$ 24,776</u>	<u>\$ 555,357</u>	<u>\$ 580,133</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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 4,916,579	\$ 0	\$ 0	\$ 4,916,579	\$ 4,800,440	\$ 4,800,440	\$ 116,139
Licenses and Permits	1,984	0	0	1,984	1,500	1,500	484
Charges for Current Services	40,881	0	0	40,881	46,000	46,000	(5,119)
Other Local Revenues	79,941	0	0	79,941	87,000	87,000	(7,059)
State of Tennessee	16,619,021	0	0	16,619,021	16,494,625	16,604,562	14,459
Federal Government	273,036	0	0	273,036	123,000	123,000	150,036
Other Governments and Citizens Groups	11,350	0	0	11,350	0	15,500	(4,150)
Total Revenues	\$ 21,942,792	\$ 0	\$ 0	\$ 21,942,792	\$ 21,552,565	\$ 21,678,002	\$ 264,790
Expenditures							
Instruction							
Regular Instruction Program	\$ 10,981,326	\$ (40,035)	\$ 214,246	\$ 11,155,537	\$ 11,533,139	\$ 11,485,004	\$ 329,467
Alternative Instruction Program	59,093	0	0	59,093	62,473	62,473	3,380
Special Education Program	1,363,963	0	0	1,363,963	1,531,638	1,531,638	167,675
Vocational Education Program	731,893	0	0	731,893	748,409	748,409	16,516
Support Services							
Attendance	145,040	0	0	145,040	157,107	157,107	12,067
Health Services	226,993	(2,580)	0	224,413	244,754	244,754	20,341
Other Student Support	582,370	0	0	582,370	636,288	636,288	53,918
Regular Instruction Program	689,364	0	1,461	690,825	802,671	802,671	111,846
Special Education Program	163,273	0	0	163,273	168,705	168,705	5,432
Vocational Education Program	23,928	0	0	23,928	28,926	28,926	4,998
Other Programs	109,937	0	0	109,937	0	109,937	0
Board of Education	420,480	(220)	0	420,260	450,725	450,725	30,465
Director of Schools	185,772	(3,714)	0	182,058	174,458	182,623	565
Office of the Principal	1,508,049	0	0	1,508,049	1,498,189	1,533,159	25,110
Fiscal Services	261,718	(1,494)	0	260,224	271,569	276,569	16,345
Operation of Plant	1,689,267	0	1,253	1,690,520	1,740,133	1,740,133	49,613
Maintenance of Plant	454,136	(7,760)	0	446,376	499,398	499,398	53,022
Transportation	1,354,809	0	0	1,354,809	1,422,242	1,422,242	67,433

(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 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-instructional Services</u>							
Food Service	\$ 1,168	\$ 0	\$ 0	\$ 1,168	\$ 1,240	\$ 1,240	\$ 72
Community Services	52,429	0	0	52,429	52,799	52,799	370
Early Childhood Education	500,101	(1,050)	164	499,215	504,710	504,710	5,495
Capital Outlay							
Regular Capital Outlay	334,020	0	0	334,020	545,000	545,000	210,980
Principal on Debt							
Education	0	0	0	0	296,000	0	0
Other Debt Service							
Education	296,000	0	0	296,000	0	296,000	0
Total Expenditures	\$ 22,135,129	\$ (56,853)	\$ 217,124	\$ 22,295,400	\$ 23,370,573	\$ 23,480,510	\$ 1,185,110
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (192,337)	\$ 56,853	\$ (217,124)	\$ (352,608)	\$ (1,818,008)	\$ (1,802,508)	\$ 1,449,900
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 12,692	\$ 0	\$ 0	\$ 12,692	\$ 15,000	\$ 15,000	\$ (2,308)
City General Fund Transfer	0	0	0	0	15,500	0	0
Total Other Financing Sources	\$ 12,692	\$ 0	\$ 0	\$ 12,692	\$ 30,500	\$ 15,000	\$ (2,308)
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2013	\$ (179,645)	\$ 56,853	\$ (217,124)	\$ (339,916)	\$ (1,787,508)	\$ (1,787,508)	\$ 1,447,592
Fund Balance, July 1, 2013	3,696,806	(56,853)	0	3,639,953	3,412,751	3,412,751	227,202
Fund Balance, June 30, 2014	\$ 3,517,161	\$ 0	\$ (217,124)	\$ 3,300,037	\$ 1,625,243	\$ 1,625,243	\$ 1,674,794

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,588,334	\$ 0	\$ 0	\$ 1,588,334	\$ 1,591,526	\$ 2,022,545	\$ (434,211)
Total Revenues	\$ 1,588,334	\$ 0	\$ 0	\$ 1,588,334	\$ 1,591,526	\$ 2,022,545	\$ (434,211)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 734,394	\$ 0	\$ 0	\$ 734,394	\$ 728,613	\$ 923,042	\$ 188,648
Special Education Program	484,962	0	1,200	486,162	479,596	610,007	123,845
Vocational Education Program	30,482	(102)	2,023	32,403	33,425	32,403	0
<u>Support Services</u>							
Other Student Support	18,191	0	902	19,093	19,791	20,002	909
Regular Instruction Program	179,527	0	663	180,190	189,193	286,732	106,542
Special Education Program	96,416	0	639	97,055	103,709	103,709	6,654
Vocational Education Program	812	0	0	812	0	812	0
Transportation	39,513	0	0	39,513	43,370	43,516	4,003
Total Expenditures	\$ 1,584,297	\$ (102)	\$ 5,427	\$ 1,589,622	\$ 1,597,697	\$ 2,020,223	\$ 430,601
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 4,037	\$ 102	\$ (5,427)	\$ (1,288)	\$ (6,171)	\$ 2,322	\$ (3,610)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (12,692)	\$ 0	\$ 0	\$ (12,692)	\$ (4,197)	\$ (12,692)	\$ 0
Total Other Financing Sources	\$ (12,692)	\$ 0	\$ 0	\$ (12,692)	\$ (4,197)	\$ (12,692)	\$ 0
Net Change in Fund Balance	\$ (8,655)	\$ 102	\$ (5,427)	\$ (13,980)	\$ (10,368)	\$ (10,370)	\$ (3,610)
Fund Balance, July 1, 2013	33,431	(102)	0	33,329	33,431	33,431	(102)
Fund Balance, June 30, 2014	\$ 24,776	\$ 0	\$ (5,427)	\$ 19,349	\$ 23,063	\$ 23,061	\$ (3,712)

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 570,105	\$ 696,500	\$ 696,500	\$ (126,395)
Other Local Revenues	5,024	45,000	45,000	(39,976)
State of Tennessee	19,364	25,000	25,000	(5,636)
Federal Government	1,327,962	1,548,000	1,548,000	(220,038)
Total Revenues	<u>\$ 1,922,455</u>	<u>\$ 2,314,500</u>	<u>\$ 2,314,500</u>	<u>\$ (392,045)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 1,855,956	\$ 2,314,500	\$ 2,314,500	\$ 458,544
Total Expenditures	<u>\$ 1,855,956</u>	<u>\$ 2,314,500</u>	<u>\$ 2,314,500</u>	<u>\$ 458,544</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 66,499</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 66,499</u>
Net Change in Fund Balance	\$ 66,499	\$ 0	\$ 0	\$ 66,499
Fund Balance, July 1, 2013	488,858	459,287	459,287	29,571
Fund Balance, June 30, 2014	<u>\$ 555,357</u>	<u>\$ 459,287</u>	<u>\$ 459,287</u>	<u>\$ 96,070</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Smith County, Tennessee
Schedule of Changes in Long-term Notes,
Other Loans, and Bonds
For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-14
GOVERNMENTAL ACTIVITIES								
NOTES PAYABLE								
<u>Payable through General Fund</u>								
Patrol Cars	\$ 191,000	2.97 %	8-8-11	8-8-14	\$ 97,333	\$ 0	\$ 63,666	\$ 33,667
Patrol Cars	191,000	2.39	8-10-12	8-10-15	191,000	0	63,666	127,334
Ambulance Equipment	60,000	3.42	7-9-10	7-9-16	40,000	0	10,000	30,000
EMS Stations	112,500	3.64	7-9-10	7-9-19	87,500	0	12,500	75,000
Patrol Cars	191,000	2.39	12-6-13	12-6-16	0	191,000	0	191,000
Total Payable through General Fund	\$				\$ 415,833	\$ 191,000	\$ 149,832	\$ 457,001
<u>Payable through Highway/Public Works Fund</u>								
Highway Equipment - Backhoe	53,141	2.96	4-19-11	4-19-14	\$ 13,731	\$ 0	\$ 13,731	\$ 0
Highway Projects	200,000	2.11	8-22-11	8-22-14	133,333	0	66,667	66,666
Total Payable through Highway/Public Works Fund	\$				\$ 147,064	\$ 0	\$ 80,398	\$ 66,666
<u>Payable through General Debt Service Fund</u>								
Health Department, Boat Ramp, Playground	1,066,800	3.85	1-16-07	1-16-19	\$ 533,400	\$ 0	\$ 92,235	\$ 441,165
Land Purchase (Jail Site)	280,000	4.22	3-27-07	6-30-14	93,334	0	93,334	0
Health Wellness Center	260,000	3.65	3-7-08	3-7-20	151,665	0	21,667	129,998
Highway Repairs	1,000,000	3.21	6-15-10	6-30-14	333,333	0	333,333	0
Ambulance Remount	75,450	1.99	12-10-10	12-10-13	25,150	0	25,150	0
Ambulance Remount	80,000	3.11	12-30-11	12-30-13	53,333	0	53,333	0
Cardiac Monitors	24,960	2.49	6-22-12	12-30-13	16,640	0	16,640	0
Lighting Crump Paris Park	300,000	2.39	12-10-12	12-10-15	300,000	0	100,000	200,000
Highway Mowers and Road Repair	205,907	2.39	1-22-13	1-22-16	205,907	0	68,636	137,271
Ambulance Remount	78,000	2.39	2-25-13	2-25-16	78,000	0	26,000	52,000
Highway Culverts	100,000	2.59	4-4-13	4-4-19	100,000	0	16,667	83,333
Ambulance Remount	88,036	2.39	1-6-14	1-6-17	0	88,036	0	88,036
Matching Portion State Aid Project and Roller	182,000	1.97	1-16-14	1-16-17	0	182,000	0	182,000
Lighting on Minor League Field	85,000	2.19	3-18-14	3-18-17	0	85,000	0	85,000
Total Payable through General Debt Service Fund	\$				\$ 1,890,762	\$ 355,036	\$ 846,995	\$ 1,398,803
Total Notes Payable	\$				\$ 2,453,659	\$ 546,036	\$ 1,077,225	\$ 1,922,470

(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 7-1-13	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-14
<u>GOVERNMENTAL ACTIVITIES (CONT.)</u>								
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Career/Agriculture Center Construction	\$ 1,250,000	variable %	12-7-05	5-25-25	\$ 788,000	0 \$	60,000 \$	728,000
Head Start Facility and New Jail Facility	704,413	variable	10-31-07	5-25-27	559,960	0	28,509	531,451
Total Payable through General Debt Service Fund					\$ 1,347,960	0 \$	88,509 \$	1,259,451
<u>Payable through Courthouse and Jail Maintenance Fund</u>								
Head Start Facility and New Jail Facility	674,186	variable	10-31-07	5-25-27	535,570	0 \$	27,391 \$	508,179
Jail Facility	10,000,000	variable	5-30-08	5-25-30	9,047,000	0	350,000	8,697,000
Total Payable through Courthouse and Jail Maintenance Fund					\$ 9,582,570	0 \$	377,391 \$	9,205,179
Total Other Loans Payable					\$ 10,930,530	0 \$	465,900 \$	10,464,630
<u>BONDS PAYABLE</u>								
<u>Payable through General Fund</u>								
Fire Trucks	1,250,000	4.5	6-17-09	6-17-29	1,054,302	0 \$	45,277 \$	1,009,025
Total Payable through General Fund					\$ 1,054,302	0 \$	45,277 \$	1,009,025
<u>Payable through General Debt Service Fund</u>								
Welcome Center	90,000	4.25	10-16-03	10-16-41	73,138	0 \$	1,567 \$	71,571
USDA - Community Facility	257,200	4.63	5-26-06	5-26-42	179,127	0	16,140	162,987
Total Payable through General Debt Service Fund					\$ 252,265	0 \$	17,707 \$	234,558
<u>Payable through Education Debt Service Fund</u>								
School Refunding Bonds, Series 2005	12,800,000	5	1-1-05	4-1-21	11,780,000	0 \$	1,230,000 \$	10,550,000
Total Payable through Education Debt Service Fund					\$ 11,780,000	0 \$	1,230,000 \$	10,550,000
Total Bonds Payable					\$ 13,086,567	0 \$	1,292,984 \$	11,793,583

(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 7-1-13	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-14
<u>BUSINESS-TYPE ACTIVITIES</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through Solid Waste Disposal Fund</u>								
Landfill Expansion	\$ 700,000	4.21 %	7-16-07	7-16-16	\$ 311,110	0	\$ 77,778	\$ 233,332
Compactor Rebuild	122,000	1.99	12-10-10	12-10-13	40,666	0	40,666	0
Cell Expansion	829,583	2.97	4-27-11	4-27-14	645,231	0	92,176	553,055
Landfill Class III Expansion	508,138	2.24	3-7-12	3-7-21	451,679	0	56,460	395,219
Landfill Expansion	2,280,990	3.49	7-19-13	7-19-22	0	2,280,990	0	2,280,990
Cat Loader	258,280	2.47	12-19-13	12-19-19	0	258,280	0	258,280
Al Jon Packer	82,000	2.19	3-8-14	3-18-17	0	82,000	0	82,000
Total Notes Payable					\$ 1,448,686	\$ 2,621,270	\$ 267,080	\$ 3,802,876
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through Solid Waste Disposal Fund</u>								
Recycling Center	2,000,000	4.25	12-6-05	12-6-45	\$ 1,856,388	0	\$ 27,752	\$ 1,828,636

Exhibit K-2

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

GOVERNMENTAL ACTIVITIES

Year Ending June 30	Notes		Total
	Principal	Interest	
2015	\$ 690,382	\$ 53,370	\$ 743,752
2016	590,049	34,157	624,206
2017	331,744	20,302	352,046
2018	139,734	11,592	151,326
2019	136,398	8,680	145,078
2020	34,163	1,071	35,234
Total	\$ 1,922,470	\$ 129,172	\$ 2,051,642

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2015	\$ 487,690	\$ 257,162	\$ 137,007	\$ 881,859
2016	510,630	246,156	130,765	887,551
2017	533,710	234,612	124,228	892,550
2018	559,940	222,507	117,397	899,844
2019	585,340	209,778	110,230	905,348
2020	612,910	196,428	102,738	912,076
2021	642,650	182,423	94,892	919,965
2022	672,590	167,708	86,667	926,965
2023	704,720	152,279	78,057	935,056
2024	737,050	136,079	69,036	942,165
2025	737,610	119,081	59,602	916,293
2026	729,390	101,322	49,141	879,853
2027	765,400	82,800	39,805	888,005
2028	693,000	63,365	28,988	785,353
2029	728,000	43,268	20,118	791,386
2030	764,000	22,156	10,799	796,955
Total	\$ 10,464,630	\$ 2,437,124	\$ 1,259,470	\$ 14,161,224

(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	
2015	\$ 1,360,191	\$ 587,932	\$ 1,948,123
2016	1,427,678	520,195	1,947,873
2017	1,500,275	449,098	1,949,373
2018	1,562,989	374,384	1,937,373
2019	1,635,825	296,548	1,932,373
2020	1,713,790	215,083	1,928,873
2021	1,791,888	129,735	1,921,623
2022	75,126	40,497	115,623
2023	78,509	37,116	115,625
2024	82,044	33,579	115,623
2025	85,739	29,884	115,623
2026	89,600	26,023	115,623
2027	93,636	21,987	115,623
2028	97,853	17,770	115,623
2029	79,142	13,363	92,505
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	8,484	4,845	13,329
2038	7,520	1,191	8,711
2039	3,677	1,041	4,718
2040	3,833	885	4,718
2041	3,996	722	4,718
2042	5,416	553	5,969
Total	\$ 11,793,583	\$ 2,852,719	\$ 14,646,302

(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	
2015	\$ 550,237	\$ 116,258	\$ 666,495
2016	550,237	98,487	648,724
2017	826,763	80,859	907,622
2018	352,950	56,331	409,281
2019	352,950	45,157	398,107
2020	352,950	33,984	386,934
2021	309,902	23,414	333,316
2022	253,443	13,232	266,675
2023	253,444	4,386	257,830
Total	\$ 3,802,876	\$ 472,108	\$ 4,274,984

Year Ending June 30	Other Loans		Total
	Principal	Interest	
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	\$ 1,828,636	\$ 1,475,128	\$ 3,303,764

Exhibit K-3

Smith County, Tennessee
Schedule of Notes Receivable
June 30, 2014

Description	Debtor	Original Amount of Loan	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-14
General Debt Service Fund	Industrial Development Board of Smith County	\$ 100,000	3-20-07	3-20-17	0%	\$ 30,000
Total						<u>\$ 30,000</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, 2014

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General Capital Projects	General Debt Service	To close fund	\$ 3,335
Total Transfers Primary Government			<u>\$ 3,335</u>
<u>DISCRETELY PRESENTED SMITH COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 12,692
Total Transfers Discretely Presented Smith County School Department			<u>\$ 12,692</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, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 71,184	\$ 100,000	Cincinnati Insurance Company
Road Commissioner	Section 8-24-102, TCA	67,795	100,000	"
Director of Schools	State Board of Education and Smith County Board of Education	95,796 (1)	100,000	"
Trustee	Section 8-24-102, TCA	61,632	823,400	"
Assessor of Property	Section 8-24-102, TCA	61,632	50,000	"
County Clerk	Section 8-24-102, TCA	61,632	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	21,335	50,000	"
Myra Hardcastle (7-1-13 through 10-27-13)		0		
Vacant (10-28-13 through 11-10-13)		37,927	50,000	"
Angie Hunter (11-11-13 through 6-30-14)				
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	61,632 (2)	50,000	"
Register of Deeds	Section 8-24-102, TCA	61,632	25,000	"
Sheriff	Section 8-24-102, TCA	67,795 (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 the following:
 Chief executive officer training supplement (career ladder) of \$1,000.
 Payment for unused sick days for 2014 (per Board policy) of \$150.
 Payment for accrued vacation days upon retirement of \$6,603.
- (2) Does not include special commissioner fees of \$9,650.
- (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, 2014

	Special Revenue Funds				Debt Service Funds	
	Courthouse and Jail Maintenance	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,996,726	\$ 0	\$ 195,438	\$ 488,597	\$ 423,449	
Trustee's Collections - Prior Year	106,292	0	7,099	17,330	15,019	
Trustee's Collections - Bankruptcy	2,059	0	134	336	291	
Circuit/Clerk and Master Collections - Prior Years	87,303	0	5,694	14,234	12,386	
Interest and Penalty	19,850	0	1,294	3,236	2,804	
Payments in-Lieu-of Taxes - T.V.A.	1,030	0	67	168	146	
Payments in-Lieu-of Taxes - Other	11,666	0	605	1,513	1,311	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	734,717	0	0	0	544,492	
Wheel Tax	0	256,138	0	0	864,818	
Litigation Tax - General	48,637	17,202	0	0	0	
Litigation Tax - Special Purpose	7,329	0	0	0	0	
Litigation Tax - Jail, Workhouse, or Courthouse	48,174	38,060	0	0	0	
Business Tax	131,995	0	0	0	0	
Mineral Severance Tax	0	0	61,963	0	0	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	76,361	0	5,587	13,037	11,175	
Wholesale Beer Tax	38,910	0	0	0	0	
Interstate Telecommunications Tax	1,460	0	0	0	532	
Total Local Taxes	\$ 4,312,509	\$ 311,400	\$ 277,881	\$ 588,451	\$ 1,876,373	
<u>Licenses and Permits</u>						
Licenses	\$ 29,037	\$ 0	\$ 0	\$ 0	\$ 0	
Cable TV Franchise						

(Continued)

Exhibit K-6

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

	Special Revenue Funds				Debt Service Funds	
	Courthouse and Jail Maintenance	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service	
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	1,462 \$	0 \$	0 \$	0 \$	0 \$	0
Building Permits	63,450	0	0	0	0	0
Other Permits	40,750	0	0	0	0	0
Total Licenses and Permits	134,699 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	190 \$	0 \$	0 \$	0 \$	0 \$	0
Jail Fees	0	1,202	0	0	0	0
Data Entry Fee - Circuit Court	1,094	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	1,586	0	0	0	0	0
Fines for Littering	48	0	0	0	0	0
Game and Fish Fines	337	0	0	0	0	0
Drug Control Fines	4,200	0	2,119	0	0	0
Drug Court Fees	0	0	16,425	0	0	0
DUI Treatment Fines	3,698	0	0	0	0	0
Data Entry Fee - General Sessions Court	8,636	0	0	0	0	0
Victims Assistance Assessments	1	0	0	0	0	0
<u>Juvenile Court</u>						
Data Entry Fee - Juvenile Court	332	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	2,540	0	0	0	0	0
Data Entry Fee - Chancery Court	764	0	0	0	0	0
Courtroom Security Fee	0	3,814	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds				Debt Service Funds	
	Courthouse and Jail Maintenance	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Other Courts - In-county</u>						
Fines	\$ 2,250	\$ 0	\$ 0	\$ 0	\$ 0	
Other Fines, Forfeitures, and Penalties	0	1,017	0	0	0	
Proceeds from Confiscated Property	3,377	0	0	0	0	
Other Fines, Forfeitures, and Penalties	29,053	19,561	0	0	0	
Total Fines, Forfeitures, and Penalties	\$ 35,680	\$ 19,561	\$ 0	\$ 0	\$ 0	
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 904,166	\$ 0	\$ 0	\$ 0	\$ 0	
Other General Service Charges	200	0	0	0	0	
Service Charges	2,850	0	0	0	0	
<u>Fees</u>						
Recreation Fees	22,249	0	0	0	0	
Copy Fees	1,669	0	0	0	0	
Greenbelt Late Application Fee	200	0	0	0	0	
Telephone Commissions	87,705	0	0	0	0	
Data Processing Fee - Register	6,386	0	0	0	0	
Data Processing Fee - Sheriff	5,298	0	0	0	0	
Sexual Offender Registration Fee - Sheriff	1,800	0	0	0	0	
Data Processing Fee - County Clerk	16,668	0	0	0	0	
<u>Education Charges</u>						
Tuition - Other	34,220	0	0	0	0	
<u>Other Charges for Services</u>						
Other Charges for Services	125	0	0	0	0	
Total Charges for Current Services	\$ 1,083,536	\$ 0	\$ 0	\$ 0	\$ 0	

(Continued)

Exhibit K-6

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

	Special Revenue Funds				Debt Service Funds	
	Courthouse and Jail Maintenance	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service	
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	77,691 \$	0 \$	0 \$	0 \$	0 \$	0
Lease/Rentals	29,250	4,200	0	112,461	0	0
Sale of Materials and Supplies	150	0	0	0	0	0
Commissary Sales	5,340	0	0	0	0	0
Miscellaneous Refunds	9,024	0	129	0	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	10,042	0	73,500	0	0	0
Sale of Property	105	0	0	0	0	0
Damages Recovered from Individuals	415	0	0	0	0	0
Contributions and Gifts	16,214	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	164,196	0	18,534	0	0	0
Total Other Local Revenues	312,427 \$	4,200 \$	92,163 \$	112,461 \$	0	0
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	173,062 \$	0 \$	0 \$	0 \$	0 \$	0
Circuit Court Clerk	63,760	0	0	0	0	0
General Sessions Court Clerk	139,534	0	0	0	0	0
Clerk and Master	68,125	0	0	0	0	0
Register	68,317	0	0	0	0	0
Sheriff	47,022	0	0	0	0	0
Trustee	292,712	0	0	0	0	0
Total Fees Received from County Officials	852,532 \$	0 \$	0 \$	0 \$	0 \$	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds				Debt Service Funds		
	Courthouse and Jail Maintenance	Drug Control	Highway / Public Works	Education Debt Service	General Debt Service	Education Debt Service	
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	9,000 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Aging Programs	15,500	0	0	0	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	15,300	0	0	0	0	0	0
<u>Public Works Grants</u>							
Bridge Program	0	0	0	51,928	0	0	0
State Aid Program	0	0	0	210,550	0	0	0
Litter Program	30,234	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	42,633	0	0	0	0	0	0
Beer Tax	17,806	0	0	0	0	0	0
Alcoholic Beverage Tax	38,011	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	464,662	0	0	0	0	0	0
Contracted Prisoner Boarding	641,625	408,843	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	1,486,948	0	0	0	0
Petroleum Special Tax	0	0	13,829	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0	0
Other State Grants	8,290	0	0	0	0	0	0
Other State Revenues	71,615	0	0	0	0	0	0
Total State of Tennessee	\$ 1,369,840 \$	408,843 \$	0 \$	1,763,255 \$	0 \$	0 \$	0
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Homeland Security Grants	12,350	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				Debt Service Funds	
	Courthouse and Jail Maintenance	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service	
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Law Enforcement Grants	0 \$	0 \$	0 \$	0 \$	0 \$	0
Other Federal through State	0	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	22,056	0	0	0	0	0
<u>Total Federal Government</u>	<u>181,808 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>0</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	153,821 \$	0 \$	0 \$	0 \$	0 \$	296,000
Citizens Groups	8,589	0	0	0	0	0
Donations	162,410 \$	0 \$	0 \$	0 \$	0 \$	296,000
<u>Total Other Governments and Citizens Groups</u>	<u>324,820 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>592,000</u>
<u>Total</u>	<u>8,438,814 \$</u>	<u>729,459 \$</u>	<u>19,561 \$</u>	<u>2,133,299 \$</u>	<u>650,912 \$</u>	<u>2,172,373</u>

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

	Capital Projects Funds			Permanent Fund		Total
	CDBG	Hazard Mitigation Project	Library Endowment			
	Waterline Project					
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$	0 \$	0 \$	0 \$	0 \$	4,104,210
Trustee's Collections - Prior Year		0	0	0	0	145,740
Trustee's Collections - Bankruptcy		0	0	0	0	2,820
Circuit/Clerk and Master Collections - Prior Years		0	0	0	0	119,567
Interest and Penalty		0	0	0	0	27,184
Payments in-Lieu-of Taxes - T.V.A.		0	0	0	0	1,411
Payments in-Lieu-of Taxes - Other		0	0	0	0	15,095
<u>County Local Option Taxes</u>						
Local Option Sales Tax		0	0	0	0	1,279,209
Wheel Tax		0	0	0	0	1,120,956
Litigation Tax - General		0	0	0	0	65,839
Litigation Tax - Special Purpose		0	0	0	0	7,329
Litigation Tax - Jail, Workhouse, or Courthouse		0	0	0	0	86,234
Business Tax		0	0	0	0	131,995
Mineral Severance Tax		0	0	0	0	61,963
<u>Statutory Local Taxes</u>						
Bank Excise Tax		0	0	0	0	106,160
Wholesale Beer Tax		0	0	0	0	38,910
Interstate Telecommunications Tax		0	0	0	0	1,992
Total Local Taxes	\$	0 \$	0 \$	0 \$	0 \$	7,316,614
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$	0 \$	0 \$	0 \$	0 \$	29,037

(Continued)

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

	Capital Projects Funds			Permanent Fund		Total
	CDBG	Hazard Mitigation Project	Library Endowment	Fund		
	Waterline Project					
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,462
Building Permits	0	0	0	0	0	63,450
Other Permits	0	0	0	0	0	40,750
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	134,699
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	190
Jail Fees	0	0	0	0	0	1,202
Data Entry Fee - Circuit Court	0	0	0	0	0	1,094
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	1,586
Fines for Littering	0	0	0	0	0	48
Game and Fish Fines	0	0	0	0	0	337
Drug Control Fines	0	0	0	0	0	6,319
Drug Court Fees	0	0	0	0	0	16,425
DUI Treatment Fines	0	0	0	0	0	3,698
Data Entry Fee - General Sessions Court	0	0	0	0	0	8,636
Victims Assistance Assessments	0	0	0	0	0	1
<u>Juvenile Court</u>						
Data Entry Fee - Juvenile Court	0	0	0	0	0	332
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	2,540
Data Entry Fee - Chancery Court	0	0	0	0	0	764
Courtroom Security Fee	0	0	0	0	0	3,814

(Continued)

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

	Capital Projects Funds			Permanent Fund		Total
	CDBG Waterline Project	Hazard Mitigation Project		Library Endowment		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Other Courts - In-county</u>						
Fines	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	2,250
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	1,017
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	3,377
<u>Total Fines, Forfeitures, and Penalties</u>	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	53,630
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	904,166
Other General Service Charges	0	0	0	0	0	200
Service Charges	0	0	0	0	0	2,850
<u>Fees</u>						
Recreation Fees	0	0	0	0	0	22,249
Copy Fees	0	0	0	0	0	1,669
Greenbelt Late Application Fee	0	0	0	0	0	200
Telephone Commissions	0	0	0	0	0	87,705
Data Processing Fee - Register	0	0	0	0	0	6,386
Data Processing Fee - Sheriff	0	0	0	0	0	5,298
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	1,800
Data Processing Fee - County Clerk	0	0	0	0	0	16,668
<u>Education Charges</u>						
Tuition - Other	0	0	0	0	0	34,220
<u>Other Charges for Services</u>						
Other Charges for Services	0	0	0	0	0	125
<u>Total Charges for Current Services</u>	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	1,083,536

(Continued)

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

	Capital Projects Funds			Permanent Fund		Total
	CDBG Waterline Project	Hazard Mitigation Project		Library Endowment		
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	392	\$	78,083
Lease/Rentals	0	0	0	0		145,911
Sale of Materials and Supplies	0	0	0	0		150
Commissary Sales	0	0	0	0		5,340
Miscellaneous Refunds	0	0	0	0		9,153
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0		83,542
Sale of Property	0	0	0	0		105
Damages Recovered from Individuals	0	0	0	0		415
Contributions and Gifts	0	0	0	0		16,214
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0		182,730
Total Other Local Revenues	\$ 0	\$ 0	\$ 0	392	\$	521,643
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of Salary</u>						
County Clerk	\$ 0	\$ 0	\$ 0	0	\$	173,062
Circuit Court Clerk	0	0	0	0		63,760
General Sessions Court Clerk	0	0	0	0		139,534
Clerk and Master	0	0	0	0		68,125
Register	0	0	0	0		68,317
Sheriff	0	0	0	0		47,022
Trustee	0	0	0	0		292,712
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	0	\$	852,532

(Continued)

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

	Capital Projects Funds			Permanent Fund		Total
	CDBG Waterline Project	Hazard Mitigation Project	Library Endowment	Fund		
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000
Aging Programs	0	0	0	0	0	15,500
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	15,300
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	51,928
State Aid Program	0	0	0	0	0	210,550
Litter Program	0	0	0	0	0	30,234
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	42,633
Beer Tax	0	0	0	0	0	17,806
Alcoholic Beverage Tax	0	0	0	0	0	38,011
State Revenue Sharing - T.V.A.	0	0	0	0	0	464,662
Contracted Prisoner Boarding	0	0	0	0	0	1,050,468
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,486,948
Petroleum Special Tax	0	0	0	0	0	13,829
Registrar's Salary Supplement	0	0	0	0	0	15,164
Other State Grants	0	2,813	0	0	0	11,103
Other State Revenues	0	0	0	0	0	71,615
Total State of Tennessee	\$ 0	\$ 2,813	\$ 0	\$ 0	\$ 0	3,544,751
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 2,500	\$ 0	\$ 0	\$ 0	\$ 0	2,500
Homeland Security Grants	0	0	0	0	0	12,350

(Continued)

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

	Capital Projects Funds			Permanent Fund		Total
	CDBG Waterline Project	Hazard Mitigation Project		Library Endowment		
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Law Enforcement Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	20,533
Other Federal through State	0	16,875	0	0	0	143,744
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	0	0	0	0	0	22,056
<u>Total Federal Government</u>	<u>2,500</u>	<u>16,875</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>201,183</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	449,821
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	8,589
<u>Total Other Governments and Citizens Groups</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>458,410</u>
<u>Total</u>	<u>2,500</u>	<u>19,688</u>	<u>0</u>	<u>392</u>	<u>0</u>	<u>14,166,998</u>

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, 2014

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 3,152,628	\$ 0	\$ 0	\$ 3,152,628
Trustee's Collections - Prior Year	119,029	0	0	119,029
Trustee's Collections - Bankruptcy	2,171	0	0	2,171
Circuit/Clerk and Master Collections - Prior Years	92,048	0	0	92,048
Interest and Penalty	20,924	0	0	20,924
Payments in-Lieu-of Taxes - T.V.A.	1,086	0	0	1,086
Payments in-Lieu-of Taxes - Other	9,782	0	0	9,782
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,436,828	0	0	1,436,828
Mineral Severance Tax	590	0	0	590
<u>Statutory Local Taxes</u>				
Bank Excise Tax	80,085	0	0	80,085
Interstate Telecommunications Tax	1,408	0	0	1,408
Total Local Taxes	\$ 4,916,579	\$ 0	\$ 0	\$ 4,916,579
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,984	\$ 0	\$ 0	\$ 1,984
Total Licenses and Permits	\$ 1,984	\$ 0	\$ 0	\$ 1,984
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 3,607	\$ 0	\$ 0	\$ 3,607
Lunch Payments - Children	0	0	408,403	408,403
Lunch Payments - Adults	0	0	62,310	62,310
Special Milk Sales	0	0	3,976	3,976
A la carte Sales	0	0	93,595	93,595
Receipts from Individual Schools	37,274	0	1,821	39,095
Total Charges for Current Services	\$ 40,881	\$ 0	\$ 570,105	\$ 610,986
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 5,329	\$ 0	\$ 643	\$ 5,972
Sale of Materials and Supplies	4,571	0	0	4,571
Sale of Recycled Materials	0	0	354	354
E-Rate Funding	29,281	0	0	29,281
Commodity Rebates	0	0	3,315	3,315
Miscellaneous Refunds	30,279	0	712	30,991
<u>Nonrecurring Items</u>				
Contributions and Gifts	10,187	0	0	10,187
<u>Other Local Revenues</u>				
Other Local Revenues	294	0	0	294
Total Other Local Revenues	\$ 79,941	\$ 0	\$ 5,024	\$ 84,965
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 109,937	\$ 0	\$ 0	\$ 109,937

(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>State Education Funds</u>					
Basic Education Program	\$ 15,467,000	\$ 0	\$ 0	\$ 0	\$ 15,467,000
Early Childhood Education	499,152	0	0	0	499,152
School Food Service	0	0	19,364	0	19,364
Driver Education	4,550	0	0	0	4,550
Other State Education Funds	416,722	0	0	0	416,722
Career Ladder Program	102,185	0	0	0	102,185
Career Ladder - Extended Contract	18,220	0	0	0	18,220
<u>Other State Revenues</u>					
Other State Grants	1,255	0	0	0	1,255
Total State of Tennessee	\$ 16,619,021	\$ 0	\$ 19,364	\$ 0	\$ 16,638,385
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 815,734	\$ 0	\$ 815,734
USDA - Commodities	0	0	131,891	0	131,891
Breakfast	0	0	366,621	0	366,621
USDA - Other	0	0	13,716	0	13,716
Vocational Education - Basic Grants to States	0	45,087	0	0	45,087
Title I Grants to Local Education Agencies	0	676,798	0	0	676,798
Special Education - Grants to States	0	602,855	0	0	602,855
Special Education Preschool Grants	0	17,899	0	0	17,899
Eisenhower Professional Development State Grants	0	108,178	0	0	108,178
Race-to-the-Top - ARRA	0	137,517	0	0	137,517
Other Federal through State	273,036	0	0	0	273,036
Total Federal Government	\$ 273,036	\$ 1,588,334	\$ 1,327,962	\$ 0	\$ 3,189,332
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 11,350	\$ 0	\$ 0	\$ 0	\$ 11,350
Total Other Governments and Citizens Groups	\$ 11,350	\$ 0	\$ 0	\$ 0	\$ 11,350
Total	\$ 21,942,792	\$ 1,588,334	\$ 1,922,455	\$ 0	\$ 25,453,581

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

Other Salaries and Wages	\$	358	
Board and Committee Members Fees		16,075	
Other Per Diem and Fees		6,900	
Social Security		1,731	
Audit Services		5,750	
Dues and Memberships		2,366	
Other Contracted Services		2,890	
Total County Commission			\$ 36,070

Board of Equalization

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

County Mayor/Executive

County Official/Administrative Officer	\$	71,184	
Salary Supplements		800	
Secretary(ies)		56,613	
Overtime Pay		3,019	
Social Security		9,843	
State Retirement		8,918	
Medical Insurance		2,640	
Communication		4,448	
Dues and Memberships		1,350	
Operating Lease Payments		3,709	
Travel		1,422	
Office Supplies		7,107	
Premiums on Corporate Surety Bonds		657	
Data Processing Equipment		6,535	
Office Equipment		1,825	
Total County Mayor/Executive			180,070

County Attorney

County Official/Administrative Officer	\$	39,982	
Total County Attorney			39,982

Election Commission

County Official/Administrative Officer	\$	55,468	
Clerical Personnel		27,066	
Custodial Personnel		2,453	
Election Commission		2,600	
Social Security		6,314	
State Retirement		5,769	
Advertising		1,471	
Communication		2,456	
Postal Charges		1,426	
Printing, Stationery, and Forms		1,282	
Travel		2,728	

(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.)

Office Supplies	\$	3,998	
Other Charges		59,661	
Total Election Commission			\$ 172,692

Register of Deeds

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		53,018	
Data Processing Personnel		5,631	
Social Security		8,498	
State Retirement		8,014	
Medical Insurance		2,640	
Communication		2,677	
Dues and Memberships		407	
Operating Lease Payments		2,513	
Maintenance and Repair Services - Office Equipment		10	
Office Supplies		2,074	
Premiums on Corporate Surety Bonds		125	
Office Equipment		4,615	
Total Register of Deeds			151,854

Planning

Other Per Diem and Fees	\$	1,650	
Social Security		11	
Dues and Memberships		9,250	
Total Planning			10,911

Codes Compliance

County Official/Administrative Officer	\$	40,040	
Deputy(ies)		12,488	
Overtime Pay		25	
Social Security		3,898	
State Retirement		2,799	
Medical Insurance		1,980	
Advertising		238	
Communication		1,920	
Contracts with Government Agencies		43,690	
Maintenance and Repair Services - Vehicles		577	
Travel		40	
Gasoline		368	
Office Supplies		1,461	
Road Signs		8,754	
Other Charges		114	
Office Equipment		394	
Total Codes Compliance			118,786

County Buildings

Deputy(ies)	\$	113,022	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Overtime Pay	\$	3,413	
Social Security		8,753	
State Retirement		6,517	
Medical Insurance		6,050	
Communication		8,820	
Contracts with Private Agencies		4,873	
Maintenance and Repair Services - Buildings		68,192	
Maintenance and Repair Services - Equipment		4,233	
Maintenance and Repair Services - Vehicles		3,169	
Rentals		5,660	
Custodial Supplies		4,151	
Gasoline		17,859	
Utilities		230,169	
Other Supplies and Materials		3,601	
Other Charges		40	
Building Improvements		2,807	
Total County Buildings			\$ 491,329

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		53,018	
Social Security		8,771	
State Retirement		8,014	
Advertising		107	
Communication		3,192	
Contracts with Government Agencies		7,765	
Dues and Memberships		1,350	
Postal Charges		1,497	
Travel		5,416	
Other Contracted Services		5,671	
Office Supplies		2,175	
Premiums on Corporate Surety Bonds		150	
Total Property Assessor's Office			158,758

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	\$	61,632	
Deputy(ies)		53,018	
In-service Training		325	
Social Security		8,351	
State Retirement		8,014	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Communication	\$	2,870	
Dues and Memberships		407	
Legal Notices, Recording, and Court Costs		128	
Postal Charges		3,950	
Office Supplies		1,992	
Premiums on Corporate Surety Bonds		3,508	
Data Processing Equipment		1,179	
Other Equipment		6,733	
Total County Trustee's Office			\$ 152,107

County Clerk's Office

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		104,708	
Part-time Personnel		7,665	
Overtime Pay		739	
Social Security		12,948	
State Retirement		11,474	
Medical Insurance		2,640	
Advertising		75	
Communication		4,563	
Dues and Memberships		507	
Postal Charges		6,581	
Printing, Stationery, and Forms		927	
Office Supplies		2,716	
Premiums on Corporate Surety Bonds		650	
Other Charges		59	
Data Processing Equipment		16,682	
Office Equipment		239	
Total County Clerk's Office			234,805

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	59,262	
Deputy(ies)		129,452	
Overtime Pay		4,954	
Jury and Witness Expense		7,861	
Social Security		14,224	
State Retirement		10,046	
Medical Insurance		5,610	
Communication		3,202	
Dues and Memberships		407	
Operating Lease Payments		12	
Postal Charges		2,115	
Other Contracted Services		2,025	
Office Supplies		8,379	
Premiums on Corporate Surety Bonds		650	
Data Processing Equipment		16,855	
Total Circuit Court			265,054

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge

Judge(s)	\$	95,822	
In-service Training		555	
Social Security		7,330	
State Retirement		6,698	
Communication		3,090	
Travel		310	
Office Supplies		27	
Other Charges		2,587	
Total General Sessions Judge			\$ 116,419

Chancery Court

County Official/Administrative Officer	\$	61,632	
Deputy(ies)		27,066	
Social Security		6,532	
State Retirement		6,200	
Medical Insurance		2,640	
Communication		2,939	
Dues and Memberships		407	
Operating Lease Payments		1,558	
Library Books/Media		176	
Office Supplies		2,420	
Premiums on Corporate Surety Bonds		450	
Data Processing Equipment		4,549	
Total Chancery Court			116,569

Judicial Commissioners

County Official/Administrative Officer	\$	16,483	
Other Salaries and Wages		3,298	
In-service Training		150	
Social Security		1,512	
State Retirement		14	
Communication		540	
Total Judicial Commissioners			21,997

Other Administration of Justice

Other Charges	\$	5,445	
Total Other Administration of Justice			5,445

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,795	
Deputy(ies)		304,623	
Detective(s)		76,962	
Captain(s)		49,766	
Lieutenant(s)		87,579	
Sergeant(s)		158,203	
Paraprofessionals		34,091	

(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.)

Salary Supplements	\$	15,300	
Dispatchers/Radio Operators		132,670	
Guards		97,093	
Clerical Personnel		31,665	
Attendants		45,231	
Maintenance Personnel		26,718	
School Resource Officer		144,345	
Overtime Pay		57,713	
Other Salaries and Wages		30,199	
In-service Training		12,183	
Social Security		102,242	
State Retirement		91,458	
Medical Insurance		40,737	
Communication		21,238	
Confidential Drug Enforcement Payments		35,279	
Dues and Memberships		1,500	
Operating Lease Payments		4,276	
Maintenance and Repair Services - Office Equipment		1,351	
Maintenance and Repair Services - Vehicles		58,557	
Medical and Dental Services		1,030	
Gasoline		113,728	
Office Supplies		13,460	
Uniforms		16,749	
Other Supplies and Materials		6,062	
Premiums on Corporate Surety Bonds		375	
Other Charges		2,929	
Law Enforcement Equipment		2,493	
Motor Vehicles		191,000	
Other Equipment		35,752	
Total Sheriff's Department			\$ 2,112,352

Traffic Control

Traffic Control Equipment	\$	1,169	
Total Traffic Control			1,169

Jail

Cafeteria Personnel	\$	24,445	
Overtime Pay		1,199	
Social Security		1,962	
State Retirement		1,521	
Medical and Dental Services		148,635	
Other Contracted Services		52,492	
Custodial Supplies		22,355	
Food Supplies		146,859	
Other Supplies and Materials		19,548	
Total Jail			419,016

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Correctional Incentive Program Improvements

Supervisor/Director	\$	37,110	
Deputy(ies)		512,742	
Overtime Pay		27,730	
Social Security		40,877	
State Retirement		36,079	
Medical Insurance		31,240	
Total Correctional Incentive Program Improvements			\$ 685,778

Juvenile Services

Youth Service Officer(s)	\$	27,500	
Social Security		2,199	
State Retirement		1,922	
Communication		1,029	
Other Contracted Services		1,650	
Office Supplies		525	
Other Charges		1,292	
Total Juvenile Services			36,117

Fire Prevention and Control

Deputy(ies)	\$	12,250	
In-service Training		125	
Social Security		937	
Maintenance and Repair Services - Equipment		3,824	
Maintenance and Repair Services - Vehicles		4,929	
Rentals		16,610	
Other Contracted Services		79,740	
Gasoline		4,595	
Utilities		15,099	
Other Charges		5,542	
Other Equipment		16,687	
Total Fire Prevention and Control			160,338

Rescue Squad

Contributions	\$	30,000	
Total Rescue Squad			30,000

Other Emergency Management

Supervisor/Director	\$	16,656	
Social Security		1,274	
Communication		4,633	
Maintenance and Repair Services - Vehicles		2,275	
Other Contracted Services		1,082	
Gasoline		2,911	
Office Supplies		199	
Utilities		687	
Other Supplies and Materials		246	
Office Equipment		446	
Other Equipment		5,011	
Total Other Emergency Management			35,420

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Inspection and Regulation

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

County Coroner/Medical Examiner

Other Contracted Services	\$	42,580	
Other Supplies and Materials		1,031	
Total County Coroner/Medical Examiner			43,611

Other Public Safety

Deputy(ies)	\$	14,080	
Dispatchers/Radio Operators		193,520	
Longevity Pay		3,021	
Overtime Pay		15,664	
Social Security		16,309	
State Retirement		15,573	
Medical Insurance		7,920	
Total Other Public Safety			266,087

Public Health and Welfare

Local Health Center

Communication	\$	3,727	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		1,158	
Custodial Supplies		667	
Drugs and Medical Supplies		549	
Office Supplies		576	
Utilities		19,169	
Other Supplies and Materials		2,326	
Other Charges		66	
Total Local Health Center			28,438

Ambulance/Emergency Medical Services

Medical Personnel	\$	607,393	
Longevity Pay		5,729	
Overtime Pay		220,010	
In-service Training		3,653	
Social Security		60,901	
State Retirement		46,952	
Medical Insurance		28,374	
Communication		12,038	
Operating Lease Payments		352	
Licenses		3,138	
Maintenance and Repair Services - Equipment		4,226	
Maintenance and Repair Services - Vehicles		19,843	
Medical and Dental Services		440	
Custodial Supplies		3,017	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Drugs and Medical Supplies	\$	41,459	
Gasoline		57,105	
Office Supplies		2,603	
Uniforms		6,732	
Utilities		18,866	
Other Supplies and Materials		9,893	
Building and Contents Insurance		2,781	
Liability Insurance		3,089	
Premiums on Corporate Surety Bonds		200	
Refunds		1,947	
Vehicle and Equipment Insurance		7,295	
Workers' Compensation Insurance		129,509	
Other Charges		21	
Building Improvements		5,604	
Data Processing Equipment		2,477	
Motor Vehicles		88,036	
Total Ambulance/Emergency Medical Services			\$ 1,393,683

Alcohol and Drug Programs

In-service Training	\$	2,400	
Advertising		364	
Contracts with Private Agencies		1,287	
Instructional Supplies and Materials		1,033	
Total Alcohol and Drug Programs			5,084

Other Local Health Services

Supervisor/Director	\$	29,536	
Other Salaries and Wages		9,513	
Social Security		2,987	
State Retirement		2,065	
Communication		1,807	
Contributions		9,333	
Rentals		1,703	
Instructional Supplies and Materials		374	
Office Supplies		467	
Utilities		9,171	
Other Equipment		3,613	
Total Other Local Health Services			70,569

Appropriation to State

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

General Welfare Assistance

Advertising	\$	6,784	
Communication		891	
Dues and Memberships		492	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

General Welfare Assistance (Cont.)

Postal Charges	\$	600	
Printing, Stationery, and Forms		4,801	
Travel		2,271	
Other Contracted Services		30,287	
Office Supplies		4,987	
Total General Welfare Assistance			\$ 51,113

Other Local Welfare Services

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

Waste Pickup

Supervisor/Director	\$	14,634	
Social Security		1,120	
Maintenance and Repair Services - Vehicles		1,703	
Gasoline		4,174	
Instructional Supplies and Materials		4,876	
Other Charges		2,858	
Total Waste Pickup			29,365

Other Public Health and Welfare

Other Salaries and Wages	\$	33,932	
Social Security		2,596	
State Retirement		535	
Travel		7,715	
Office Supplies		768	
Other Supplies and Materials		3,678	
Total Other Public Health and Welfare			49,224

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	25,952	
Other Salaries and Wages		7,810	
Social Security		2,189	
State Retirement		1,814	
Medical Insurance		2,640	
Communication		190	
Travel		1,441	
Office Supplies		1,286	
Utilities		11,047	
Other Supplies and Materials		655	
Total Senior Citizens Assistance			55,024

Libraries

County Official/Administrative Officer	\$	31,984	
Other Salaries and Wages		35,331	
Social Security		5,150	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

State Retirement	\$	2,236	
Communication		4,067	
Data Processing Services		1,345	
Dues and Memberships		45	
Operating Lease Payments		588	
Maintenance and Repair Services - Office Equipment		225	
Postal Charges		184	
Travel		464	
Custodial Supplies		371	
Data Processing Supplies		703	
Library Books/Media		17,414	
Office Supplies		899	
Periodicals		22	
Utilities		2,880	
Other Supplies and Materials		4,236	
Data Processing Equipment		3,839	
Office Equipment		1,076	
Total Libraries			\$ 113,059

Parks and Fair Boards

Communication	\$	1,132	
Other Supplies and Materials		2,447	
Other Charges		11,810	
Building Improvements		102,338	
Other Equipment		11,728	
Total Parks and Fair Boards			129,455

Other Social, Cultural, and Recreational

Other Supplies and Materials	\$	1,865	
Site Development		10,100	
Total Other Social, Cultural, and Recreational			11,965

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	30,548	
Secretary(ies)		7,190	
Social Security		2,422	
State Retirement		4,557	
Communication		3,366	
Rentals		7,140	
Other Charges		3,850	
Total Agricultural Extension Service			59,073

Soil Conservation

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

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Other Agriculture and Natural Resources

Maintenance and Repair Services - Buildings	\$	42,615	
Custodial Supplies		1,548	
Utilities		24,338	
Refunds		200	
Total Other Agriculture and Natural Resources			\$ 68,701

Other Operations

Tourism

Contributions	\$	300	
Total Tourism			300

Industrial Development

Office Supplies	\$	375	
Other Charges		4,501	
Total Industrial Development			4,876

Housing and Urban Development

Contracts with Government Agencies	\$	23,407	
Site Development		18,800	
Total Housing and Urban Development			42,207

Other Economic and Community Development

Contributions	\$	32,867	
Total Other Economic and Community Development			32,867

Veterans' Services

Supervisor/Director	\$	10,422	
Social Security		797	
Communication		956	
Contributions		5,000	
Travel		966	
Office Supplies		370	
Other Charges		399	
Total Veterans' Services			18,910

Other Charges

Building and Contents Insurance	\$	46,083	
Liability Insurance		65,330	
Vehicle and Equipment Insurance		43,291	
Workers' Compensation Insurance		123,294	
Other Charges		2,959	
Total Other Charges			280,957

Employee Benefits

Longevity Pay	\$	23,039	
Social Security		1,762	
State Retirement		1,611	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits (Cont.)

Life Insurance	\$ 8,608	
Unemployment Compensation	17,808	
Total Employee Benefits	\$ 52,828	

Miscellaneous

Contributions	\$ 32,200	
Dues and Memberships	3,008	
Other Supplies and Materials	72	
Trustee's Commission	95,106	
Other Charges	36,616	
Total Miscellaneous	167,002	

Principal on Debt

General Government

Principal on Bonds	\$ 45,277	
Principal on Notes	149,832	
Total General Government	195,109	

Interest on Debt

General Government

Interest on Bonds	\$ 50,823	
Interest on Notes	12,424	
Total General Government	63,247	

Total General Fund \$ 9,042,052

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Custodial Personnel	\$ 22,383	
Social Security	1,562	
State Retirement	1,565	
Medical Insurance	2,640	
Total County Buildings	\$ 28,150	

Other Operations

Miscellaneous

Trustee's Commission	\$ 2,972	
Total Miscellaneous	2,972	

Principal on Debt

General Government

Principal on Other Loans	\$ 377,391	
Total General Government	377,391	

(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	\$ 280,231	
Total General Government		\$ 280,231

Other Debt Service

General Government

Other Debt Service	\$ 124,769	
Total General Government		<u>124,769</u>

Total Courthouse and Jail Maintenance Fund		\$ 813,513
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Drug Control Fund

Public Safety

Sheriff's Department

Instructional Supplies and Materials	\$ 3,918	
Other Charges	4,881	
Law Enforcement Equipment	<u>22,248</u>	
Total Sheriff's Department		\$ 31,047

Drug Enforcement

Trustee's Commission	\$ 218	
Total Drug Enforcement		<u>218</u>

Total Drug Control Fund		31,265
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 67,795	
Accountants/Bookkeepers	36,859	
Overtime Pay	1,496	
Other Salaries and Wages	30,647	
Advertising	1,400	
Communication	7,190	
Data Processing Services	7,908	
Dues and Memberships	3,852	
Maintenance and Repair Services - Buildings	163	
Maintenance and Repair Services - Office Equipment	228	
Postal Charges	459	
Printing, Stationery, and Forms	129	
Drugs and Medical Supplies	56	
Electricity	5,024	
Natural Gas	2,615	
Office Supplies	3,243	
Water and Sewer	408	
Other Charges	2,505	
Communication Equipment	235	
Data Processing Equipment	75	
Office Equipment	<u>60</u>	
Total Administration		\$ 172,347

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$	36,064	
Equipment Operators		107,146	
Truck Drivers		77,173	
Laborers		130,736	
Overtime Pay		1,729	
Rentals		4,000	
Other Contracted Services		211,538	
Asphalt - Cold Mix		145,275	
Asphalt - Liquid		28,123	
Crushed Stone		105,656	
Other Road Materials		3,149	
Pipe		36,154	
Road Signs		2,710	
Salt		596	
Wood Products		5,239	
Other Charges		387	
Total Highway and Bridge Maintenance			\$ 895,675

Operation and Maintenance of Equipment

Mechanic(s)	\$	57,217	
Overtime Pay		1,350	
Freight Expenses		82	
Maintenance and Repair Services - Equipment		389	
Custodial Supplies		4,288	
Diesel Fuel		95,054	
Equipment and Machinery Parts		35,382	
Garage Supplies		1,513	
Gasoline		47,913	
Lubricants		9,173	
Small Tools		609	
Tires and Tubes		23,401	
Uniforms		2,313	
Vehicle Parts		14,781	
Other Supplies and Materials		983	
Other Charges		375	
Total Operation and Maintenance of Equipment			294,823

Other Charges

Contributions	\$	125	
Building and Contents Insurance		1,884	
Liability Insurance		3,771	
Trustee's Commission		19,555	
Vehicle and Equipment Insurance		10,691	
Workers' Compensation Insurance		44,044	
Total Other Charges			80,070

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Social Security	\$	41,938	
State Retirement		36,453	
Employee and Dependent Insurance		257,814	
Unemployment Compensation		4,597	
Total Employee Benefits			\$ 340,802

Capital Outlay

Engineering Services	\$	34,093	
Bridge Construction		51,928	
Highway Equipment		28,050	
Motor Vehicles		18,700	
State Aid Projects		311,612	
Total Capital Outlay			444,383

Principal on Debt

Highways and Streets

Principal on Notes	\$	80,398	
Total Highways and Streets			80,398

Interest on Debt

Highways and Streets

Interest on Notes	\$	2,280	
Total Highways and Streets			2,280

Total Highway/Public Works Fund \$ 2,310,778

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	17,707	
Principal on Notes		846,995	
Principal on Other Loans		88,509	
Total General Government			\$ 953,211

Interest on Debt

General Government

Interest on Bonds	\$	11,073	
Interest on Notes		58,245	
Interest on Other Loans		3,404	
Total General Government			72,722

Other Debt Service

General Government

Trustee's Commission	\$	11,601	
Other Debt Service		19,526	
Total General Government			31,127

Total General Debt Service Fund 1,057,060

(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	\$ 1,230,000	
Total Education		\$ 1,230,000
<u>Interest on Debt</u>		
<u>Education</u>		
Interest on Bonds	\$ 589,000	
Total Education		589,000
<u>Other Debt Service</u>		
<u>Education</u>		
Bank Charges	\$ 250	
Trustee's Commission	23,072	
Total Education		<u>23,322</u>
 Total Education Debt Service Fund		 \$ 1,842,322
<u>CDBG Waterline Project Fund</u>		
<u>Capital Projects</u>		
<u>Public Health and Welfare Projects</u>		
Contracts with Government Agencies	\$ 2,500	
Total Public Health and Welfare Projects		<u>\$ 2,500</u>
 Total CDBG Waterline Project Fund		 2,500
<u>FastTrack Grant Project Fund</u>		
<u>Capital Projects</u>		
<u>Public Utility Projects</u>		
Other Charges	\$ 291	
Total Public Utility Projects		<u>\$ 291</u>
 Total FastTrack Grant Project Fund		 291
<u>Hazard Mitigation Project Fund</u>		
<u>Other Operations</u>		
<u>Housing and Urban Development</u>		
Other Capital Outlay	\$ 19,688	
Total Housing and Urban Development		<u>\$ 19,688</u>
 Total Hazard Mitigation Project Fund		 <u>19,688</u>
 Total Governmental Funds - Primary Government		 <u><u>\$ 15,119,469</u></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, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,144,049	
Career Ladder Program	61,900	
Career Ladder Extended Contracts	11,654	
Educational Assistants	400,170	
Other Salaries and Wages	6,964	
Certified Substitute Teachers	64,025	
Non-certified Substitute Teachers	56,427	
Social Security	452,031	
State Retirement	657,755	
Medical Insurance	1,354,639	
Unemployment Compensation	13,109	
Employer Medicare	106,538	
Maintenance and Repair Services - Equipment	17,915	
Tuition	7,004	
Other Contracted Services	5,427	
Instructional Supplies and Materials	136,468	
Textbooks	191,523	
Other Supplies and Materials	12,589	
In Service/Staff Development	104	
Fee Waivers	17,167	
Other Charges	18,221	
Regular Instruction Equipment	245,647	
Total Regular Instruction Program		\$ 10,981,326

Alternative Instruction Program

Teachers	\$ 43,503	
Career Ladder Program	900	
Career Ladder Extended Contracts	3,054	
Social Security	2,418	
State Retirement	3,485	
Medical Insurance	4,780	
Unemployment Compensation	58	
Employer Medicare	685	
Other Supplies and Materials	210	
Total Alternative Instruction Program		59,093

Special Education Program

Teachers	\$ 827,659	
Career Ladder Program	4,000	
Career Ladder Extended Contracts	1,000	
Educational Assistants	130,173	
Speech Pathologist	41,790	
Certified Substitute Teachers	15,309	
Non-certified Substitute Teachers	3,025	
Social Security	60,199	
State Retirement	84,075	

(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.)

Medical Insurance	\$ 175,431	
Unemployment Compensation	2,012	
Employer Medicare	14,115	
Contracts with Private Agencies	5,175	
Total Special Education Program		\$ 1,363,963

Vocational Education Program

Teachers	\$ 527,406	
Career Ladder Program	3,000	
Certified Substitute Teachers	5,135	
Non-certified Substitute Teachers	3,465	
Social Security	32,526	
State Retirement	46,983	
Medical Insurance	95,936	
Unemployment Compensation	811	
Employer Medicare	7,607	
Maintenance and Repair Services - Equipment	150	
Instructional Supplies and Materials	8,390	
Other Charges	484	
Total Vocational Education Program		731,893

Support Services

Attendance

Supervisor/Director	\$ 49,413	
Career Ladder Extended Contracts	3,500	
Social Workers	37,362	
Social Security	5,184	
State Retirement	8,016	
Medical Insurance	17,964	
Unemployment Compensation	114	
Employer Medicare	1,212	
Travel	1,846	
Other Contracted Services	8,701	
Other Supplies and Materials	674	
Attendance Equipment	11,054	
Total Attendance		145,040

Health Services

Supervisor/Director	\$ 49,227	
Medical Personnel	79,931	
Other Salaries and Wages	16,241	
Social Security	8,275	
State Retirement	12,605	
Medical Insurance	29,402	
Unemployment Compensation	230	
Employer Medicare	1,935	

(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.)

Health Services (Cont.)

Travel	\$	11,362	
Drugs and Medical Supplies		971	
Other Supplies and Materials		15,926	
Health Equipment		888	
Total Health Services			\$ 226,993

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		269,818	
Career Ladder Extended Contracts		3,000	
Other Salaries and Wages		19,419	
Social Security		17,162	
State Retirement		24,587	
Medical Insurance		52,795	
Unemployment Compensation		466	
Employer Medicare		4,014	
Contracts with Government Agencies		151,542	
Evaluation and Testing		32,110	
Other Supplies and Materials		5,389	
Other Charges		68	
Total Other Student Support			582,370

Regular Instruction Program

Supervisor/Director	\$	140,144	
Career Ladder Program		4,850	
Career Ladder Extended Contracts		1,000	
Librarians		232,209	
Instructional Computer Personnel		104,280	
Other Salaries and Wages		28,785	
Social Security		27,884	
State Retirement		39,425	
Medical Insurance		69,503	
Unemployment Compensation		642	
Employer Medicare		7,242	
Travel		17,486	
Other Contracted Services		3,000	
Library Books/Media		2,620	
Other Supplies and Materials		503	
In Service/Staff Development		9,062	
Other Equipment		729	
Total Regular Instruction Program			689,364

Special Education Program

Supervisor/Director	\$	60,586	
Career Ladder Program		1,000	
Psychological Personnel		52,616	

(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.)

Special Education Program (Cont.)

Social Security	\$	6,868	
State Retirement		10,141	
Medical Insurance		21,644	
Unemployment Compensation		113	
Employer Medicare		1,606	
Communication		431	
Travel		7,543	
In Service/Staff Development		725	
Total Special Education Program			\$ 163,273

Vocational Education Program

Supervisor/Director	\$	16,371	
Social Security		1,019	
State Retirement		1,455	
Medical Insurance		3,245	
Unemployment Compensation		58	
Employer Medicare		244	
Travel		1,446	
Other Supplies and Materials		90	
Total Vocational Education Program			23,928

Other Programs

On-behalf Payments to OPEB	\$	109,937	
Total Other Programs			109,937

Board of Education

Secretary to Board	\$	600	
Board and Committee Members Fees		16,900	
Social Security		1,085	
State Retirement		53	
Unemployment Compensation		116	
Employer Medicare		254	
Audit Services		7,000	
Contracts with Government Agencies		4,032	
Contracts with Private Agencies		9,524	
Dues and Memberships		9,387	
Legal Services		29,466	
Other Contracted Services		5,509	
Liability Insurance		38,927	
Premiums on Corporate Surety Bonds		320	
Trustee's Commission		109,857	
Workers' Compensation Insurance		179,995	
Refund to Applicant for Criminal Investigation		2,922	
Other Charges		4,533	
Total Board of Education			420,480

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools

County Official/Administrative Officer	\$	94,796	
Career Ladder Program		1,000	
Social Security		5,930	
State Retirement		8,507	
Medical Insurance		6,345	
Unemployment Compensation		58	
Employer Medicare		1,387	
Communication		60,862	
Dues and Memberships		1,680	
Travel		3,515	
Other Charges		170	
Administration Equipment		1,522	
Total Director of Schools			\$ 185,772

Office of the Principal

Principals	\$	605,067	
Career Ladder Program		9,000	
Accountants/Bookkeepers		112,057	
Career Ladder Extended Contracts		500	
Assistant Principals		349,378	
Clerical Personnel		95,301	
Social Security		69,379	
State Retirement		99,770	
Medical Insurance		130,075	
Unemployment Compensation		1,628	
Employer Medicare		16,226	
Communication		5,000	
Dues and Memberships		4,783	
Other Charges		1,791	
Administration Equipment		8,094	
Total Office of the Principal			1,508,049

Fiscal Services

Accountants/Bookkeepers	\$	130,661	
Clerical Personnel		41,275	
Social Security		9,995	
State Retirement		12,018	
Medical Insurance		32,266	
Unemployment Compensation		346	
Employer Medicare		2,338	
Data Processing Services		8,580	
Maintenance and Repair Services - Office Equipment		4,921	
Travel		1,979	
Other Contracted Services		528	
Office Supplies		10,140	
Other Charges		62	
Administration Equipment		6,609	
Total Fiscal Services			261,718

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Custodial Personnel	\$	343,340	
Other Salaries and Wages		29,378	
Social Security		22,801	
State Retirement		22,291	
Medical Insurance		419	
Unemployment Compensation		1,574	
Employer Medicare		5,333	
Contracts with Government Agencies		4,948	
Contracts with Private Agencies		105,628	
Maintenance and Repair Services - Equipment		14,533	
Pest Control		5,225	
Other Contracted Services		2,906	
Custodial Supplies		48,016	
Electricity		833,148	
Natural Gas		88,446	
Water and Sewer		66,297	
Other Supplies and Materials		11,935	
Building and Contents Insurance		56,002	
Other Charges		225	
Plant Operation Equipment		26,822	
Total Operation of Plant			\$ 1,689,267

Maintenance of Plant

Supervisor/Director	\$	61,009	
Maintenance Personnel		148,304	
Other Salaries and Wages		19,498	
Social Security		13,799	
State Retirement		16,473	
Medical Insurance		33,227	
Unemployment Compensation		396	
Employer Medicare		3,311	
Contracts with Private Agencies		6,172	
Laundry Service		3,108	
Maintenance and Repair Services - Buildings		32,287	
Maintenance and Repair Services - Equipment		44,505	
Other Contracted Services		1,400	
Other Supplies and Materials		56,132	
Maintenance Equipment		14,515	
Total Maintenance of Plant			454,136

Transportation

Supervisor/Director	\$	41,766	
Mechanic(s)		93,484	
Bus Drivers		439,609	
Educational Assistants		35,937	
Other Salaries and Wages		18,296	

(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.)

Social Security	\$	36,467	
State Retirement		36,728	
Medical Insurance		32,113	
Unemployment Compensation		2,289	
Employer Medicare		9,216	
Contracts with Government Agencies		1,995	
Contracts with Private Agencies		10,048	
Contracts with Parents		2,120	
Laundry Service		2,625	
Maintenance and Repair Services - Equipment		1,138	
Maintenance and Repair Services - Vehicles		5,788	
Medical and Dental Services		5,210	
Towing Services		1,130	
Travel		1,174	
Diesel Fuel		190,276	
Garage Supplies		1,267	
Gasoline		25,875	
Lubricants		4,036	
Tires and Tubes		14,325	
Vehicle Parts		60,218	
Gravel and Chert		1,754	
Other Supplies and Materials		2,992	
Vehicle and Equipment Insurance		30,079	
Other Charges		502	
Transportation Equipment		246,352	
Total Transportation			\$ 1,354,809

Operation of Non-instructional Services

Food Service

Career Ladder Program	\$	1,000	
Social Security		62	
State Retirement		89	
Unemployment Compensation		3	
Employer Medicare		14	
Total Food Service			1,168

Community Services

Supervisor/Director	\$	36,361	
Social Security		2,213	
State Retirement		3,229	
Medical Insurance		6,943	
Unemployment Compensation		58	
Employer Medicare		518	
Travel		666	
Other Supplies and Materials		1,718	
Other Charges		723	
Total Community Services			52,429

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Early Childhood Education

Supervisor/Director	\$	38,387	
Teachers		217,852	
Career Ladder Program		500	
Educational Assistants		65,722	
Certified Substitute Teachers		650	
Non-certified Substitute Teachers		1,292	
Social Security		19,449	
State Retirement		27,220	
Medical Insurance		45,774	
Unemployment Compensation		630	
Employer Medicare		4,554	
Travel		1,183	
Instructional Supplies and Materials		12,171	
Other Supplies and Materials		27,759	
In Service/Staff Development		271	
Other Charges		389	
Other Equipment		36,298	
Total Early Childhood Education			\$ 500,101

Capital Outlay

Regular Capital Outlay

Architects	\$	11,200	
Building Improvements		225,211	
Other Capital Outlay		97,609	
Total Regular Capital Outlay			334,020

Other Debt Service

Education

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

Total General Purpose School Fund \$ 22,135,129

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	389,088	
Educational Assistants		21,288	
Social Security		24,095	
State Retirement		35,637	
Medical Insurance		80,251	
Unemployment Compensation		742	
Employer Medicare		5,635	
Maintenance and Repair Services - Equipment		8,589	
Other Contracted Services		111,898	
Instructional Supplies and Materials		6,884	
Regular Instruction Equipment		50,287	
Total Regular Instruction Program			\$ 734,394

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

Educational Assistants	\$	237,645	
Speech Pathologist		95,341	
Social Security		20,104	
State Retirement		22,935	
Medical Insurance		14,240	
Unemployment Compensation		1,308	
Employer Medicare		4,701	
Other Contracted Services		69,637	
Instructional Supplies and Materials		8,337	
Other Supplies and Materials		6,390	
Special Education Equipment		4,324	
Total Special Education Program			\$ 484,962

Vocational Education Program

Instructional Supplies and Materials	\$	2,760	
Vocational Instruction Equipment		27,722	
Total Vocational Education Program			30,482

Support Services

Other Student Support

Bus Drivers	\$	225	
Social Security		14	
State Retirement		16	
Unemployment Compensation		1	
Employer Medicare		3	
Travel		10,703	
Other Charges		7,229	
Total Other Student Support			18,191

Regular Instruction Program

Supervisor/Director	\$	59,805	
Other Salaries and Wages		47,418	
Social Security		6,227	
State Retirement		9,521	
Medical Insurance		18,099	
Unemployment Compensation		115	
Employer Medicare		1,456	
Travel		12,498	
Other Supplies and Materials		384	
In Service/Staff Development		23,104	
Other Charges		900	
Total Regular Instruction Program			179,527

Special Education Program

Assessment Personnel	\$	14,395	
Clerical Personnel		22,653	

(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.)

Special Education Program (Cont.)

Social Security	\$	1,621	
State Retirement		1,626	
Medical Insurance		19,627	
Unemployment Compensation		120	
Employer Medicare		306	
Travel		19,505	
Other Supplies and Materials		13,253	
In Service/Staff Development		3,310	
Total Special Education Program			\$ 96,416

Vocational Education Program

In Service/Staff Development	\$	812	
Total Vocational Education Program			812

Transportation

Bus Drivers	\$	23,009	
Other Salaries and Wages		8,122	
Social Security		1,767	
State Retirement		2,016	
Unemployment Compensation		153	
Employer Medicare		260	
Contracts with Parents		4,186	
Total Transportation			39,513

Total School Federal Projects Fund \$ 1,584,297

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	50,918	
Accountants/Bookkeepers		37,328	
Clerical Personnel		23,882	
Cafeteria Personnel		573,689	
Other Salaries and Wages		1,974	
Social Security		42,235	
State Retirement		43,322	
Medical Insurance		12,719	
Unemployment Compensation		491	
Employer Medicare		9,939	
Communication		3,368	
Legal Notices, Recording, and Court Costs		22	
Maintenance and Repair Services - Equipment		8,483	
Pest Control		3,024	
Printing, Stationery, and Forms		708	
Travel		2,285	
Other Contracted Services		8,291	

(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.)

Data Processing Supplies	\$	2,094	
Equipment and Machinery Parts		9,649	
Food Supplies		798,201	
Office Supplies		1,710	
USDA - Commodities		131,891	
Other Supplies and Materials		71,973	
In Service/Staff Development		3,331	
Refund to Applicant for Criminal Investigation		378	
Food Service Equipment		<u>14,051</u>	
Total Food Service			\$ <u>1,855,956</u>

Total Central Cafeteria Fund \$ 1,855,956

Total Governmental Funds - Smith County School Department \$ 25,575,382

Exhibit K-10

Smith County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund
For the Year Ended June 30, 2014

	Major Enterprise Fund
	<u>Solid Waste Disposal</u>
<hr/>	
<u>Revenues</u>	
<u>Operating Revenues</u>	
<u>Licenses and Permits</u>	
Other Permits	\$ 1,200
<u>Charges for Current Services</u>	
Tipping Fees	1,775,124
<u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Lease/Rentals	1,160
Sale of Recycled Materials	25,033
Miscellaneous Refunds	1,633
<u>Other Governments and Citizens Groups</u>	
Contracted Services	86,460
Total Operating Revenues	<u>\$ 1,890,610</u>
<u>Nonoperating Revenues</u>	
<u>Other Local Revenues</u>	
<u>Nonrecurring Items</u>	
Gain on Disposal of Property	\$ 2,150
Grants	5,199
Total Nonoperating Revenue	<u>\$ 7,349</u>
Total Revenues	<u>\$ 1,897,959</u>
<u>Expenses</u>	
<u>Operating Expenses</u>	
<u>Waste Pickup</u>	
Overtime Pay	\$ 182
Other Salaries and Wages	59,807
Social Security	3,755
State Retirement	3,527
Medical Insurance	2,640
Communication	518
Maintenance and Repair Services - Equipment	10,429
Gasoline	35,395
<u>Convenience Centers</u>	
Other Salaries and Wages	150,517
Social Security	10,137
Communication	4,106
Maintenance and Repair Services - Buildings	775
Maintenance and Repair Services - Equipment	219
Rentals	5,550
Utilities	6,361
Other Supplies and Materials	1,206
Site Development	2,500
<u>Other Waste Collection</u>	
Other Contracted Services	12,977

(Continued)

Exhibit K-10

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

	Major Enterprise Fund
	<u>Solid Waste Disposal</u>
<hr/>	
<u>Expenses (Cont.)</u>	
<u>Operating Expenses (Cont.)</u>	
<u>Landfill Operation and Maintenance</u>	
Supervisor/Director	\$ 43,000
Salary Supplements	400
Attendants	68,810
Longevity Pay	2,050
Overtime Pay	1,288
Other Salaries and Wages	210,731
In-Service Training	1,755
Social Security	25,914
State Retirement	14,817
Medical Insurance	5,280
Advertising	72
Communication	3,593
Contracts with Private Agencies	17,710
Engineering Services	33,227
Maintenance and Repair Services - Equipment	91,371
Medical and Dental Services	220
Travel	1,134
Other Contracted Services	63,779
Gasoline	144,565
Office Supplies	738
Utilities	14,115
Other Supplies and Materials	33,349
Building and Contents Insurance	2,497
Liability Insurance	1,544
Refunds	100
Trustee's Commission	17,784
Vehicle and Equipment Insurance	5,360
Worker's Compensation Insurance	62,324
Depreciation	209,885
Landfill Closure/Postclosure Care Costs	228,864
Other Charges	60
Motor Vehicles	15,014
<u>Employee Benefits</u>	
Longevity Pay	800
Social Security	61
State Retirement	56
<u>Miscellaneous</u>	
Other Charges	25
Total Operating Expenses	<u>\$ 1,632,893</u>
<u>Nonoperating Expenses</u>	
Interest on Notes	\$ 84,961
Interest on Other Loans	78,568
Total Nonoperating Expenses	<u>\$ 163,529</u>
Total Expenses	<u>\$ 1,796,422</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, 2014

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 1,254,727</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,242,180
Trustee's Commission	12,547
Total Cash Disbursements	<u>\$ 1,254,727</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2013	<u>0</u>
Cash Balance, June 30, 2014	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

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, 2014, and the related notes to the financial statements, which collectively comprise Smith County's basic financial statements, and have issued our report thereon dated January 27, 2015. 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 on Smith County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 2014-001.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2014-002, 2014-007, 2014-008, and 2014-009(A,B).

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: 2014-003, 2014-004, 2014-005, 2014-006, and 2014-009(C).

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,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke at the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 27, 2015

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, 2014. 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, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-010. Our opinion on each major federal program is not modified with respect to this matter.

Smith County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Smith County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2014-010, which we consider to be a significant deficiency.

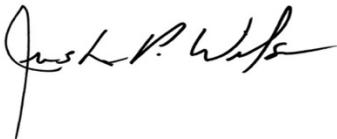
Smith County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Smith County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, 2014, and the related notes to the financial statements, which collectively comprise Smith County's basic financial statements. We issued our report thereon January 27, 2015, 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 basic 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 basic financial statements. The 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 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

January 27, 2015

JPW/sb

Smith County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2014

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	\$ 366,621
National School Lunch Program	10.555	N/A	829,450 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	131,891 (3)
Total U.S. Department of Agriculture			\$ 1,327,962
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program	12.Unknown	N/A	\$ 307,832
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	\$ 2,500
U.S. Department of Interior:			
Direct Program:			
Payments-in-lieu-of-Taxes	15.226	N/A	\$ 22,488
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(4)	\$ 20,533
Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	N/A	\$ 1,500
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 664,001
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	604,139
Special Education - Preschool Grants	84.173	N/A	16,741
Career and Technical Education - Basic Grants to States	84.048	N/A	42,255
Twenty-first Century Community Learning Centers	84.287	N/A	273,036
Improving Teacher Quality State Grants	84.367	N/A	112,309
State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	138,124
Total U.S. Department of Education			\$ 1,850,605
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(5)	\$ 39,453
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	\$ 48,636
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Hazard Mitigation Grant	97.039	(2)	\$ 54,155
Emergency Management Performance Grants	97.042	(2)	12,350
Total U.S. Department of Homeland Security			\$ 66,505
Total Expenditures of Federal Awards			\$ 3,688,014

(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)	\$ 15,500
Local Health Services Grant - State Department of Health	N/A	GG1437624-02	51,019
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)	15,300
Litter Program - State Department of Transportation	N/A	(2)	30,234
Help America Vote Act - Tennessee Secretary of State	N/A	(6)	2,077
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	5,199
Pilot/State - Early Childhood Education - PreK - State Department of Education	N/A	(2)	499,152
ConnectTenn Grant - State Department of Education	N/A	(2)	9,004
Safe Schools Act - State Department of Education	N/A	(2)	18,000
Family Resource - State Department of Education	N/A	(2)	29,612
Coordinated School Health - State Department of Education	N/A	(2)	100,000
Tennessee Arts Commission STS - State Department of Education	N/A	(2)	1,255
Hazard Mitigation Project - State Department of Military	N/A	(2)	9,026
Total State Grants			\$ 794,378

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 \$961,341.
- (4) Z13GHS283: \$4,887; Z14GHS439: \$15,646.
- (5) 30510-00213-41: \$37,990; 30510-00113-80: \$1,463.
- (6) 30510-00213-41: \$2,000; 30510-00113-80: \$77.

Smith County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2014

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, 2013, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-001	178	The Solid Waste Disposal Fund had a deficit in unrestricted net position
2013-003	179	The office did not deposit some funds within three days of collection

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-005	180	The execution docket trial balances did not reconcile with general ledger accounts
2013-006	181	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>
2013-007	181	Multiple employees operated from the same cash drawer

OFFICES OF ROAD COMMISSIONER, DIRECTOR OF SCHOOLS, CLERK AND MASTER, AND SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-008	182	Duties were not segregated adequately

SMITH COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

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. One 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 significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is 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), the Section 1033 Excess Property Program (CFDA No. 12.Unknown), 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 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 2014-001

THE EDUCATION DEBT SERVICE FUND REQUIRED A MATERIAL AUDIT ADJUSTMENT FOR PROPER FINANCIAL STATEMENT PRESENTATION

(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2014, the general ledger account balance for receivables in the Education Debt Service Fund was not materially correct, and an audit adjustment totaling \$296,000 was required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Smith County to have adequate internal controls over the maintenance of its accounting records. The material audit adjustment was required because the county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of a lack of management oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Smith County should have appropriate processes in place to ensure that its general ledgers are materially correct.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I reviewed the final revenue report for 2013-14 in September 2014 and found that the School Department had not paid its budgeted amount of \$296,000 for the 2013-14 year to the Education Debt Service Fund. I contacted the School Accounts Payable Department and asked them why that they had not paid the \$296,000. The School Department stated that they had not received a bill, and they thought that the Budget and Finance Committee and the County Commission had extended the 2013-14 payment until the bond matured, when in fact, the Budget and Finance Committee and the County Commission had extended the 2014-15 payment. The Mayor's Office then billed the School Department, and the School Department immediately made the \$296,000 payment. The County Mayor's Office, the Budget and Finance Committee, and the County Commission will monitor this better in the future so that this does not happen again.

FINDING 2014-002

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 \$1,512,714 in unrestricted net position at June 30, 2014. This deficit resulted from the recognition of a liability of \$2,865,433 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 cost for the life of the landfill. Smith County does some of the closure and postclosure work to cut down on cost. The closure and postclosure costs will be spread out over several years as each cell meets its full capacity. The money to do this will more than likely be borrowed and paid back over a period of time.

FINDING 2014-003

SEVERAL DEPARTMENTS 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, wellness center, and Ambulance Service to compare receipts with deposits. As a result, we discovered that the library, planning office, and Ambulance Service did not deposit some funds with the county trustee within three days of collection for 20 of 178 receipts (11 percent), for 14 of 75 receipts (19 percent), and for 18 of 105 receipts (17 percent) tested, respectively. These deficiencies were the result of a lack of management oversight over cash collections and the failure of management to correct the finding noted in the prior-year audit. 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

I have met with different departments about the three-day deposit law. The Budget and Finance Committee will develop a policy that reflects the requirements of Section 5-8-207, *Tennessee Code Annotated*, and recommend the policy to the County Commission in March 2015. After the new policy is adopted, I will send the new policy to all affected departments and will meet with them to review the new policy.

FINDING 2014-004

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

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:	
County Coroner/Medical Examiner	\$ 2,230
General Debt Service:	
Interest on Debt	19,943
Other Debt Service	201

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various county departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency exists because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – COUNTY MAYOR

I reviewed the expenditure report in May 2014 and thought there would be enough funding left in the 2013-14 budget for the County Coroner/Medical Examiner expense category. I did not submit anything to the Budget and Finance Committee due to this assumption. In June a total of \$3,870 was spent, which put this major category over by \$2,230. This category is very volatile to the death-rate of individuals that would be required to be sent for an autopsy. Smith County will budget enough in the future so that this does not recur.

I reviewed the expenditure report of the General Debt Service Fund in April and saw that there was enough funding left in the 2013-14 budget as a whole. One of the three major

appropriation categories was under spent by \$26,336, one was over spent by \$19,944, and one was over spent by \$201. Therefore, I did not seek a budget amendment. Now knowing that if any major category is over spent, an audit finding would be reported, I will not look at all major categories collectively but separately. In the future, this finding should not occur again.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2014-005

EXECUTION DOCKET TRIAL BALANCES DID NOT RECONCILE WITH GENERAL LEDGER ACCOUNTS
(Noncompliance Under *Government Auditing Standards*)

At June 30, 2014, 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 \$4,160 and \$3,888, 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 findings 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.

FINDING 2014-006

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 \$30,680. At June 30, 2014, Circuit Court had 46 outstanding checks issued before July 1, 2013, totaling \$21,938, and General Sessions Court had 104 outstanding checks totaling \$8,742. 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 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.

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

FINDING 2014-007

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, CLERK AND MASTER, AND SHERIFF

FINDING 2014-008

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, 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.

SMITH COUNTY

FINDING 2014-009

SMITH COUNTY HAD DEFICIENCIES RELATED TO SECTION 1033 EXCESS FEDERAL PROPERTY

(A. and B. – Internal Control – Significant Deficiency Under *Government Auditing Standards* and OMB Circular A-133; C. – Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)

During the year, Smith County received surplus property items through the State of Tennessee, Department of General Services under the federal Department of Defense Section 1033 Excess Property Program. The state and the Department of Defense established guidelines for participants that receive property through the program. These guidelines provide directives as to the use, accountability, reporting, and disposal of property received through the program. The county had the following deficiencies related to the excess federal property:

- A. While the county did have an inventory list of property items that had been received through the program, this list did not include a detailed description of the property or other identifying number, the location of the property, who had custody of the property, or any other identifying information. Program guidelines require the maintenance of an inventory, which should include information concerning the property description, an identifying number, the location of, and other pertinent information for adequate identification. Without proper identification of items and control of the inventory, there is no means to determine the status of program property.
- B. We noted that formal tracking procedures had not been implemented, and property received had not been stored in a secure central location. Property was being stored and/or used in several locations. No procedures were in place to document the location or use of the property, and in some storage areas, access was not limited to authorized personnel. Program property accountability guidelines require the proper storage and security of the property with asset tracking and sign-out procedures in place. In the absence of these procedures, the county has no way to determine where the property is located, if the property is secure, who has custody of the property, if the property is being used for program purposes, or if the property should be reported/identified as lost, missing, stolen, or unused.
- C. We performed a physical observation and noted that some program property was at the Smith County Highway Department and at the county's landfill and was being used for road maintenance and repairs and landfill operations, respectively. Program guidelines state that property is to be used for law

enforcement and counter-drug activities and not used for road maintenance and repairs and landfill operations. This deficiency results in questioned costs of \$51,671, the value at which those items are reported on the Schedule of Expenditures of Federal Awards.

When Section 1033 Excess Property program guidelines are not followed, the state could suspend or terminate Smith County's participation in the program and initiate corrective action for failure to return or transfer any and all program assets received under the program.

RECOMMENDATION

Smith County should maintain adequate inventory records of all program property, provide proper storage and security of the property, and implement an asset tracking system where the status of each asset can be readily determined. Management should ensure that program property is being used in accordance with program guidelines.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

- A. The County Commission will adopt a separate inventory policy that deals with Section 1033 Excess Federal Property to include but not limited to inventory list, detailed description, identifying number, location of property, who has custody of the property, and any other identifying information.
- B. The County Commission will adopt a formal tracking policy that deals with Section 1033 Excess Federal Property to include but not limited to the location or use of the property, access limitations, property accountability guidelines to include proper storage and security of the property with asset tracking and sign-out procedures.
- C. The equipment is being stored at off-site locations because of lack of storage space at the Smith County Jail and Courts Facility, and the off-site locations are maintaining the equipment. The off-site locations maintaining the equipment allow the Sheriff's Department to obtain the equipment in good mechanical condition so it can be used for the purpose that the Sheriff's Department needs it for at a moment's notice.

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Defense: Passed-through State Department of General Services: Section 1033 Excess Property Program	2014-010	12. UNKNOWN	Section 1033 Excess Property Program Guidelines and Circular A-133 Compliance Supplement, Part 3, Sections A, B, F, and N	Internal Control and Noncompliance - See Finding 2014-009: Smith County had deficiencies related to Section 1033 excess federal property.	\$ 51,671

BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice 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

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. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Smith County. Therefore, 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.

SMITH COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2014

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

Smith County – Corrective Action Plan for Current-year's Finding

FINDING 2014-010

Contact persons: Michael Nesbitt, County Mayor
Steve Hopper, Sheriff

Corrective action planned: The Smith County Commission will adopt a separate inventory policy that deals with Section 1033 Excess Federal Property to include but not limited to inventory list, detailed description, identifying number, location of property, who has custody of the property, and any other identifying information.

The Smith County Commission will adopt a formal tracking policy that deals with Section 1033 Excess Federal Property to include but not limited to the location or use of the property, access limitations, property accountability guidelines to include proper storage and security of the property with asset tracking and sign-out procedures.

The equipment is being stored in off-site locations because of lack of storage space at the Smith County Jail and Courts Facility and also the off-site locations are maintaining the equipment. The off-site locations maintaining the equipment allow the Smith County Sheriff's Department to obtain the equipment in good mechanical condition so it can be used for the purpose that the Smith County Sheriff's Department needs it for at a moment's notice.

Anticipated completion date: June 30, 2015