

ANNUAL FINANCIAL REPORT
SMITH COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
SMITH COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2015**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
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Director***

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

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Summary of Audit Findings

Annual Financial Report
Smith County, Tennessee
For the Year Ended June 30, 2015

Scope

We have audited the basic financial statements of Smith County as of and for the year ended June 30, 2015.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The Solid Waste Disposal Fund had a deficit in unrestricted net position.
-

OFFICE OF ROAD COMMISSIONER

- ◆ The office had deficiencies in purchasing procedures.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The execution docket trial balance for Circuit Court 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,
CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND
MASTER, AND SHERIFF**

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Smith County Officials

June 30, 2015

Officials

Michael Nesbitt, County Mayor
Steve Coble, Road Commissioner
Barry Smith, Director of Schools
Lee Ann Williams, Trustee
Terry Collins, Assessor of Property
Clifa Norris, County Clerk
Tommy Turner, 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
Tommy Bane
Billy Bass
Pamela Billington
Carolyn Boles
Ronald Cowan
Daniel Cripps
Phillip Enoch
Thomas Gibbs
Frank Gibbs
Randy Glover
David Gross
Dennis Hackett

Billy Halliburton
Sabra Hodge
Mark Jones
Barbara Kannapel
Charles Kent
Joshua Dean Kirby
Joseph Nixon
Linda Nixon
Glenn Reece
James Winfree
Billy Woodard
Frank Woodard

Board of Education

Brian Smith, Chairman
Shane Campbell
Scotty Enoch
Tina Gantenbein
Tommy Manning
Robin Moore
Joe Taylor
Scotty Yeaman

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
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JAMES K. POLK STATE OFFICE BUILDING
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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, 2015, 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 2.82 percent, 3.52 percent, and 2.39 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, 2015, 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. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Emphasis of Matter

We draw attention to Note I.D.8. to the financial statements, which describes a prior-period adjustment to the beginning Business-type Activities net position. This adjustment was necessary to recognize a decrease of \$869,635 to the estimated liability for landfill closure/postclosure care costs. We also draw attention to Note I.D.9. to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position by \$117,665, the Business-type Activities by \$6,193, and the

discretely presented Smith County School Department's net position by \$4,040,722 on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to these matters.

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 schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress – other postemployment benefits plans on pages 93-99 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

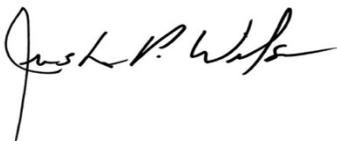
Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing 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 December 14, 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

December 14, 2015

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Smith County, Tennessee
Statement of Net Position
June 30, 2015

	Primary Government			Component Units	
	Governmental	Business-type	Total	Smith County	Smith County
	Activities	Activities		School Department	Emergency Communications District
<u>ASSETS</u>					
Cash	\$ 6,353	\$ 0	\$ 6,353	\$ 0	\$ 765,075
Equity in Pooled Cash and Investments	3,817,104	84,100	3,901,204	4,632,740	0
Accounts Receivable	643,389	295,857	939,246	3,484	6,597
Allowance for Uncollectibles	(134,236)	(45,598)	(179,834)	0	0
Due from Other Governments	733,457	15,544	749,001	792,721	0
Internal Balances	(5,417)	5,417	0	0	0
Property Taxes Receivable	4,704,080	0	4,704,080	3,375,191	0
Allowance for Uncollectible Property Taxes	(188,522)	0	(188,522)	(134,525)	0
Prepaid Items	0	0	0	0	4,942
Notes Receivable	20,000	0	20,000	0	0
Net Pension Asset - Agent Plan	361,422	19,022	380,444	540,950	0
Net Pension Asset - Cost-sharing Plan	0	0	0	48,201	0
Capital Assets:					
Assets Not Depreciated:					
Land	974,935	2,052,484	3,027,419	1,230,238	30,000
Intangible Assets - Indefinite Life	1,009,865	0	1,009,865	0	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	13,882,787	48,512	13,931,299	26,011,164	144,337
Infrastructure	18,877,911	0	18,877,911	90,031	0
Other Capital Assets	1,941,281	888,033	2,829,314	1,540,305	156,681
Landfill Facilities and Development	0	4,729,070	4,729,070	0	0
Total Assets	\$ 46,644,409	\$ 8,092,441	\$ 54,736,850	\$ 38,130,500	\$ 1,107,632
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Accumulated Decrease in Fair Value of Hedging Derivative - Interest Rate Collar	\$ 920,107	\$ 0	\$ 920,107	\$ 0	\$ 0
Pension Changes in Experience	0	0	0	117,020	0
Pension Changes in Contributions after Measurement Date	319,324	18,225	337,549	1,238,448	0
Total Deferred Outflows of Resources	\$ 1,239,431	\$ 18,225	\$ 1,257,656	\$ 1,355,468	\$ 0
<u>LIABILITIES</u>					
Accounts Payable	\$ 1,942	\$ 0	\$ 1,942	\$ 55,902	\$ 1,905
Accrued Payroll	15,502	0	15,502	11,665	0
Payroll Deductions Payable	69,218	6,553	75,771	604,244	0
Due to State of Tennessee	0	0	0	27,304	0
Accrued Interest Payable	250,513	0	250,513	0	0
Derivative - Interest Rate Collar	920,107	0	920,107	0	0
Noncurrent Liabilities:					
Due Within One Year	2,725,371	659,439	3,384,810	31,073	0
Due in More Than One Year	19,561,304	6,762,080	26,323,384	624,327	0
Total Liabilities	\$ 23,543,957	\$ 7,428,072	\$ 30,972,029	\$ 1,354,515	\$ 1,905

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental	Business-type	Total	Smith County School Department	Smith County Emergency Communications District
	Activities	Activities			
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 4,387,824	\$ 0	\$ 4,387,824	\$ 3,147,975	\$ 0
Pension Changes in Experience	49,641	2,613	52,254	74,299	0
Pension Changes in Investment Earnings	432,353	22,755	455,108	4,618,558	0
Pension Other Deferrals	0	0	0	14,614	0
Total Deferred Inflows of Resources	\$ 4,869,818	\$ 25,368	\$ 4,895,186	\$ 7,855,446	\$ 0
<u>NET POSITION</u>					
Net Investment in Capital Assets	\$ 24,039,384	\$ 2,292,378	\$ 26,331,762	\$ 28,871,738	\$ 331,018
Restricted for:					
General Government	9,248	0	9,248	0	0
Finance	5,775	0	5,775	0	0
Administration of Justice	1,934	0	1,934	0	0
Public Safety	62,724	0	62,724	0	0
Public Health and Welfare	84,595	19,022	103,617	0	0
Social, Cultural, and Recreational Services	22,154	0	22,154	0	0
Highway/Public Works	320,026	0	320,026	0	0
Debt Service	2,855,562	0	2,855,562	0	0
Education	0	0	0	1,463,942	0
Other Purposes	361,422	0	361,422	0	0
Unrestricted	(8,292,759)	(1,654,174)	(9,946,933)	(59,673)	774,709
Total Net Position	\$ 19,470,065	\$ 657,226	\$ 20,127,291	\$ 30,276,007	\$ 1,105,727

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

Exhibit B

Smith County, Tennessee
 Statement of Activities
 For the Year Ended June 30, 2015

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			Smith County School Department	Smith County Emergency Communications District
					Governmental Activities	Business-type Activities	Total		
Primary Government:									
Governmental Activities:									
General Government	\$ 2,048,914	\$ 343,016	\$ 22,664	\$ 0	\$ (1,683,234)	\$ 0	\$ (1,683,234)	\$ 0	\$ 0
Finance	543,928	499,031	0	0	(44,897)	0	(44,897)	0	0
Administration of Justice	508,094	437,619	4,500	0	(65,975)	0	(65,975)	0	0
Public Safety	4,033,008	1,356,992	257,221	14,850	(2,403,945)	0	(2,403,945)	0	0
Public Health and Welfare	1,657,196	1,173,349	176,764	0	(307,083)	0	(307,083)	0	0
Social, Cultural, and Recreational Services	279,882	20,359	14,300	1,789	(243,434)	0	(243,434)	0	0
Agriculture and Natural Resources	126,703	0	0	1,000	(125,703)	0	(125,703)	0	0
Highways/Public Works	2,900,194	8,664	1,466,114	430,526	(994,890)	0	(994,890)	0	0
Interest on Long-term Debt	885,082	0	0	0	(885,082)	0	(885,082)	0	0
Total Governmental Activities	\$ 12,983,001	\$ 3,839,030	\$ 1,941,563	\$ 448,165	\$ (6,754,243)	\$ 0	\$ (6,754,243)	\$ 0	\$ 0
Business-type Activities:									
Solid Waste Disposal	\$ 1,670,732	\$ 1,769,325	\$ 39,283	\$ 15,544	\$ 0	\$ 153,420	\$ 153,420	\$ 0	\$ 0
Total Business-type Activities	\$ 1,670,732	\$ 1,769,325	\$ 39,283	\$ 15,544	\$ 0	\$ 153,420	\$ 153,420	\$ 0	\$ 0
Total Primary Government	\$ 14,653,733	\$ 5,608,355	\$ 1,980,846	\$ 463,709	\$ (6,754,243)	\$ 153,420	\$ (6,600,823)	\$ 0	\$ 0
Component Units:									
School Department	\$ 24,531,376	\$ 582,724	\$ 2,898,205	\$ 0	\$ 0	\$ 0	\$ 0	\$ (21,050,447)	\$ 0
Emergency Communications District	358,538	32,809	240,860	0	0	0	0	0	(84,869)
Total Component Units	\$ 24,889,914	\$ 615,533	\$ 3,139,065	\$ 0	\$ 0	\$ 0	\$ 0	\$ (21,050,447)	\$ (84,869)

(Continued)

Exhibit B

Smith County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	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 School Department	Smith County Emergency Communications District
					Governmental Activities	Business-type Activities	Total		
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					\$ 3,764,550	\$ 0	\$ 3,764,550	\$ 3,439,491	\$ 0
Property Taxes Levied for Debt Service					983,318	0	983,318	0	0
Local Option Sales Taxes					1,379,081	0	1,379,081	1,565,524	0
Wheel Tax					1,137,517	0	1,137,517	0	0
Litigation Tax - General					77,607	0	77,607	0	0
Litigation Tax - Special Purpose					8,251	0	8,251	0	0
Litigation Tax - Jail, Workhouse, or Courthouse					80,627	0	80,627	0	0
Business Tax					123,631	0	123,631	0	0
Mineral Severance Tax					70,493	0	70,493	0	0
Wholesale Beer Tax					55,599	0	55,599	0	0
Other Local Taxes					1,938	0	1,938	1,899	0
Grants and Contributions Not Restricted to Specific Purposes					741,836	0	741,836	16,853,016	349,474
Unrestricted Investment Income					40,048	0	40,048	2,094	1,407
Miscellaneous					63,371	0	63,371	79,032	0
Sale of Equipment					53,463	0	53,463	0	0
Pension Income					0	0	0	43,774	0
Total General Revenues					\$ 8,581,330	\$ 0	\$ 8,581,330	\$ 21,984,830	\$ 350,881
Insurance Recovery					\$ 8,469	\$ 0	\$ 8,469	\$ 0	\$ 0
Change in Net Position					\$ 1,835,556	\$ 153,420	\$ 1,988,976	\$ 934,383	\$ 266,012
Net Position, July 1, 2014					17,752,174	(359,636)	17,392,538	33,382,346	839,715
Prior-period Adjustment - Landfill Closure/Postclosure (see Note I.D.8)					0	869,635	869,635	0	0
Restatement - Pension Liability (see Note I.D.9)					(117,665)	(6,193)	(123,858)	(4,040,722)	0
Net Position, June 30, 2015					\$ 19,470,065	\$ 657,226	\$ 20,127,291	\$ 30,276,007	\$ 1,105,727

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

Exhibit C-1

Smith County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 6,353	\$ 6,353
Equity in Pooled Cash and Investments	633,760	133,726	1,426,162	423,456	2,617,104
Accounts Receivable	510,152	0	0	3,737	513,889
Allowance for Uncollectibles	(134,236)	0	0	0	(134,236)
Due from Other Governments	357,529	278,304	97,624	0	733,457
Due from Other Funds	136,067	0	1,200,000	5,330	1,341,397
Property Taxes Receivable	3,444,783	285,015	452,345	521,937	4,704,080
Allowance for Uncollectible Property Taxes	(137,298)	(12,392)	(18,029)	(20,803)	(188,522)
Notes Receivable - Current	0	0	0	10,000	10,000
Notes Receivable - Long-term	0	0	0	10,000	10,000
Total Assets	\$ 4,810,757	\$ 684,653	\$ 3,158,102	\$ 960,010	\$ 9,613,522
<u>LIABILITIES</u>					
Accounts Payable	\$ 1,942	\$ 0	\$ 0	\$ 0	\$ 1,942
Accrued Payroll	15,502	0	0	0	15,502
Payroll Deductions Payable	68,764	0	0	0	68,764
Due to Other Funds	10,747	0	0	6,567	17,314
Other Current Liabilities	29	425	0	0	454
Total Liabilities	\$ 96,984	\$ 425	\$ 0	\$ 6,567	\$ 103,976
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 3,212,882	\$ 266,248	\$ 421,894	\$ 486,800	\$ 4,387,824
Deferred Delinquent Property Taxes	89,758	5,823	11,738	13,544	120,863

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>					
Other Deferred/Unavailable Revenue	\$ 269,353	\$ 131,152	\$ 46,300	\$ 0	\$ 446,805
Total Deferred Inflows of Resources	\$ 3,571,993	\$ 403,223	\$ 479,932	\$ 500,344	\$ 4,955,492
<u>FUND BALANCES</u>					
Nonspendable:					
Endowments	\$ 0	\$ 0	\$ 0	\$ 22,154	\$ 22,154
Restricted:					
Restricted for General Government	9,248	0	0	0	9,248
Restricted for Finance	5,775	0	0	0	5,775
Restricted for Administration of Justice	1,934	0	0	0	1,934
Restricted for Public Safety	3,600	0	0	59,124	62,724
Restricted for Public Health and Welfare	84,595	0	0	0	84,595
Restricted for Highways/Public Works	0	281,005	0	0	281,005
Restricted for Debt Service	0	0	2,678,170	351,981	3,030,151
Committed:					
Committed for Administration of Justice	33,533	0	0	0	33,533
Committed for Social, Cultural, and Recreational Services	0	0	0	19,840	19,840
Unassigned	1,003,095	0	0	0	1,003,095
Total Fund Balances	\$ 1,141,780	\$ 281,005	\$ 2,678,170	\$ 453,099	\$ 4,554,054
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,810,757	\$ 684,653	\$ 3,158,102	\$ 960,010	\$ 9,613,522

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, 2015

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)		\$	4,554,054
(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		13,882,787	
Add: infrastructure net of accumulated depreciation		18,877,911	
Add: other capital assets net of accumulated depreciation		<u>1,941,281</u>	36,686,779
(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	\$	(10,417,763)	
Less: notes payable		(1,497,692)	
Less: other loans payable		(9,976,940)	
Less: compensated absences payable		(223,179)	
Less: other postemployment benefits liability		(171,101)	
Less: accrued interest on bonds, notes, and other loans		<u>(250,513)</u>	(22,537,188)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	319,324	
Less: deferred inflows of resources related to pensions		<u>(481,994)</u>	(162,670)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			361,422
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>567,668</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>19,470,065</u></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, 2015

	Major Funds			Nonmajor Funds	Total
	General	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	Governmental Funds
<u>Revenues</u>					
Local Taxes	\$ 4,673,523	\$ 354,142	\$ 1,927,029	\$ 816,525	\$ 7,771,219
Licenses and Permits	124,669	0	0	0	124,669
Fines, Forfeitures, and Penalties	57,421	0	0	27,616	85,037
Charges for Current Services	1,325,784	0	0	0	1,325,784
Other Local Revenues	346,659	38,142	0	111,026	495,827
Fees Received from County Officials	910,797	0	0	0	910,797
State of Tennessee	1,672,699	1,916,640	0	86,113	3,675,452
Federal Government	168,153	0	0	0	168,153
Other Governments and Citizens Groups	186,479	0	0	0	186,479
Total Revenues	\$ 9,466,184	\$ 2,308,924	\$ 1,927,029	\$ 1,041,280	\$ 14,743,417
<u>Expenditures</u>					
Current:					
General Government	\$ 1,252,977	\$ 0	\$ 0	\$ 0	\$ 1,252,977
Finance	579,584	0	0	0	579,584
Administration of Justice	525,999	0	0	0	525,999
Public Safety	3,610,270	0	0	14,586	3,624,856
Public Health and Welfare	1,697,972	0	0	0	1,697,972
Social, Cultural, and Recreational Services	220,812	0	0	0	220,812
Agriculture and Natural Resources	131,032	0	0	0	131,032
Other Operations	621,635	0	0	0	621,635
Highways	0	2,710,110	0	0	2,710,110
Debt Service:					
Principal on Debt	263,951	66,666	1,305,000	944,671	2,580,288
Interest on Debt	52,059	704	527,500	340,517	920,780
Other Debt Service	0	0	23,879	135,933	159,812
Total Expenditures	\$ 8,956,291	\$ 2,777,480	\$ 1,856,379	\$ 1,435,707	\$ 15,025,857

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total
	General	Highway / Public Works	Education Debt Service	Other Govern- mental Funds	Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ 509,893	\$ (468,556)	\$ 70,650	\$ (394,427)	\$ (282,440)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 92,000	\$ 200,000	\$ 0	\$ 0	\$ 292,000
Insurance Recovery	8,469	0	0	0	8,469
Transfers In	84,747	0	0	441,200	525,947
Transfers Out	(441,200)	0	0	(84,747)	(525,947)
Total Other Financing Sources (Uses)	\$ (255,984)	\$ 200,000	\$ 0	\$ 356,453	\$ 300,469
Net Change in Fund Balances	\$ 253,909	\$ (268,556)	\$ 70,650	\$ (37,974)	\$ 18,029
Fund Balance, July 1, 2014	887,871	549,561	2,607,520	491,073	4,536,025
Fund Balance, June 30, 2015	\$ 1,141,780	\$ 281,005	\$ 2,678,170	\$ 453,099	\$ 4,554,054

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, 2015

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)		\$ 18,029
(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	\$ 91,417	
Less: current-year depreciation expense	<u>(973,280)</u>	(881,863)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Less: book value of capital assets disposed		(4,415)
(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, 2015	\$ 567,667	
Less: deferred delinquent property taxes and other deferred June 30, 2014	<u>(496,582)</u>	71,085
(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	\$ (292,000)	
Add: principal payments on bonds	1,375,820	
Add: principal payments on notes	716,778	
Add: principal payments on other loans	<u>487,690</u>	2,288,288
(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	\$ 35,699	
Change in compensated absences payable	1,219	
Change in other postemployment benefits liability	(8,903)	
Change in pension liability/asset	479,087	
Change in deferred outflows related to pensions	319,324	
Change in deferred inflows related to pensions	<u>(481,994)</u>	<u>344,432</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,835,556</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Revenues				
Local Taxes	\$ 4,673,523	\$ 4,498,115	\$ 4,498,115	\$ 175,408
Licenses and Permits	124,669	82,600	101,770	22,899
Fines, Forfeitures, and Penalties	57,421	54,900	55,150	2,271
Charges for Current Services	1,325,784	1,417,600	1,418,500	(92,716)
Other Local Revenues	346,659	313,596	369,376	(22,717)
Fees Received from County Officials	910,797	843,000	843,000	67,797
State of Tennessee	1,672,699	1,922,752	2,008,057	(335,358)
Federal Government	168,153	25,000	440,975	(272,822)
Other Governments and Citizens Groups	186,479	175,000	178,205	8,274
Total Revenues	\$ 9,466,184	\$ 9,332,563	\$ 9,913,148	\$ (446,964)
Expenditures				
General Government				
County Commission	\$ 32,820	\$ 34,745	\$ 32,745	\$ (75)
Board of Equalization	2,150	2,150	2,150	0
County Mayor/Executive	180,723	181,651	183,251	2,528
County Attorney	48,582	40,000	49,000	418
Election Commission	189,535	207,096	207,096	17,561
Register of Deeds	148,085	154,869	154,869	6,784
Planning	12,219	15,300	12,600	381
Codes Compliance	108,432	98,504	116,754	8,322
County Buildings	529,831	486,821	532,368	2,537
Other General Administration	600	0	600	0
Finance				
Property Assessor's Office	165,534	168,357	168,357	2,823
Reappraisal Program	17,016	17,055	17,055	39
County Trustee's Office	151,513	154,739	154,739	3,226
County Clerk's Office	245,521	243,398	249,153	3,632
Administration of Justice				
Circuit Court	261,842	280,716	280,716	18,874
General Sessions Judge	119,244	119,157	124,587	5,343
Chancery Court	116,792	120,811	120,811	4,019
Judicial Commissioners	22,211	23,263	23,263	1,052
Other Administration of Justice	5,910	6,000	6,000	90
Public Safety				
Sheriff's Department	1,899,119	2,193,627	2,083,193	184,074
Traffic Control	1,085	1,200	1,200	115
Jail	408,354	430,946	430,946	22,592
Correctional Incentive Program Improvements	700,590	721,743	727,174	26,584
Juvenile Services	33,487	38,241	38,241	4,754
Fire Prevention and Control	163,852	286,969	546,168	382,316
Rescue Squad	30,000	30,000	30,000	0
Other Emergency Management	41,504	40,164	44,958	3,454
Inspection and Regulation	2,756	2,756	2,756	0
County Coroner/Medical Examiner	33,710	30,600	33,660	(50)
Public Safety Grants Program	43,001	4,000	78,705	35,704
Other Public Safety	252,812	265,728	270,101	17,289

(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</u>				
Local Health Center	\$ 23,974	\$ 28,476	\$ 29,022	\$ 5,048
Ambulance/Emergency Medical Services	1,419,145	1,427,657	1,441,978	22,833
Alcohol and Drug Programs	16,338	36,109	36,109	19,771
Other Local Health Services	69,357	72,086	72,086	2,729
Appropriation to State	13,772	13,772	13,772	0
General Welfare Assistance	53,095	57,142	58,967	5,872
Other Local Welfare Services	10,000	10,000	10,000	0
Waste Pickup	29,967	33,700	33,700	3,733
Other Public Health and Welfare	62,324	73,100	73,100	10,776
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	56,528	59,657	59,657	3,129
Libraries	111,184	117,983	119,588	8,404
Parks and Fair Boards	42,056	117,200	104,463	62,407
Other Social, Cultural, and Recreational	11,044	12,000	11,752	708
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	56,942	64,067	64,067	7,125
Soil Conservation	11,000	11,000	11,000	0
Other Agriculture and Natural Resources	63,090	67,000	78,424	15,334
<u>Other Operations</u>				
Tourism	950	1,650	1,650	700
Industrial Development	5,338	12,527	12,625	7,287
Other Economic and Community Development	40,367	32,867	40,367	0
Veterans' Services	13,836	15,259	15,259	1,423
Other Charges	315,483	315,559	318,442	2,959
Employee Benefits	47,909	56,532	56,532	8,623
Miscellaneous	197,752	174,893	194,671	(3,081)
<u>Principal on Debt</u>				
General Government	263,951	0	263,951	0
<u>Interest on Debt</u>				
General Government	52,059	0	52,060	1
Total Expenditures	\$ 8,956,291	\$ 9,210,842	\$ 9,896,458	\$ 940,167
Excess (Deficiency) of Revenues Over Expenditures	\$ 509,893	\$ 121,721	\$ 16,690	\$ 493,203
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 92,000	\$ 92,000	\$ 92,000	\$ 0
Insurance Recovery	8,469	0	1,644	6,825
Transfers In	84,747	100,000	100,000	(15,253)
Transfers Out	(441,200)	(441,200)	(441,200)	0
Total Other Financing Sources	\$ (255,984)	\$ (249,200)	\$ (247,556)	\$ (8,428)
Net Change in Fund Balance	\$ 253,909	\$ (127,479)	\$ (230,866)	\$ 484,775
Fund Balance, July 1, 2014	887,871	888,911	888,911	(1,040)
Fund Balance, June 30, 2015	\$ 1,141,780	\$ 761,432	\$ 658,045	\$ 483,735

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 354,142	\$ 354,480	\$ 354,480	\$ (338)
Other Local Revenues	38,142	79,500	79,500	(41,358)
State of Tennessee	1,916,640	2,229,501	2,229,501	(312,861)
Total Revenues	<u>\$ 2,308,924</u>	<u>\$ 2,663,481</u>	<u>\$ 2,663,481</u>	<u>\$ (354,557)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 176,281	\$ 184,637	\$ 184,637	\$ 8,356
Highway and Bridge Maintenance	1,255,909	1,236,799	1,466,799	210,890
Operation and Maintenance of Equipment	259,629	323,700	308,700	49,071
Other Charges	83,388	86,966	86,966	3,578
Employee Benefits	351,787	399,000	399,000	47,213
Capital Outlay	583,116	849,506	834,506	251,390
<u>Principal on Debt</u>				
Highways and Streets	66,666	66,667	66,666	0
<u>Interest on Debt</u>				
Highways and Streets	704	704	705	1
Total Expenditures	<u>\$ 2,777,480</u>	<u>\$ 3,147,979</u>	<u>\$ 3,347,979</u>	<u>\$ 570,499</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (468,556)</u>	<u>\$ (484,498)</u>	<u>\$ (684,498)</u>	<u>\$ 215,942</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 200,000	\$ 0	\$ 200,000	\$ 0
Total Other Financing Sources	<u>\$ 200,000</u>	<u>\$ 0</u>	<u>\$ 200,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (268,556)	\$ (484,498)	\$ (484,498)	\$ 215,942
Fund Balance, July 1, 2014	549,561	594,065	594,065	(44,504)
Fund Balance, June 30, 2015	<u>\$ 281,005</u>	<u>\$ 109,567</u>	<u>\$ 109,567</u>	<u>\$ 171,438</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, 2015

	<u>Business-type Activities - Major Enterprise Fund Solid Waste Disposal Fund</u>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 84,100
Accounts Receivable	295,857
Allowance for Uncollectibles	(45,598)
Due from Other Governments	15,544
Due from Other Funds	5,417
Total Current Assets	<u>\$ 355,320</u>
Noncurrent Assets:	
Net Pension Asset	\$ 19,022
Capital Assets:	
Assets Not Depreciated:	
Land	2,052,484
Assets Net of Accumulated Depreciated:	
Landfill Facilities and Development	4,729,070
Buildings and Improvements	48,512
Machinery and Equipment	888,033
Total Noncurrent Assets	<u>\$ 7,737,121</u>
Total Assets	<u>\$ 8,092,441</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources:	
Pension Contributions After Measurement Date	\$ 18,225
Total Deferred Outflows of Resources	<u>\$ 18,225</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 8,110,666</u>

(Continued)

Exhibit D-1

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

	<u>Business-type Activities - Enterprise Fund Solid Waste Disposal Fund</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Payroll Deductions Payable	\$ 6,553
Capital Outlay Notes Payable	616,904
Other Loans Payable	30,209
Accrued Liability for Landfill Closure/Postclosure Care Costs - Current	12,326
Total Current Liabilities	<u>\$ 665,992</u>
Noncurrent Liabilities:	
Capital Outlay Notes Payable - Long-term	\$ 3,009,135
Accrued Liability for Landfill Closure/Postclosure Care Costs	1,983,472
Other Loans Payable - Long-term	1,769,473
Total Noncurrent Liabilities	<u>\$ 6,762,080</u>
Total Liabilities	<u>\$ 7,428,072</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows of Resources:	
Pension Changes in Experience	\$ 2,613
Pension Changes in Investment Earnings	22,755
Total Deferred Inflows of Resources	<u>\$ 25,368</u>
<u>NET POSITION</u>	
Restricted:	
Restricted for Public Health and Welfare	\$ 19,022
Net Investment in Capital Assets	2,292,378
Net Position - Unrestricted	<u>(1,654,174)</u>
Total Net Position	<u>\$ 657,226</u>

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

Exhibit D-2

Smith County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2015

	Business-type Activities - Major Enterprise Fund
	Solid Waste Disposal Fund
<u>Operating Revenues</u>	
Licenses and Permits	\$ 1,050
Charges for Current Services	1,747,956
Other Local Revenues	33,028
Other Governments and Citizens Groups	26,574
Total Operating Revenues	<u>\$ 1,808,608</u>
<u>Operating Expenses</u>	
Waste Pickup	\$ 139,228
Convenience Centers	186,838
Other Waste Collection	12,991
Landfill Operations and Maintenance	822,265
Depreciation Expense	315,377
Total Operating Expenses	<u>\$ 1,476,699</u>
Operating Income (Loss)	<u>\$ 331,909</u>
<u>Nonoperating Revenues (Expenses)</u>	
Grants Received	\$ 15,544
Interest on Notes	(116,634)
Interest on Other Loans	(77,399)
Total Nonoperating Revenues (Expenses)	<u>\$ (178,489)</u>
Change in Net Position	\$ 153,420
Net Position, July 1, 2014	(359,636)
Prior-period Adjustment - Landfill Closure/Postclosure (see Note I.D.8)	869,635
Restatement - Pension Liability (see Note I.D.9)	<u>(6,193)</u>
Net Position, June 30, 2015	<u><u>\$ 657,226</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, 2015

	Business-type Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 1,755,862
Payments to Suppliers	(528,037)
Payments to Employees	(561,332)
Other Payments	(122,057)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 544,436</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Grants Received	\$ 1,829
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 1,829</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Proceeds from Issuance of Capital Debt	\$ 400,000
Acquisition and Construction of Capital Assets	(1,248,886)
Principal Paid on Capital Outlay Note	(576,837)
Principal Paid on Other Loan	(28,954)
Interest Paid on Capital Outlay Note	(116,634)
Interest Paid on Other Loan	(77,399)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (1,648,710)</u>
Net Increase (Decrease) in Cash	\$ (1,102,445)
Cash, July 1, 2014	<u>1,186,545</u>
Cash, June 30, 2015	<u>\$ 84,100</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)	\$ 331,909
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	315,377
Pension Expense	153
Pension Contributions	(18,225)
(Increase) Decrease in Accounts Receivable, Net	(52,745)
(Increase) Decrease in Due to Other Funds	(5,417)
(Increase) Decrease in Accounts Payable	(28,508)
Increase (Decrease) in Payroll Deductions Payable	1,906
Increase (Decrease) in Due to Other Funds	(14)
	<u>544,436</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 544,436</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, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 789,606
Due from Other Governments	<u>233,630</u>
Total Assets	<u>\$ 1,023,236</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 233,630
Due to Litigants, Heirs, and Others	<u>789,606</u>
Total Liabilities	<u>\$ 1,023,236</u>

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

SMITH COUNTY, TENNESSEE
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SMITH COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

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, 2015.

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:

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. Capital Assets

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

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

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

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

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

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

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

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

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. 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 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 items are for the decrease in fair value of the county’s interest rate collar, pension changes in experience and employer contributions made to the pension plan after the measurement date. The valuation amount of the interest rate collar was negative at June 30, 2015, 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. 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 items are from the following sources: current and delinquent property taxes, pension changes in experience, changes in investment earnings, changes in proportionate share of contributions, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. Compensated Absences

Primary Government

It is the county’s policy (with the exception of the 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.

6. Long-term Obligations

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other

financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

7. Net Position and Fund Balance

In the government-wide financial statements 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.

On the government-wide Statement of Net Position (Exhibit A), the account Restricted for Other Purposes for the primary government consists of pension obligations.

As of June 30, 2015, Smith County had \$9,245,000 in outstanding debt for capital purposes for the discretely presented Smith County School Department. This debt is a liability of Smith County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Smith County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for

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

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

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

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

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

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

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

8. Prior-period Adjustment

A prior-period adjustment of \$869,635 was recognized in the primary government's Statement of Activities. This prior-period adjustment resulted from a decrease to the estimated liability for landfill closure/postclosure care costs.

9. Restatement

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a net pension liability in their Statement of Net Position. Therefore, a restatement decreasing Smith County's and the Smith County School Department's beginning net position has been recognized on the Statement of Activities totaling \$123,858 and \$4,040,722, respectively.

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Smith County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Smith County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Smith County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

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, 2015, the Smith County School Department reported the following significant encumbrance:

Fund	Description	Amount
School Department:		
Major Fund:		
General Purpose School	Textbooks	\$ 145,573

B. Net Position Deficit

The Solid Waste Disposal Fund had a deficit of \$1,654,174 in unrestricted net position at June 30, 2015. This deficit resulted from the recognition of a liability of \$1,995,789 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 Commission	\$ 75
County Coroner/Medical Examiner	50
Miscellaneous	3,081
General Debt Service:	
Other Debt Service	711
Education Debt Service:	
Other Debt Service	29

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, 2015.

B. Note Receivable

The General Debt Service Fund had a long-term note receivable of \$20,000 on June 30, 2015, 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, 2015, Smith County had the following derivative instrument outstanding:

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

The fair value balance and notional amount of the derivative instrument outstanding at June 30, 2015, classified by type, and the change in fair value of the derivative instrument for the year then ended as reported in the 2015 financial statements are as follows:

Type	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2015</u>		6-30-15
	Classification	Amount	Classification	Amount	Notional Amount

Governmental Activities:

Cash Flow Hedges:

Interest Rate Collar:

\$10M collar	Deferred Outflow	\$ (79,409)	Debt	\$ 920,107	\$ 8,329,000
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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, 2015, the interest rate collar has a negative fair value of \$920,107. 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, 2015, 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, 2015, was rated as follows:

Moody's		Standard and Poor's		Fitch	
S/T	L/T	S/T	L/T	S/T	L/T
P-1	A2	A-1	A	F-1	A

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, 2015, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
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	25,838,258	0	0	25,838,258
Other Capital Assets	4,980,839	91,417	(88,300)	4,983,956
Total Capital Assets Depreciated	\$ 47,284,253	\$ 91,417	\$ (88,300)	\$ 47,287,370
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,214,235	\$ 368,134	\$ 0	\$ 2,582,369
Infrastructure	6,801,492	158,855	0	6,960,347
Other Capital Assets	2,680,269	446,291	(83,885)	3,042,675
Total Accumulated Depreciation	\$ 11,695,996	\$ 973,280	\$ (83,885)	\$ 12,585,391
Total Capital Assets Depreciated, Net	\$ 35,588,257	\$ (881,863)	\$ (4,415)	\$ 34,701,979
Governmental Activities Capital Assets, Net	\$ 37,573,057	\$ (881,863)	\$ (4,415)	\$ 36,686,779

Business-type Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	\$ 2,052,484	\$ 0	\$ 0	\$ 2,052,484
Construction in Progress	1,329,286	0	(1,329,286)	0
Total Capital Assets Not Depreciated	\$ 3,381,770	\$ 0	\$ (1,329,286)	\$ 2,052,484
Capital Assets Depreciated:				
Landfill Facilities and Development	\$ 3,694,767	\$ 2,204,772	\$ 0	\$ 5,899,539
Buildings and Improvements	74,039	0	0	74,039
Other Capital Assets	1,342,224	373,400	0	1,715,624
Total Capital Assets Depreciated	\$ 5,111,030	\$ 2,578,172	\$ 0	\$ 7,689,202
Less Accumulated Depreciation For:				
Landfill Facilities and Development	\$ 953,402	\$ 217,067	\$ 0	\$ 1,170,469
Buildings and Improvements	23,907	1,620	0	25,527
Other Capital Assets	730,901	96,690	0	827,591
Total Accumulated Depreciation	\$ 1,708,210	\$ 315,377	\$ 0	\$ 2,023,587
Total Capital Assets Depreciated, Net	\$ 3,402,820	\$ 2,262,795	\$ 0	\$ 5,665,615
Business-type Activities Capital Assets, Net	\$ 6,784,590	\$ 2,262,795	\$ (1,329,286)	\$ 7,718,099

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

Governmental Activities:

General Government	\$ 45,691
Public Safety	539,349
Public Health and Welfare	114,449
Social, Cultural, and Recreational Services	63,285
Highways/Public Works	<u>210,506</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 973,280</u></u>

Business-type Activities:

Solid Waste Disposal	<u><u>\$ 315,377</u></u>
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Discretely Presented Smith County School Department**Governmental Activities:**

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Not Depreciated:			
Land	\$ 1,230,238	\$ 0	\$ 1,230,238
Total Capital Assets Not Depreciated	<u>\$ 1,230,238</u>	<u>\$ 0</u>	<u>\$ 1,230,238</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 39,052,541	\$ 0	\$ 39,052,541
Infrastructure	129,000	0	129,000
Other Capital Assets	2,881,509	182,390	3,063,899
Total Capital Assets Depreciated	<u>\$ 42,063,050</u>	<u>\$ 182,390</u>	<u>\$ 42,245,440</u>
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 12,174,290	\$ 867,087	\$ 13,041,377
Infrastructure	35,744	3,225	38,969
Other Capital Assets	1,348,654	174,940	1,523,594
Total Accumulated Depreciation	<u>\$ 13,558,688</u>	<u>\$ 1,045,252</u>	<u>\$ 14,603,940</u>
Total Capital Assets Depreciated, Net	<u>\$ 28,504,362</u>	<u>\$ (862,862)</u>	<u>\$ 27,641,500</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 29,734,600</u></u>	<u><u>\$ (862,862)</u></u>	<u><u>\$ 28,871,738</u></u>

There were no decreases in capital assets to report during the year ended June 30, 2015.

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

Governmental Activities:

Instruction	\$ 852,526
Support Services	<u>192,726</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,045,252</u></u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 6,567
"	Solid Waste Disposal	129,500
Education Debt Service	General	1,200,000
Nonmajor governmental	"	5,330
Solid Waste Disposal	"	5,417

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.

The receivable in the Education Debt Service Fund totaling \$1,200,000 was in transit from the General Fund at June 30, 2015, and receivable in the General Fund totaling \$129,500 was in transit from the Solid Waste Disposal Fund at June 30, 2015.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2015, consisted of the following amounts:

Primary Government

Transfer Out	Transfer In	
	General Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 441,200
Nonmajor governmental funds	84,747	0
Total	\$ 84,747	\$ 441,200

Discretely Presented Smith County School Department

Transfer Out	Transfer In
	General Purpose School Fund
Nonmajor governmental funds	\$ 12,200

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 38 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, 2015, will be retired from the General,

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, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds	4.25 to 4.63 %	5-26-42	\$ 1,597,200	\$ 1,172,763
General Obligation Bonds - Refunding	5	4-1-21	12,800,000	9,245,000
Capital Outlay Notes	1.90 to 3.85	3-7-20	3,212,243	1,497,692
Other Loans	variable	5-25-30	12,628,599	9,976,940

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, 2015, the variable interest rate for each of these loans was .26 percent. Other fees based on the outstanding loan principal at June 30, 2015, totaled approximately .57 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, 2015, the interest rate was .26 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, 2015, totaled approximately .57 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, 2015, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 687,383	\$ 39,937	\$ 727,320
2017	402,682	22,864	425,546
2018	237,066	14,823	251,889
2019	136,398	8,680	145,078
2020	34,163	1,071	35,234
Total	\$ 1,497,692	\$ 87,375	\$ 1,585,067

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2016	\$ 510,630	\$ 245,825	\$ 67,896	\$ 824,351
2017	533,710	234,307	64,578	832,595
2018	559,940	222,228	61,109	843,277
2019	585,340	209,525	57,471	852,336
2020	612,910	196,203	53,667	862,780
2021-2025	3,494,620	756,903	204,656	4,456,179
2026-2030	3,679,790	312,849	79,093	4,071,732
Total	\$ 9,976,940	\$ 2,177,840	\$ 588,470	\$ 12,743,250

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2021-2025	2,113,306	270,811	2,384,117
2026-2030	366,597	87,907	454,504
2031-2035	61,572	36,042	97,614
2036-2040	26,683	13,444	40,127
2041-2042	9,048	1,275	10,323
Total	\$ 10,417,763	\$ 2,264,787	\$ 12,682,550

There is \$351,981 available in the General Debt Service Fund and \$2,678,170 available in the Education Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, and other loans totaled \$1,142, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

Governmental Activities:

	Notes	Other Loans	Bonds
Balance, July 1, 2014	\$ 1,922,470	\$ 10,464,630	\$ 11,793,583
Additions	292,000	0	0
Reductions	(716,778)	(487,690)	(1,375,820)
Balance, June 30, 2015	<u>\$ 1,497,692</u>	<u>\$ 9,976,940</u>	<u>\$ 10,417,763</u>
Balance Due Within One Year	<u>\$ 687,383</u>	<u>\$ 510,630</u>	<u>\$ 1,427,678</u>

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2014	\$ 224,398	\$ 162,198
Additions	99,680	15,167
Reductions	(100,899)	(6,264)
Balance, June 30, 2015	<u>\$ 223,179</u>	<u>\$ 171,101</u>
Balance Due Within One Year	<u>\$ 99,680</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 22,286,675
Less: Due Within One Year	<u>(2,725,371)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 19,561,304</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, 2015, the following outstanding bonds are considered defeased:

	<u>Amount</u>
2000 School Bonds	\$ 4,545,000
2001 School Bonds	4,850,000

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, 2015, will be retired from the Solid Waste Disposal Fund.

Capital outlay notes and other loans outstanding as of June 30, 2015, 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 6-30-15</u>
Capital Outlay Notes	2.01 to 4.21 %	7-19-22	\$ 5,058,991	\$ 3,626,039
Other Loans	4.25	12-6-45	2,000,000	1,799,682

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, 2015, including interest payments, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2016	\$ 616,904	\$ 106,661	\$ 723,565
2017	893,430	87,652	981,082
2018	419,617	61,766	481,383
2019	419,617	49,233	468,850
2020	419,617	36,708	456,325
2021-2023	856,854	42,390	899,244
Total	<u>\$ 3,626,039</u>	<u>\$ 384,410</u>	<u>\$ 4,010,449</u>

Year Ending June 30	Other Loans		
	Principal	Interest	Total
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
2021-2025	203,640	327,960	531,600
2026-2030	251,760	279,840	531,600
2031-2035	311,250	220,350	531,600
2036-2040	384,800	146,800	531,600
2041-2045	475,730	55,870	531,600
2046	7,786	58	7,844
Total	<u>\$ 1,799,682</u>	<u>\$ 1,397,762</u>	<u>\$ 3,197,444</u>

Changes in Long-term Obligations

Long-term obligations activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2015, was as follows:

Business-type Activities:

	Notes	Other Loans	Closure/ Postclosure Care Costs
Balance, July 1, 2014	\$ 3,802,876	\$ 1,828,636	\$ 2,865,433
Additions	400,000	0	279,651
Reductions	(576,837)	(28,954)	(1,149,286)
Balance, June 30, 2015	<u>\$ 3,626,039</u>	<u>\$ 1,799,682</u>	<u>\$ 1,995,798</u>
Balance Due Within One Year	<u>\$ 616,904</u>	<u>\$ 30,209</u>	<u>\$ 12,326</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 7,421,519
Less: Due Within One Year	<u>(659,439)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 6,762,080</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, 2015, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2014	\$ 61,098	\$ 564,318
Additions	46,422	190,581
Reductions	<u>(29,837)</u>	<u>(177,182)</u>
Balance, June 30, 2015	<u>\$ 77,683</u>	<u>\$ 577,717</u>
Balance Due Within One Year	<u>\$ 31,073</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	\$ 655,400
Less: Due Within One Year	<u>(31,073)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 624,327</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 Debt Service Fund for the jail building programs totaled \$683,605.

H. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Smith County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the State’s Comprehensive Annual Financial Report. Payments by the State to the Medicare Supplement Plan for the year ended June 30, 2015, were \$600. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

Discretely Presented Smith County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Smith County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state’s Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2015, were \$92,079 and \$18,725, 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, 2015, was as follows:

	Balance			Balance
	7-1-14	Issued	Paid	6-30-15
Tax Anticipation Notes	\$ 0	\$ 1,200,000	\$ (1,200,000)	\$ 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. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and*

Disposals of Government Operations; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to amounts of contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

C. Subsequent Events

On August 14, 2015, the County Commission issued a capital outlay note of \$466,000 to purchase a compactor for the landfill.

On August 14, 2015, the county's Education Debt Service Fund issued \$500,000 tax anticipation notes to both the General and Solid Waste Disposal Funds.

On August 20, 2015, the county issued \$9,215,000 in general obligation refunding bonds to refund the \$10,000,000 loan agreement with the Public Building Authority of Montgomery County for jail facilities and to terminate the interest rate collar described in note IV.C.

On September 14, 2015, the County Commission approved an \$86,687 capital outlay note to purchase an ambulance remount.

On November 11, 2015, the County Commission issued a capital outlay note for \$191,000 to purchase seven patrol cars.

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. Changes in Administration

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.

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 \$1,995,798 reported as landfill closure and postclosure care liability at June 30, 2015, represents the cumulative amount reported to date based on 60 percent use of the estimated capacity of the operating landfill (\$1,813,870) and for a landfill closed in 1999 (\$181,928). These amounts are based on what it would cost to perform all closure and postclosure care in 2015. 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, Wilson, 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, 2015, 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)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Smith County and non-certified employees of the discretely presented Smith County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 41.29 percent and the non-certified employees of the discretely presented School Department comprise 58.71 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	117
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	232
Active Employees	310
 Total	 <u>659</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Smith County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2014, employer contributions of \$541,965 for Smith County were based on a rate of 7.15 percent of pensionable payroll. By law, employer contributions are required to be paid. The

TCRS may intercept Smith County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Smith County's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset

class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Smith County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a)-(b)
Balance, July 1, 2013	\$ 15,959,945	\$ 15,123,122	\$ 836,823
Changes for the year:			
Service Cost	\$ 606,110	\$ 0	\$ 606,110
Interest	1,210,149	0	1,210,149
Differences Between Expected and Actual Experience	(151,864)	0	(151,864)
Contributions-Employer	0	536,853	(536,853)
Contributions-Employees	0	384,014	(384,014)
Net Investment Income	0	2,513,790	(2,513,790)
Benefit Payments, Including Refunds of Employee Contributions	(861,463)	(861,463)	0
Administrative Expense	0	(12,045)	12,045
Other Changes	0	0	0
Net Changes	<u>\$ 802,932</u>	<u>\$ 2,561,149</u>	<u>\$ (1,758,217)</u>
Balance, June 30, 2014	<u>\$ 16,762,877</u>	<u>\$ 17,684,271</u>	<u>\$ (921,394)</u>

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total	Plan	Net
		Pension	Fiduciary	Pension
		Liability	Net	Liability
			Position	(Asset)
Primary Government	41.29%	\$ 6,921,392	\$ 7,301,835	\$ (380,444)
School Department	58.71%	<u>9,841,485</u>	<u>10,382,436</u>	<u>(540,950)</u>
Total		<u>\$ 16,762,877</u>	<u>\$ 17,684,271</u>	<u>\$ (921,394)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Smith County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

Smith County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability \$ 1,277,001 \$ (921,394) \$ (2,735,051)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Expense. For the year ended June 30, 2015, Smith County recognized pension expense of \$7,413.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Smith County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 0	\$ 126,553
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,102,224
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	<u>541,965</u>	N/A
Total	<u>\$ 541,965</u>	<u>\$ 1,228,777</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 337,550	\$ 507,362
School Department	204,415	721,415
Total	<u>\$ 541,965</u>	<u>\$ 1,228,777</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (300,867)
2017	(300,867)
2018	(300,867)
2019	(300,867)
2020	(25,311)
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Discretely Presented Smith County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Smith County and non-certified employees of the discretely presented Smith County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 41.29 percent and the non-certified employees of the discretely present School Department comprise 58.71 percent of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Smith County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are

defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except for years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were \$16,725, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, the Smith County School Department did not recognize any pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Smith County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	\$ 16,725	N/A

The Smith County School Department's employer contributions of \$16,725 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Smith County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent

COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Smith County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$1,017,309, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Assets. At June 30, 2015, the Smith County School Department reported an asset of \$48,201 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Smith County School Department's proportion of the net pension asset was based on the Smith County School Department's employer contributions to the pension plan during the year ended June 30, 2014. At the June 30, 2014, measurement date, the Smith County School Department's proportion was .296629 percent. The proportion measured as of June 30, 2013, was .297665 percent.

Pension Income. For the year ended June 30, 2015, the Smith County School Department recognized a pension income of \$43,774.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Smith County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 117,020	\$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	3,971,442
Changes in Proportion and Differences Between LEAs Contributions and Proportionate Share of Contributions	0	14,614
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	<u>1,017,309</u>	<u>N/A</u>
Total	<u>\$ 1,134,329</u>	<u>\$ 3,986,056</u>

The Smith County School Department's employer contributions of \$1,017,309 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (975,793)
2017	(975,793)
2018	(975,793)
2019	(975,793)
2020	17,068
Thereafter	17,068

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income Real Estate	4.61	8
	0.98	29
	4.73	7
Short-term Securities	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the four factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents Smith County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Smith County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability \$ 8,129,616 \$ (48,201) \$ (6,818,546)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

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.

Teachers hired after July 1, 2014, by the discretely presented Smith County School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Smith County School Department has assumed a portion of the costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Smith County School Department contributed \$20,815 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants

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 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 \$6,264 and \$177,182, respectively, to other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
	<hr/>	<hr/>
ARC	\$ 15,000	\$ 190,000
Interest on the NOPEBO	6,488	22,573
Adjustment to the ARC	(6,321)	(21,992)
Annual OPEB cost	<hr/> \$ 15,167	<hr/> \$ 190,581
Amount of contribution	(6,264)	(177,182)
Increase/decrease in NOPEBO	<hr/> \$ 8,903	<hr/> \$ 13,399
Net OPEB obligation, 7-1-14	<hr/> 162,198	<hr/> 564,318
Net OPEB obligation, 6-30-15	<hr/> <hr/> \$ 171,101	<hr/> <hr/> \$ 577,717

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

6-30-13	Local Government Group	\$ 37,275	10 %	\$ 148,627
6-30-14	"	15,153	10	162,198
6-30-15	"	15,167	41	171,101

DISCRETELY PRESENTED SMITH COUNTY SCHOOL DEPARTMENT

6-30-13	Local Education Group	314,927	55	577,023
6-30-14	"	184,595	107	564,318
6-30-15	"	190,581	93	577,717

Funded Status and Funding Progress

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

	Local Government Group Plan	Local Education Group Plan
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 seven percent for fiscal year 2015. The trend rate will decrease to 6.5 percent in 2016, 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 and economic resources measurement focus. 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	2015 Depreciation
Land Improvements	S/L	10 - 15	\$ 1,319
Buildings and Improvements	S/L	10 - 40	8,548
Communications Equipment	S/L	5 - 12	51,536
Furniture and Fixtures	S/L	5 - 10	652
Office Equipment	S/L	5 - 15	322
Vehicles	S/L	5 - 10	5,639
Total Depreciation			<u>\$ 68,016</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, 2015:

	<u>Balance</u> <u>6-30-15</u>
Checking - Citizens Bank	\$ 337,719
Money Market - Citizens Bank	143,276
Certificate of Deposit - Citizens Bank	<u>284,080</u>
Total Cash	<u>\$ 765,075</u>

At June 30, 2015, the carrying amount of the district's cash deposits was \$765,075. 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, 2015. 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, 2015:

<u>Assets</u>	Balance 7-1-14	Additions	Retirements	Balance 6-30-15
<u>Non-Depreciable</u>				
Land	\$ 30,000	\$ 0	\$ 0	\$ 30,000
<u>Depreciable</u>				
Land Improvements	\$ 13,190	\$ 0	\$ 0	\$ 13,190
Buildings and Improvements	175,745	0	0	175,745
Communication Equipment	574,882	48,822	(4,000)	619,704
Furniture and Fixtures	12,293	0	0	12,293
Office Equipment	40,583	899	(25,463)	16,019
Vehicle	57,007	0	0	57,007
Total Depreciable	<u>\$ 873,700</u>	<u>\$ 49,721</u>	<u>\$ (29,463)</u>	<u>\$ 893,958</u>
Total Assets	<u>\$ 903,700</u>	<u>\$ 49,721</u>	<u>\$ (29,463)</u>	<u>\$ 923,958</u>

<u>Assets</u>	Accumulated Depreciation 7-1-14	Current Year Depreciation	Adjustments	Accumulated Depreciation 6-30-15
<u>Non-Depreciable</u>				
Land	\$ 0	\$ 0	\$ 0	\$ 0
<u>Depreciable</u>				
Land Improvements	\$ 5,017	\$ 1,319	\$ 0	\$ 6,336
Buildings/ Improvements	29,714	8,548	0	38,262
Communication Equipment	423,005	51,536	(4,000)	470,541
Furniture and Fixtures	11,236	652	0	11,888
Office Equipment	40,155	322	(25,463)	15,014
Vehicle	45,260	5,639	0	50,899
Total Depreciable	<u>\$ 554,387</u>	<u>\$ 68,016</u>	<u>\$ (29,463)</u>	<u>\$ 592,940</u>
Total Assets	<u>\$ 554,387</u>	<u>\$ 68,016</u>	<u>\$ (29,463)</u>	<u>\$ 592,940</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:

Upper Cumberland Electric Membership Corporation - After Hours Service	<u>\$ 6,597</u>
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G. Net Investment in Capital Assets

Total Noncurrent Assets	<u>\$ 331,018</u>
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Invested in Capital Assets	<u>\$ 331,018</u>
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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 Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>
Total Pension Liability (Asset)	
Service Cost	\$ 606,110
Interest	1,210,149
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	(151,864)
Changes in Assumptions	0
Benefit Payments, Including Refunds of Employee Contributions	(861,463)
Net Change in Total Pension Liability (Asset)	\$ 802,932
Total Pension Liability (Asset), Beginning	<u>15,959,945</u>
Total Pension Liability (Asset), Ending (a)	<u>\$ 16,762,877</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 536,853
Contributions - Employee	384,014
Net Investment Income	2,513,790
Benefit Payments, Including Refunds of Employee Contributions	(861,463)
Administrative Expense	(12,045)
Net Change in Plan Fiduciary Net Position	\$ 2,561,149
Plan Fiduciary Net Position, Beginning	<u>15,123,122</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 17,684,271</u>
Net Pension Liability (Asset), Ending (a - b)	<u>\$ (921,394)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	105.50%
Covered Employee Payroll	\$ 7,680,267
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	12.00%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Smith County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 536,853	\$ 541,964
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(536,853)</u>	<u>(541,964)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 7,680,267	\$ 7,583,490
Contributions as a Percentage of Covered Employee Payroll	6.99%	7.15%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and discretely presented non-certified employees of the School Department.

Exhibit F-3

Smith County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Smith County School Department
For the Fiscal Year Ended June 30

	<u>2015</u>
Actuarially Determined Contribution	\$ 10,453
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(16,725)</u>
Contribution Deficiency (Excess)	<u>\$ (6,273)</u>
Covered Employee Payroll	\$ 418,110
Contributions as a Percentage of Covered Employee Payroll	4.00%

Note: ten years of data will be presented when available.

Exhibit F-4

Smith County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Smith County School Department
For the Fiscal Year Ended June 30

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 1,033,868	\$ 1,017,308
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(1,033,868)</u>	<u>(1,017,308)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 11,642,636	\$ 11,253,428
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.04%

Note: ten years of data will be presented when available.

Exhibit F-5

Smith County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Smith County School Department
For the Fiscal Year Ended June 30 *

	<u>2014</u>
School Department's Proportion of the Net Pension Asset	0.296629%
School Department's Proportionate Share of the Net Pension Asset	\$ 48,201
Covered Employee Payroll	\$ 11,642,636
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll	0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%

* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit F-6

Smith County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Smith County School Department
June 30, 2015

(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, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	3 Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

**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. This fund was closed during the year.

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

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

Permanent Fund

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

Exhibit G-1

Smith County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	<u>Special Revenue Funds</u>			<u>Debt Service</u>	<u>Permanent</u>	<u>Total</u>
	<u>Drug</u>	<u>Constitu -</u>	<u>Total</u>	<u>Fund</u>	<u>Fund</u>	
	<u>Control</u>	<u>Officers -</u>			<u>General</u>	<u>Library</u>
		<u>Fees</u>		<u>Debt</u>	<u>Endowment</u>	<u>Governmental</u>
				<u>Service</u>		<u>Funds</u>
<u>ASSETS</u>						
Cash	\$ 0	\$ 6,353	\$ 6,353	\$ 0	\$ 0	\$ 6,353
Equity in Pooled Cash and Investments	59,124	0	59,124	322,338	41,994	423,456
Accounts Receivable	0	214	214	3,523	0	3,737
Due from Other Funds	0	0	0	5,330	0	5,330
Property Taxes Receivable	0	0	0	521,937	0	521,937
Allowance for Uncollectible Property Taxes	0	0	0	(20,803)	0	(20,803)
Notes Receivable - Current	0	0	0	10,000	0	10,000
Notes Receivable - Long-term	0	0	0	10,000	0	10,000
Total Assets	\$ 59,124	\$ 6,567	\$ 65,691	\$ 852,325	\$ 41,994	\$ 960,010
<u>LIABILITIES</u>						
Due to Other Funds	\$ 0	\$ 6,567	\$ 6,567	\$ 0	\$ 0	\$ 6,567
Total Liabilities	\$ 0	\$ 6,567	\$ 6,567	\$ 0	\$ 0	\$ 6,567
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 486,800	\$ 0	\$ 486,800
Deferred Delinquent Property Taxes	0	0	0	13,544	0	13,544
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0	\$ 500,344	\$ 0	\$ 500,344

(Continued)

Exhibit G-1

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

	<u>Special Revenue Funds</u>			<u>Debt Service</u>	<u>Permanent</u>	<u>Total</u>
	<u>Drug</u>	<u>Constitu -</u>	<u>Total</u>	<u>Fund</u>	<u>Fund</u>	
	<u>Control</u>	<u>Officers -</u>			<u>General</u>	<u>Library</u>
		<u>Fees</u>		<u>Debt</u>	<u>Endowment</u>	<u>Governmental</u>
				<u>Service</u>		<u>Funds</u>
<u>FUND BALANCES</u>						
Nonspendable:						
Endowments	\$	0	\$	0	\$	22,154
\$			\$			\$
Restricted:						
Restricted for Public Safety		59,124		0		59,124
Restricted for Debt Service		0		0	351,981	351,981
Committed:						
Committed for Social, Cultural, and Recreational Services		0		0	19,840	19,840
Total Fund Balances	\$	59,124	\$	0	\$	453,099
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	59,124	\$	6,567	\$	960,010

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, 2015

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Courthouse and Jail Maintenance</u>	<u>Drug Control</u>	<u>Total</u>	<u>General Debt Service</u>	<u>Library Endowment</u>	
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 816,525	\$ 0	\$ 816,525
Fines, Forfeitures, and Penalties	0	24,176	24,176	3,440	0	27,616
Other Local Revenues	0	0	0	110,713	313	111,026
State of Tennessee	0	0	0	86,113	0	86,113
Total Revenues	\$ 0	\$ 24,176	\$ 24,176	\$ 1,016,791	\$ 313	\$ 1,041,280
<u>Expenditures</u>						
Current:						
Public Safety	\$ 0	\$ 14,586	\$ 14,586	\$ 0	\$ 0	\$ 14,586
Debt Service:						
Principal on Debt	0	0	0	944,671	0	944,671
Interest on Debt	0	0	0	340,517	0	340,517
Other Debt Service	0	0	0	135,933	0	135,933
Total Expenditures	\$ 0	\$ 14,586	\$ 14,586	\$ 1,421,121	\$ 0	\$ 1,435,707
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 9,590	\$ 9,590	\$ (404,330)	\$ 313	\$ (394,427)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 441,200	\$ 0	\$ 441,200
Transfers Out	(84,747)	0	(84,747)	0	0	(84,747)
Total Other Financing Sources (Uses)	\$ (84,747)	\$ 0	\$ (84,747)	\$ 441,200	\$ 0	\$ 356,453

(Continued)

Exhibit G-2

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

	<u>Special Revenue Funds</u>			<u>Debt Service</u>	<u>Permanent</u>	<u>Total</u>
	<u>Courthouse</u> <u>and Jail</u> <u>Maintenance</u>	<u>Drug</u> <u>Control</u>	<u>Total</u>	<u>Fund</u>	<u>Fund</u>	
				<u>General</u> <u>Debt</u> <u>Service</u>	<u>Library</u> <u>Endowment</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
Net Change in Fund Balances	\$ (84,747)	\$ 9,590	\$ (75,157)	\$ 36,870	\$ 313	\$ (37,974)
Fund Balance, July 1, 2014	84,747	49,534	134,281	315,111	41,681	491,073
Fund Balance, June 30, 2015	\$ 0	\$ 59,124	\$ 59,124	\$ 351,981	\$ 41,994	\$ 453,099

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Total Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (84,747)	\$ (84,747)	\$ (84,747)	\$ 0
Total Other Financing Sources	\$ (84,747)	\$ (84,747)	\$ (84,747)	\$ 0
Net Change in Fund Balance	\$ (84,747)	\$ (84,747)	\$ (84,747)	\$ 0
Fund Balance, July 1, 2014	84,747	84,747	84,747	0
Fund Balance, June 30, 2015	\$ 0	\$ 0	\$ 0	\$ 0

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 24,176	\$ 23,500	\$ 23,500	\$ 676
Total Revenues	\$ 24,176	\$ 23,500	\$ 23,500	\$ 676
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 14,351	\$ 19,000	\$ 19,000	\$ 4,649
Drug Enforcement	235	200	250	15
Inspection and Regulation	0	50	0	0
Total Expenditures	\$ 14,586	\$ 19,250	\$ 19,250	\$ 4,664
Excess (Deficiency) of Revenues Over Expenditures	\$ 9,590	\$ 4,250	\$ 4,250	\$ 5,340
Net Change in Fund Balance	\$ 9,590	\$ 4,250	\$ 4,250	\$ 5,340
Fund Balance, July 1, 2014	49,534	49,543	49,543	(9)
Fund Balance, June 30, 2015	\$ 59,124	\$ 53,793	\$ 53,793	\$ 5,331

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 816,525	\$ 849,425	\$ 849,425	\$ (32,900)
Fines, Forfeitures, and Penalties	3,440	4,800	4,800	(1,360)
Other Local Revenues	110,713	106,250	106,250	4,463
State of Tennessee	86,113	0	0	86,113
Total Revenues	\$ 1,016,791	\$ 960,475	\$ 960,475	\$ 56,316
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 944,671	\$ 945,456	\$ 945,456	\$ 785
<u>Interest on Debt</u>				
General Government	340,517	473,286	349,464	8,947
<u>Other Debt Service</u>				
General Government	135,933	11,400	135,222	(711)
Total Expenditures	\$ 1,421,121	\$ 1,430,142	\$ 1,430,142	\$ 9,021
Excess (Deficiency) of Revenues Over Expenditures	\$ (404,330)	\$ (469,667)	\$ (469,667)	\$ 65,337
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 0	\$ 10,000	\$ 10,000	\$ (10,000)
Transfers In	441,200	441,200	441,200	0
Total Other Financing Sources	\$ 441,200	\$ 451,200	\$ 451,200	\$ (10,000)
Net Change in Fund Balance	\$ 36,870	\$ (18,467)	\$ (18,467)	\$ 55,337
Fund Balance, July 1, 2014	315,111	325,111	325,111	(10,000)
Fund Balance, June 30, 2015	\$ 351,981	\$ 306,644	\$ 306,644	\$ 45,337

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,927,029	\$ 1,826,755	\$ 1,826,755	\$ 100,274
Total Revenues	\$ 1,927,029	\$ 1,826,755	\$ 1,826,755	\$ 100,274
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 1,305,000	\$ 1,305,000	\$ 1,305,000	\$ 0
<u>Interest on Debt</u>				
Education	527,500	527,500	527,500	0
<u>Other Debt Service</u>				
Education	23,879	23,250	23,850	(29)
Total Expenditures	\$ 1,856,379	\$ 1,855,750	\$ 1,856,350	\$ (29)
Excess (Deficiency) of Revenues Over Expenditures	\$ 70,650	\$ (28,995)	\$ (29,595)	\$ 100,245
Net Change in Fund Balance	\$ 70,650	\$ (28,995)	\$ (29,595)	\$ 100,245
Fund Balance, July 1, 2014	2,607,520	2,311,565	2,311,565	295,955
Fund Balance, June 30, 2015	\$ 2,678,170	\$ 2,282,570	\$ 2,281,970	\$ 396,200

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, 2015

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 789,606	\$ 789,606
Due from Other Governments	233,630	0	233,630
Total Assets	<u>\$ 233,630</u>	<u>\$ 789,606</u>	<u>\$ 1,023,236</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 233,630	\$ 0	\$ 233,630
Due to Litigants, Heirs, and Others	0	789,606	789,606
Total Liabilities	<u>\$ 233,630</u>	<u>\$ 789,606</u>	<u>\$ 1,023,236</u>

Exhibit I-2

Smith County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,329,115	\$ 1,329,115	\$ 0
Due from Other Governments	217,291	233,630	217,291	233,630
Total Assets	\$ 217,291	\$ 1,562,745	\$ 1,546,406	\$ 233,630
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 217,291	\$ 1,562,745	\$ 1,546,406	\$ 233,630
Total Liabilities	\$ 217,291	\$ 1,562,745	\$ 1,546,406	\$ 233,630
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,077,220	\$ 15,197,832	\$ 15,485,446	\$ 789,606
Total Assets	\$ 1,077,220	\$ 15,197,832	\$ 15,485,446	\$ 789,606
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,077,220	\$ 15,197,832	\$ 15,485,446	\$ 789,606
Total Liabilities	\$ 1,077,220	\$ 15,197,832	\$ 15,485,446	\$ 789,606
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,077,220	\$ 15,197,832	\$ 15,485,446	\$ 789,606
Equity in Pooled Cash and Investments	0	1,329,115	1,329,115	0
Due from Other Governments	217,291	233,630	217,291	233,630
Total Assets	\$ 1,294,511	\$ 16,760,577	\$ 17,031,852	\$ 1,023,236
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,077,220	\$ 15,197,832	\$ 15,485,446	\$ 789,606
Due to Other Taxing Units	217,291	1,562,745	1,546,406	233,630
Total Liabilities	\$ 1,294,511	\$ 16,760,577	\$ 17,031,852	\$ 1,023,236

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, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 13,886,976	\$ 2,410	\$ 1,151,524	\$ (12,733,042)
Support Services	7,984,494	37,421	490,800	(7,456,273)
Operation of Non-instructional Services	2,659,906	542,893	1,255,881	(861,132)
Total Governmental Activities	<u>\$ 24,531,376</u>	<u>\$ 582,724</u>	<u>\$ 2,898,205</u>	<u>\$ (21,050,447)</u>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 3,439,491
Local Option Sales Taxes				1,565,524
Other Local Taxes				1,899
Grants and Contributions Not Restricted for Specific Programs				16,853,016
Unrestricted Investment Income				2,094
Miscellaneous				79,032
Pension Income				43,774
Total General Revenues				<u>\$ 21,984,830</u>
Change in Net Position				\$ 934,383
Net Position, July 1, 2014				33,382,346
Restatement - Pension Liability (see Note I.D.9)				<u>(4,040,722)</u>
Net Position, June 30, 2015				<u>\$ 30,276,007</u>

Exhibit J-2

Smith County, Tennessee
 Balance Sheet - Governmental Funds
 Discretely Presented Smith County School Department
 June 30, 2015

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 3,969,980	\$ 662,760	\$ 4,632,740
Accounts Receivable	3,441	43	3,484
Due from Other Governments	791,123	1,598	792,721
Property Taxes Receivable	3,375,191	0	3,375,191
Allowance for Uncollectible Property Taxes	(134,525)	0	(134,525)
Total Assets	<u>\$ 8,005,210</u>	<u>\$ 664,401</u>	<u>\$ 8,669,611</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 55,544	\$ 358	\$ 55,902
Accrued Payroll	11,665	0	11,665
Payroll Deductions Payable	561,756	42,488	604,244
Due to State of Tennessee	27,304	0	27,304
Total Liabilities	<u>\$ 656,269</u>	<u>\$ 42,846</u>	<u>\$ 699,115</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,147,975	\$ 0	\$ 3,147,975
Deferred Delinquent Property Taxes	87,584	0	87,584
Other Deferred/Unavailable Revenue	137,849	0	137,849
Total Deferred Inflows of Resources	<u>\$ 3,373,408</u>	<u>\$ 0</u>	<u>\$ 3,373,408</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 255,182	\$ 621,555	\$ 876,737
Committed:			
Committed for Education	2,904,502	0	2,904,502
Assigned:			
Assigned for Education	164,087	0	164,087
Unassigned	651,762	0	651,762
Total Fund Balances	<u>\$ 3,975,533</u>	<u>\$ 621,555</u>	<u>\$ 4,597,088</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,005,210</u>	<u>\$ 664,401</u>	<u>\$ 8,669,611</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, 2015

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)		\$ 4,597,088
(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	26,011,164	
Add: infrastructure net of accumulated depreciation	90,031	
Add: other capital assets net of accumulated depreciation	<u>1,540,305</u>	28,871,738
(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	\$ (77,683)	
Less: other postemployment benefits liability	<u>(577,717)</u>	(655,400)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 1,355,468	
Less: deferred inflows of resources related to pensions	<u>(4,707,471)</u>	(3,352,003)
(4) Net pension assets of the pension plans are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 540,950	
Add: net pension asset - cost-sharing plan	<u>48,201</u>	589,151
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>225,433</u>
Net position of governmental activities (Exhibit A)		<u>\$ 30,276,007</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, 2015

	<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	\$ 5,053,293	\$ 0	\$ 5,053,293
Licenses and Permits	1,561	0	1,561
Charges for Current Services	39,831	542,893	582,724
Other Local Revenues	117,308	3,670	120,978
State of Tennessee	16,482,528	19,775	16,502,303
Federal Government	358,958	2,740,780	3,099,738
Other Governments and Citizens Groups	11,823	0	11,823
Total Revenues	<u>\$ 22,065,302</u>	<u>\$ 3,307,118</u>	<u>\$ 25,372,420</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 12,947,650	\$ 1,087,891	\$ 14,035,541
Support Services	7,774,345	388,154	8,162,499
Operation of Non-instructional Services	881,944	1,777,451	2,659,395
Capital Outlay	15,191	0	15,191
Total Expenditures	<u>\$ 21,619,130</u>	<u>\$ 3,253,496</u>	<u>\$ 24,872,626</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 446,172</u>	<u>\$ 53,622</u>	<u>\$ 499,794</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 12,200	\$ 0	\$ 12,200
Transfers Out	0	(12,200)	(12,200)
Total Other Financing Sources (Uses)	<u>\$ 12,200</u>	<u>\$ (12,200)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 458,372	\$ 41,422	\$ 499,794
Fund Balance, July 1, 2014	3,517,161	580,133	4,097,294
Fund Balance, June 30, 2015	<u>\$ 3,975,533</u>	<u>\$ 621,555</u>	<u>\$ 4,597,088</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, 2015

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)		\$	499,794
(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	\$	182,390	
Less: current-year depreciation expense		<u>(1,045,252)</u>	(862,862)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2015	\$	225,433	
Less: deferred delinquent property taxes and other deferred June 30, 2014		<u>(175,868)</u>	49,565
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	(16,585)	
Change in other postemployment benefits liability		(13,399)	
Change in net pension liability/asset		4,629,873	
Change in deferred outflows related to pensions		1,355,468	
Change in deferred inflows related to pensions		<u>(4,707,471)</u>	<u>1,247,886</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 934,383</u>

Exhibit J-6

Smith County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Smith County School Department
June 30, 2015

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 82,421	\$ 580,339	\$ 662,760
Accounts Receivable	0	43	43
Due from Other Governments	1,598	0	1,598
Total Assets	<u>\$ 84,019</u>	<u>\$ 580,382</u>	<u>\$ 664,401</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 358	\$ 0	\$ 358
Payroll Deductions Payable	42,456	32	42,488
Total Liabilities	<u>\$ 42,814</u>	<u>\$ 32</u>	<u>\$ 42,846</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 41,205	\$ 580,350	\$ 621,555
Total Fund Balances	<u>\$ 41,205</u>	<u>\$ 580,350</u>	<u>\$ 621,555</u>
Total Liabilities and Fund Balances	<u>\$ 84,019</u>	<u>\$ 580,382</u>	<u>\$ 664,401</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, 2015

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 542,893	\$ 542,893
Other Local Revenues	0	3,670	3,670
State of Tennessee	0	19,775	19,775
Federal Government	1,504,674	1,236,106	2,740,780
Total Revenues	<u>\$ 1,504,674</u>	<u>\$ 1,802,444</u>	<u>\$ 3,307,118</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,087,891	\$ 0	\$ 1,087,891
Support Services	388,154	0	388,154
Operation of Non-instructional Services	0	1,777,451	1,777,451
Total Expenditures	<u>\$ 1,476,045</u>	<u>\$ 1,777,451</u>	<u>\$ 3,253,496</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 28,629</u>	<u>\$ 24,993</u>	<u>\$ 53,622</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (12,200)	\$ 0	\$ (12,200)
Total Other Financing Sources (Uses)	<u>\$ (12,200)</u>	<u>\$ 0</u>	<u>\$ (12,200)</u>
Net Change in Fund Balances	\$ 16,429	\$ 24,993	\$ 41,422
Fund Balance, July 1, 2014	24,776	555,357	580,133
Fund Balance, June 30, 2015	<u>\$ 41,205</u>	<u>\$ 580,350</u>	<u>\$ 621,555</u>

Exhibit J-8

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Smith County School Department
General Purpose School Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 5,053,293	\$ 0	\$ 0	\$ 5,053,293	\$ 4,888,600	\$ 4,888,600	\$ 164,693
Licenses and Permits	1,561	0	0	1,561	1,500	1,500	61
Charges for Current Services	39,831	0	0	39,831	51,500	51,500	(11,669)
Other Local Revenues	117,308	0	0	117,308	102,300	102,300	15,008
State of Tennessee	16,482,528	0	0	16,482,528	16,401,300	16,512,104	(29,576)
Federal Government	358,958	0	0	358,958	230,000	480,000	(121,042)
Other Governments and Citizens Groups	11,823	0	0	11,823	0	15,500	(3,677)
Total Revenues	\$ 22,065,302	\$ 0	\$ 0	\$ 22,065,302	\$ 21,675,200	\$ 22,051,504	\$ 13,798
Expenditures							
Instruction							
Regular Instruction Program	\$ 10,740,770	\$ (214,246)	\$ 147,259	\$ 10,673,783	\$ 11,354,060	\$ 11,174,310	\$ 500,527
Alternative Instruction Program	30,330	0	0	30,330	77,370	77,370	47,040
Special Education Program	1,455,122	0	0	1,455,122	1,521,820	1,521,820	66,698
Vocational Education Program	721,428	0	0	721,428	758,700	758,700	37,272
Support Services							
Attendance	156,364	0	0	156,364	164,700	164,700	8,336
Health Services	229,270	0	0	229,270	240,290	240,290	11,020
Other Student Support	610,077	0	3,498	613,575	632,030	632,030	18,455
Regular Instruction Program	585,841	(1,461)	0	584,380	753,470	708,470	124,090
Special Education Program	160,909	0	1,149	162,058	184,680	184,680	22,622
Vocational Education Program	21,523	0	0	21,523	27,880	27,880	6,357
Other Programs	110,804	0	0	110,804	0	110,804	0
Board of Education	536,995	0	0	536,995	535,070	555,070	18,075
Director of Schools	189,759	0	0	189,759	168,920	203,920	14,161
Office of the Principal	1,457,820	0	0	1,457,820	1,531,000	1,531,000	73,180
Fiscal Services	287,256	0	0	287,256	278,810	293,810	6,554
Operation of Plant	1,711,785	(1,253)	4,019	1,714,551	1,924,400	1,854,400	139,849
Maintenance of Plant	504,317	0	1,100	505,417	489,410	534,410	28,993
Transportation	1,211,625	0	36	1,211,661	1,455,000	1,455,000	243,339

(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 7/1/2014	Add: Encumbrances 6/30/2015	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	\$ 1,169	\$ 0	\$ 0	\$ 1,169	\$ 1,240	\$ 1,240	\$ 71
Community Services	395,529	0	0	395,529	53,760	476,720	81,191
Early Childhood Education	485,246	(164)	7,026	492,108	499,710	492,109	1
<u>Capital Outlay</u>							
Regular Capital Outlay	15,191	0	0	15,191	244,000	244,000	228,809
<u>Principal on Debt</u>							
Education	0	0	0	0	296,000	296,000	296,000
Total Expenditures	\$ 21,619,130	\$ (217,124)	\$ 164,087	\$ 21,566,093	\$ 23,192,320	\$ 23,538,733	\$ 1,972,640
Excess (Deficiency) of Revenues Over Expenditures	\$ 446,172	\$ 217,124	\$ (164,087)	\$ 499,209	\$ (1,517,120)	\$ (1,487,229)	\$ 1,986,438
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 12,200	\$ 0	\$ 0	\$ 12,200	\$ 25,000	\$ 10,610	\$ 1,590
City General Fund Transfer	0	0	0	0	15,500	0	0
Total Other Financing Sources	\$ 12,200	\$ 0	\$ 0	\$ 12,200	\$ 40,500	\$ 10,610	\$ 1,590
Net Change in Fund Balance	\$ 458,372	\$ 217,124	\$ (164,087)	\$ 511,409	\$ (1,476,620)	\$ (1,476,619)	\$ 1,988,028
Fund Balance, July 1, 2014	3,517,161	(217,124)	0	3,300,037	2,864,562	2,864,562	435,475
Fund Balance, June 30, 2015	\$ 3,975,533	\$ 0	\$ (164,087)	\$ 3,811,446	\$ 1,387,942	\$ 1,387,943	\$ 2,423,503

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, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,504,674	\$ 0	\$ 0	\$ 1,504,674	\$ 1,865,332	\$ 1,867,045	\$ (362,371)
Total Revenues	\$ 1,504,674	\$ 0	\$ 0	\$ 1,504,674	\$ 1,865,332	\$ 1,867,045	\$ (362,371)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 568,011	\$ 0	\$ 213	\$ 568,224	\$ 680,108	\$ 680,108	\$ 111,884
Special Education Program	485,897	(1,200)	0	484,697	635,273	637,027	152,330
Vocational Education Program	33,983	(2,023)	0	31,960	27,682	31,960	0
<u>Support Services</u>							
Other Student Support	22,772	(902)	0	21,870	97,617	94,723	72,853
Regular Instruction Program	241,239	(663)	10	240,586	332,824	332,824	92,238
Special Education Program	87,224	(639)	0	86,585	128,551	128,551	41,966
Vocational Education Program	975	0	0	975	2,400	975	0
Transportation	35,944	0	0	35,944	44,777	44,777	8,833
Total Expenditures	\$ 1,476,045	\$ (5,427)	\$ 223	\$ 1,470,841	\$ 1,949,232	\$ 1,950,945	\$ 480,104
Excess (Deficiency) of Revenues Over Expenditures	\$ 28,629	\$ 5,427	\$ (223)	\$ 33,833	\$ (83,900)	\$ (83,900)	\$ 117,733
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 96,104	\$ 96,104	\$ (96,104)
Transfers Out	(12,200)	0	0	(12,200)	(12,213)	(12,213)	13
Total Other Financing Sources	\$ (12,200)	\$ 0	\$ 0	\$ (12,200)	\$ 83,891	\$ 83,891	\$ (96,091)
Net Change in Fund Balance	\$ 16,429	\$ 5,427	\$ (223)	\$ 21,633	\$ (9)	\$ (9)	\$ 21,642
Fund Balance, July 1, 2014	24,776	(5,427)	0	19,349	23,061	23,061	(3,712)
Fund Balance, June 30, 2015	\$ 41,205	\$ 0	\$ (223)	\$ 40,982	\$ 23,052	\$ 23,052	\$ 17,930

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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 542,893	\$ 696,500	\$ 696,500	\$ (153,607)
Other Local Revenues	3,670	45,000	45,000	(41,330)
State of Tennessee	19,775	25,000	25,000	(5,225)
Federal Government	1,236,106	1,548,000	1,548,000	(311,894)
Total Revenues	<u>\$ 1,802,444</u>	<u>\$ 2,314,500</u>	<u>\$ 2,314,500</u>	<u>\$ (512,056)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,777,451	\$ 2,314,500	\$ 2,314,500	\$ 537,049
Total Expenditures	<u>\$ 1,777,451</u>	<u>\$ 2,314,500</u>	<u>\$ 2,314,500</u>	<u>\$ 537,049</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 24,993</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24,993</u>
Net Change in Fund Balance	\$ 24,993	\$ 0	\$ 0	24,993
Fund Balance, July 1, 2014	<u>555,357</u>	<u>537,690</u>	<u>537,690</u>	<u>17,667</u>
Fund Balance, June 30, 2015	<u>\$ 580,350</u>	<u>\$ 537,690</u>	<u>\$ 537,690</u>	<u>\$ 42,660</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, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Issued During Period	Paid and/or Matured During Period	(1) Transfers	Outstanding 6-30-15
GOVERNMENTAL ACTIVITIES									
NOTES PAYABLE									
<u>Payable through General Fund</u>									
Patrol Cars	\$ 191,000	2.97 %	8-8-11	8-8-14	\$ 33,667	\$ 0	\$ 33,667	\$ 0	\$ 0
Patrol Cars	191,000	2.39	8-10-12	8-10-15	127,334	0	63,667	0	63,667
Ambulance Equipment	60,000	3.42	7-9-10	7-9-16	30,000	0	10,000	0	20,000
EMS Stations	112,500	3.64	7-9-10	7-9-19	75,000	0	12,500	0	62,500
Patrol Cars	191,000	2.39	12-6-13	12-6-16	191,000	0	90,064	0	100,936
Total Payable through General Fund					\$ 457,001	\$ 0	\$ 209,898	\$ 0	\$ 247,103
<u>Payable through Highway/Public Works Fund</u>									
Highway Projects	200,000	2.11	8-22-11	8-22-14	\$ 66,666	\$ 0	\$ 66,666	\$ 0	\$ 0
Tar and Chip Projects	200,000	1.90	1-30-15	1-30-18	0	200,000	0	0	200,000
Total Payable through Highway/Public Works Fund					\$ 66,666	\$ 200,000	\$ 66,666	\$ 0	\$ 200,000
<u>Payable through General Debt Service Fund</u>									
Health Department, Boat Ramp, Playground	1,066,800	3.85	1-16-07	1-16-19	\$ 441,165	\$ 0	\$ 88,900	\$ 0	\$ 352,265
Health Wellness Center	260,000	3.65	3-7-08	3-7-20	129,998	0	21,667	0	108,331
Lighting Crump Paris Park	300,000	2.39	12-10-12	12-10-15	200,000	0	100,000	0	100,000
Highway Mowers and Road Repair	205,907	2.39	1-22-13	1-22-16	137,271	0	68,636	0	68,635
Ambulance Remount	78,000	2.39	2-25-13	2-25-16	52,000	0	26,000	0	26,000
Highway Culverts	100,000	2.59	4-4-13	4-4-19	83,333	0	16,666	0	66,667
Ambulance Remount	88,036	2.39	1-6-14	1-6-17	88,036	0	29,345	0	58,691
Matching Portion State Aid Project and Roller	182,000	1.97	1-16-14	1-16-17	182,000	0	60,667	0	121,333
Lighting on Minor League Field	85,000	2.19	3-18-14	3-18-17	85,000	0	28,333	0	56,667
Ambulance Remount	92,000	2.06	5-8-15	5-8-15	0	92,000	0	0	92,000
Total Payable through General Debt Service Fund					\$ 1,398,803	\$ 92,000	\$ 440,214	\$ 0	\$ 1,050,589
Total Notes Payable					\$ 1,922,470	\$ 292,000	\$ 716,778	\$ 0	\$ 1,497,692

(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 7-1-14	Issued During Period	Paid and/or Matured During Period	(1) Transfers	Outstanding 6-30-15
<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	\$ 728,000	\$ 0	\$ 61,000	\$ 0	\$ 667,000
Head Start Facility and New Jail Facility	1,378,599	variable	10-31-07	5-25-27	531,451	0	58,690	508,179	980,940
Jail Facility	10,000,000	variable	5-30-08	5-25-30	0	0	368,000	8,697,000	8,329,000
Total Payable through General Debt Service Fund					<u>\$ 1,259,451</u>	<u>\$ 0</u>	<u>\$ 487,690</u>	<u>\$ 9,205,179</u>	<u>\$ 9,976,940</u>
<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	\$ 508,179	\$ 0	\$ 0	\$(508,179)	\$ 0
Jail Facility	10,000,000	variable	5-30-08	5-25-30	8,697,000	0	0	(8,697,000)	0
Total Payable through Courthouse and Jail Maintenance Fund					<u>\$ 9,205,179</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$(9,205,179)</u>	<u>\$ 0</u>
Total Other Loans Payable					<u>\$ 10,464,630</u>	<u>\$ 0</u>	<u>\$ 487,690</u>	<u>\$ 0</u>	<u>\$ 9,976,940</u>
<u>BONDS PAYABLE</u>									
<u>Payable through General Fund</u>									
Fire Trucks	1,250,000	4.5	6-17-09	6-17-29	\$ 1,009,025	\$ 0	\$ 54,053	\$ 0	\$ 954,972
Total Payable through General Fund					<u>\$ 1,009,025</u>	<u>\$ 0</u>	<u>\$ 54,053</u>	<u>\$ 0</u>	<u>\$ 954,972</u>
<u>Payable through General Debt Service Fund</u>									
Welcome Center	90,000	4.25	10-16-03	10-16-41	\$ 71,571	\$ 0	\$ 1,718	\$ 0	\$ 69,853
USDA - Community Facility	257,200	4.63	5-26-06	5-26-42	162,987	0	15,049	0	147,938
Total Payable through General Debt Service Fund					<u>\$ 234,558</u>	<u>\$ 0</u>	<u>\$ 16,767</u>	<u>\$ 0</u>	<u>\$ 217,791</u>
<u>Payable through Education Debt Service Fund</u>									
School Refunding Bonds, Series 2005	12,800,000	5	1-1-05	4-1-21	\$ 10,550,000	\$ 0	\$ 1,305,000	\$ 0	\$ 9,245,000
Total Payable through Education Debt Service Fund					<u>\$ 10,550,000</u>	<u>\$ 0</u>	<u>\$ 1,305,000</u>	<u>\$ 0</u>	<u>\$ 9,245,000</u>
Total Bonds Payable					<u>\$ 11,793,583</u>	<u>\$ 0</u>	<u>\$ 1,375,820</u>	<u>\$ 0</u>	<u>\$ 10,417,763</u>

(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 7-1-14	Issued During Period	Paid and/or Matured During Period	(1) Transfers	Outstanding 6-30-15
<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	\$ 233,332	\$ 0	\$ 77,778	\$ 0	\$ 155,554
Cell Expansion	829,583	2.97	4-27-11	4-27-17	553,055	0	92,176	0	460,879
Landfill Class III Expansion	508,138	2.24	3-7-12	3-7-21	395,219	0	56,460	0	338,759
Landfill Expansion	2,280,990	3.49	7-19-13	7-19-22	2,280,990	0	253,443	0	2,027,547
Cat Loader	258,280	2.47	12-19-13	12-19-19	258,280	0	43,047	0	215,233
Al Jon Packer	82,000	2.19	3-8-14	3-18-17	82,000	0	27,333	0	54,667
Dozer and Off-Road Truck	400,000	2.01	4-30-15	4-30-21	0	400,000	26,600		373,400
Total Notes Payable					\$ 3,802,876	\$ 400,000	\$ 576,837	\$ 0	\$ 3,626,039
<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	\$ 1,828,636	\$ 0	\$ 28,954	\$ 0	\$ 1,799,682

(1) The County Commission closed the Courthouse and Jail Maintenance Fund effective 7-1-14 and transferred the outstanding other loans to the General Debt Service Fund.

Exhibit K-2

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

GOVERNMENTAL ACTIVITIES

Year Ending June 30	Notes		Total
	Principal	Interest	
2016	\$ 687,383	\$ 39,937	\$ 727,320
2017	402,682	22,864	425,546
2018	237,066	14,823	251,889
2019	136,398	8,680	145,078
2020	34,163	1,071	35,234
Total	\$ 1,497,692	\$ 87,375	\$ 1,585,067

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2016	\$ 510,630	\$ 245,825	\$ 67,896	\$ 824,351
2017	533,710	234,307	64,578	832,595
2018	559,940	222,228	61,109	843,277
2019	585,340	209,525	57,471	852,336
2020	612,910	196,203	53,667	862,780
2021	642,650	182,228	49,684	874,562
2022	672,590	167,542	45,508	885,640
2023	704,720	152,144	41,138	898,002
2024	737,050	135,976	36,558	909,584
2025	737,610	119,013	31,768	888,391
2026	729,390	101,281	25,955	856,626
2027	765,400	82,779	21,215	869,394
2028	693,000	63,365	15,221	771,586
2029	728,000	43,268	10,717	781,985
2030	764,000	22,156	5,985	792,141
Total	\$ 9,976,940	\$ 2,177,840	\$ 588,470	\$ 12,743,250

(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	
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	74,749	13,363	88,112
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	12,263	5,482	17,745
2037	3,383	4,845	8,228
2038	3,527	1,191	4,718
2039	3,677	1,041	4,718
2040	3,833	885	4,718
2041	3,996	722	4,718
2042	5,052	553	5,605
Total	\$ 10,417,763	\$ 2,264,787	\$ 12,682,550

(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	
2016	\$ 616,904	\$ 106,661	\$ 723,565
2017	893,430	87,652	981,082
2018	419,617	61,766	481,383
2019	419,617	49,233	468,850
2020	419,617	36,708	456,325
2021	349,967	24,772	374,739
2022	253,443	13,232	266,675
2023	253,444	4,386	257,830
Total	\$ 3,626,039	\$ 384,410	\$ 4,010,449

Year Ending June 30	Other Loans		Total
	Principal	Interest	
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	\$ 1,799,682	\$ 1,397,762	\$ 3,197,444

Exhibit K-3

Smith County, Tennessee
Schedule of Notes Receivable
June 30, 2015

Description	Debtor	Original Amount of Loan	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-15
General Debt Service Fund	Industrial Development Board of Smith County	\$ 100,000	3-20-07	3-20-17	0%	<u>\$ 20,000</u>
Total						<u><u>\$ 20,000</u></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, 2015

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General Courthouse and Jail Maintenance	General Debt Service General	Debt retirement To close fund	\$ 441,200 <u>84,747</u>
Total Transfers Primary Government			<u>\$ 525,947</u>
<u>DISCRETELY PRESENTED SMITH COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 12,200</u>
Total Transfers Discretely Presented Smith County School Department			<u>\$ 12,200</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, 2015

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 73,738	\$ 100,000	Cincinnati Insurance Company
Road Commissioner	Section 8-24-102, <i>TCA</i>	70,228	100,000	"
Director of Schools	State Board of Education and Smith County Board of Education	89,704 (1)	100,000	Cincinnati Insurance Company
Trustee	Section 8-24-102, <i>TCA</i>	63,843	1,153,816	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	63,843	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	63,843	100,000	"
Circuit and General Sessions Courts Clerk:				
Angie Hunter (7-1-14 through 8-31-14)	Section 8-24-102, <i>TCA</i>	12,278	50,000	"
Tommy Turner (9-1-14 through 6-30-15)	Section 8-24-102, <i>TCA</i>	51,565	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	63,843 (2)	100,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	63,843	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	70,228 (3)	100,000	"
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) Include a chief executive officer training supplement (career ladder) of \$700.
- (2) Does not include special commissioner fees of \$6,946.
- (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, 2015

	Special Revenue Funds			Debt Service Funds	
	General	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,275,830	\$ 0	\$ 265,409	\$ 496,317	\$ 430,143
Trustee's Collections - Prior Year	99,523	0	6,061	16,226	14,063
Trustee's Collections - Bankruptcy	494	0	32	81	70
Circuit/Clerk and Master Collections - Prior Years	63,236	0	4,124	10,310	8,935
Interest and Penalty	17,759	0	1,208	2,858	2,477
Payments in-Lieu-of Taxes - T.V.A.	1,066	0	86	161	140
Payments in-Lieu-of Taxes - Other	8,740	0	706	1,324	1,148
<u>County Local Option Taxes</u>					
Local Option Sales Tax	792,474	0	0	0	580,110
Wheel Tax	43,785	0	0	216,354	877,378
Litigation Tax - General	57,553	0	0	20,054	0
Litigation Tax - Special Purpose	8,251	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	41,842	0	0	38,785	0
Business Tax	123,631	0	0	0	0
Mineral Severance Tax	0	0	70,493	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	82,320	0	6,023	14,055	12,047
Wholesale Beer Tax	55,599	0	0	0	0
Interstate Telecommunications Tax	1,420	0	0	0	518
Total Local Taxes	\$ 4,673,523	\$ 0	\$ 354,142	\$ 816,525	\$ 1,927,029
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 46,554	\$ 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	
	General	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Beer Permits	\$ 2,165	\$ 0	\$ 0	\$ 0	0
Building Permits	48,200	0	0	0	0
Other Permits	27,750	0	0	0	0
Total Licenses and Permits	\$ 124,669	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 155	\$ 0	\$ 0	\$ 0	0
Jail Fees	126	0	0	911	0
Data Entry Fee - Circuit Court	1,352	0	0	0	0
Victims Assistance Assessments	392	0	0	0	0
<u>Criminal Court</u>					
Data Entry Fee - Criminal Court	22	0	0	0	0
<u>General Sessions Court</u>					
Fines	6,598	0	0	0	0
Fines for Littering	24	0	0	0	0
Game and Fish Fines	358	0	0	0	0
Drug Control Fines	6,412	1,325	0	0	0
Drug Court Fees	0	19,265	0	0	0
DUI Treatment Fines	2,631	0	0	0	0
Data Entry Fee - General Sessions Court	11,986	0	0	0	0
Courtroom Security Fee	18,975	0	0	0	0
Victims Assistance Assessments	1,358	0	0	0	0
<u>Juvenile Court</u>					
Data Entry Fee - Juvenile Court	434	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	
	General	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Chancery Court</u>					
Officers Costs	\$ 2,339	\$ 0	\$ 0	\$ 0	0
Data Entry Fee - Chancery Court	710	0	0	0	0
Courtroom Security Fee	967	0	0	2,529	0
<u>Other Courts - In-county</u>					
Fines	250	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	3,586	0	0	0
Other Fines, Forfeitures, and Penalties	2,332	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 57,421	\$ 24,176	\$ 0	\$ 3,440	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 1,121,473	\$ 0	\$ 0	\$ 0	0
Other General Service Charges	450	0	0	0	0
Service Charges	700	0	0	0	0
<u>Fees</u>					
Recreation Fees	20,359	0	0	0	0
Copy Fees	854	0	0	0	0
Greenbelt Late Application Fee	150	0	0	0	0
Telephone Commissions	106,557	0	0	0	0
Data Processing Fee - Register	6,522	0	0	0	0
Data Processing Fee - Sheriff	3,171	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,400	0	0	0	0
Data Processing Fee - County Clerk	13,911	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	
	General	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges</u>					
Tuition - Other	\$ 48,872	\$ 0	\$ 0	\$ 0	0
TBI Criminal Background Fee	145	0	0	0	0
<u>Other Charges for Services</u>					
Other Charges for Services	220	0	0	0	0
Total Charges for Current Services	<u>\$ 1,325,784</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 39,735	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	28,930	0	0	109,774	0
Sale of Materials and Supplies	315	0	0	0	0
Commissary Sales	5,618	0	0	0	0
Sale of Recycled Materials	285	0	0	0	0
Miscellaneous Refunds	61,865	0	128	939	0
<u>Nonrecurring Items</u>					
Sale of Equipment	26,397	0	29,350	0	0
Sale of Property	2,130	0	0	0	0
Damages Recovered from Individuals	439	0	0	0	0
Contributions and Gifts	14,653	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	166,292	0	8,664	0	0
Total Other Local Revenues	<u>\$ 346,659</u>	<u>\$ 0</u>	<u>\$ 38,142</u>	<u>\$ 110,713</u>	<u>0</u>

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Funds	
	General	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 175,645	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	67,413	0	0	0	0
General Sessions Court Clerk	176,625	0	0	0	0
Clerk and Master	65,590	0	0	0	0
Register	70,922	0	0	0	0
Sheriff	50,600	0	0	0	0
Trustee	304,002	0	0	0	0
Total Fees Received from County Officials	\$ 910,797	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	0
Aging Programs	6,260	0	0	0	0
On-behalf Contributions for OPEB	600	0	0	0	0
Other General Government Grants	1,509	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	16,800	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	18,536	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	229,907	0	0
State Aid Program	0	0	200,619	0	0
Litter Program	30,421	0	0	0	0
<u>Other State Revenues</u>					
Flood Control	13,494	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	
	General	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Income Tax	\$ 49,977	\$ 0	\$ 0	\$ 0	0
Vehicle Certificate of Title Fees	3,973	0	0	0	0
Alcoholic Beverage Tax	39,877	0	0	0	0
State Revenue Sharing - T.V.A.	487,014	0	0	0	0
Contracted Prisoner Boarding	913,287	0	0	86,113	0
Gasoline and Motor Fuel Tax	0	0	1,472,285	0	0
Petroleum Special Tax	0	0	13,829	0	0
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	7,500	0	0	0	0
Other State Revenues	63,787	0	0	0	0
Total State of Tennessee	\$ 1,672,699	\$ 0	\$ 1,916,640	\$ 86,113	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Law Enforcement Grants	\$ 29,326	\$ 0	\$ 0	\$ 0	0
Other Federal through State	120,111	0	0	0	0
<u>Direct Federal Revenue</u>					
Police Service (Lake Area)	16,116	0	0	0	0
Other Direct Federal Revenue	2,600	0	0	0	0
Total Federal Government	\$ 168,153	\$ 0	\$ 0	\$ 0	0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 180,674	\$ 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	
	General	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service
<u>Other Governments and Citizens Groups (Cont.)</u>					
<u>Citizens Groups</u>					
Donations	\$ 5,805	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 186,479	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 9,466,184	\$ 24,176	\$ 2,308,924	\$ 1,016,791	\$ 1,927,029

(Continued)

Exhibit K-6

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

	Permanent Fund	
	Library Endowment	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 0	\$ 4,467,699
Trustee's Collections - Prior Year	0	135,873
Trustee's Collections - Bankruptcy	0	677
Circuit/Clerk and Master Collections - Prior Years	0	86,605
Interest and Penalty	0	24,302
Payments in-Lieu-of Taxes - T.V.A.	0	1,453
Payments in-Lieu-of Taxes - Other	0	11,918
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	1,372,584
Wheel Tax	0	1,137,517
Litigation Tax - General	0	77,607
Litigation Tax - Special Purpose	0	8,251
Litigation Tax - Jail, Workhouse, or Courthouse	0	80,627
Business Tax	0	123,631
Mineral Severance Tax	0	70,493
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	114,445
Wholesale Beer Tax	0	55,599
Interstate Telecommunications Tax	0	1,938
Total Local Taxes	<u>\$ 0</u>	<u>\$ 7,771,219</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Cable TV Franchise	\$ 0	\$ 46,554

(Continued)

Exhibit K-6

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

	<u>Permanent Fund</u>	
	Library Endowment	Total
<u>Licenses and Permits (Cont.)</u>		
<u>Permits</u>		
Beer Permits	\$ 0	\$ 2,165
Building Permits	0	48,200
Other Permits	0	27,750
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 124,669</u>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 155
Jail Fees	0	1,037
Data Entry Fee - Circuit Court	0	1,352
Victims Assistance Assessments	0	392
<u>Criminal Court</u>		
Data Entry Fee - Criminal Court	0	22
<u>General Sessions Court</u>		
Fines	0	6,598
Fines for Littering	0	24
Game and Fish Fines	0	358
Drug Control Fines	0	7,737
Drug Court Fees	0	19,265
DUI Treatment Fines	0	2,631
Data Entry Fee - General Sessions Court	0	11,986
Courtroom Security Fee	0	18,975
Victims Assistance Assessments	0	1,358
<u>Juvenile Court</u>		
Data Entry Fee - Juvenile Court	0	434

(Continued)

Exhibit K-6

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

	Permanent Fund	
	Library Endowment	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Chancery Court</u>		
Officers Costs	\$ 0	\$ 2,339
Data Entry Fee - Chancery Court	0	710
Courtroom Security Fee	0	3,496
<u>Other Courts - In-county</u>		
Fines	0	250
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	3,586
Other Fines, Forfeitures, and Penalties	0	2,332
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 85,037</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Patient Charges	\$ 0	\$ 1,121,473
Other General Service Charges	0	450
Service Charges	0	700
<u>Fees</u>		
Recreation Fees	0	20,359
Copy Fees	0	854
Greenbelt Late Application Fee	0	150
Telephone Commissions	0	106,557
Data Processing Fee - Register	0	6,522
Data Processing Fee - Sheriff	0	3,171
Sexual Offender Registration Fee - Sheriff	0	2,400
Data Processing Fee - County Clerk	0	13,911

(Continued)

Exhibit K-6

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

	<u>Permanent Fund</u>	
	Library Endowment	Total
<u>Charges for Current Services (Cont.)</u>		
<u>Education Charges</u>		
Tuition - Other	\$ 0	\$ 48,872
TBI Criminal Background Fee	0	145
<u>Other Charges for Services</u>		
Other Charges for Services	0	220
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 1,325,784</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 313	\$ 40,048
Lease/Rentals	0	138,704
Sale of Materials and Supplies	0	315
Commissary Sales	0	5,618
Sale of Recycled Materials	0	285
Miscellaneous Refunds	0	62,932
<u>Nonrecurring Items</u>		
Sale of Equipment	0	55,747
Sale of Property	0	2,130
Damages Recovered from Individuals	0	439
Contributions and Gifts	0	14,653
<u>Other Local Revenues</u>		
Other Local Revenues	0	174,956
Total Other Local Revenues	<u>\$ 313</u>	<u>\$ 495,827</u>

(Continued)

Exhibit K-6

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

	<u>Permanent Fund</u>	
	<u>Library Endowment</u>	<u>Total</u>
<u>Fees Received from County Officials</u>		
<u>Fees in-Lieu-of Salary</u>		
County Clerk	\$ 0	\$ 175,645
Circuit Court Clerk	0	67,413
General Sessions Court Clerk	0	176,625
Clerk and Master	0	65,590
Register	0	70,922
Sheriff	0	50,600
Trustee	0	304,002
Total Fees Received from County Officials	<u>\$ 0</u>	<u>\$ 910,797</u>
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 4,500
Aging Programs	0	6,260
On-behalf Contributions for OPEB	0	600
Other General Government Grants	0	1,509
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	16,800
<u>Health and Welfare Grants</u>		
Health Department Programs	0	18,536
<u>Public Works Grants</u>		
Bridge Program	0	229,907
State Aid Program	0	200,619
Litter Program	0	30,421
<u>Other State Revenues</u>		
Flood Control	0	13,494

(Continued)

Exhibit K-6

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

	<u>Permanent Fund</u>	
	Library Endowment	Total
<u>State of Tennessee (Cont.)</u>		
<u>Other State Revenues (Cont.)</u>		
Income Tax	\$ 0	\$ 49,977
Vehicle Certificate of Title Fees	0	3,973
Alcoholic Beverage Tax	0	39,877
State Revenue Sharing - T.V.A.	0	487,014
Contracted Prisoner Boarding	0	999,400
Gasoline and Motor Fuel Tax	0	1,472,285
Petroleum Special Tax	0	13,829
Registrar's Salary Supplement	0	15,164
Other State Grants	0	7,500
Other State Revenues	0	63,787
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 3,675,452</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
Law Enforcement Grants	\$ 0	\$ 29,326
Other Federal through State	0	120,111
<u>Direct Federal Revenue</u>		
Police Service (Lake Area)	0	16,116
Other Direct Federal Revenue	0	2,600
Total Federal Government	<u>\$ 0</u>	<u>\$ 168,153</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 0	\$ 180,674

(Continued)

Exhibit K-6

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

	<u>Permanent Fund</u>	
	Library Endowment	Total
<hr/>		
<u>Other Governments and Citizens Groups (Cont.)</u>		
<u>Citizens Groups</u>		
Donations	\$ 0	\$ 5,805
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 186,479</u>
 Total	 <u>\$ 313</u>	 <u>\$ 14,743,417</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, 2015

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 3,216,485	\$ 0	\$ 0	\$ 3,216,485
Trustee's Collections - Prior Year	97,970	0	0	97,970
Trustee's Collections - Bankruptcy	521	0	0	521
Circuit/Clerk and Master Collections - Prior Years	76,183	0	0	76,183
Interest and Penalty	18,483	0	0	18,483
Payments in-Lieu-of Taxes - T.V.A.	1,044	0	0	1,044
Payments in-Lieu-of Taxes - Other	8,564	0	0	8,564
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,545,808	0	0	1,545,808
Mineral Severance Tax	565	0	0	565
<u>Statutory Local Taxes</u>				
Bank Excise Tax	86,336	0	0	86,336
Interstate Telecommunications Tax	1,334	0	0	1,334
Total Local Taxes	<u>\$ 5,053,293</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,053,293</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,561	\$ 0	\$ 0	\$ 1,561
Total Licenses and Permits	<u>\$ 1,561</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,561</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 2,410	\$ 0	\$ 0	\$ 2,410
Lunch Payments - Children	0	0	394,431	394,431

(Continued)

Exhibit K-7

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
Lunch Payments - Adults	\$ 0	\$ 0	\$ 61,532	\$ 61,532
Special Milk Sales	0	0	3,178	3,178
A la carte Sales	0	0	82,783	82,783
Receipts from Individual Schools	37,421	0	969	38,390
Total Charges for Current Services	<u>\$ 39,831</u>	<u>\$ 0</u>	<u>\$ 542,893</u>	<u>\$ 582,724</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 1,593	\$ 0	\$ 501	\$ 2,094
Sale of Recycled Materials	0	0	263	263
E-Rate Funding	24,282	0	0	24,282
Commodity Rebates	0	0	2,581	2,581
Miscellaneous Refunds	75,627	0	325	75,952
<u>Nonrecurring Items</u>				
Contributions and Gifts	15,570	0	0	15,570
<u>Other Local Revenues</u>				
Other Local Revenues	236	0	0	236
Total Other Local Revenues	<u>\$ 117,308</u>	<u>\$ 0</u>	<u>\$ 3,670</u>	<u>\$ 120,978</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 110,804	\$ 0	\$ 0	\$ 110,804
<u>State Education Funds</u>				
Basic Education Program	15,447,596	0	0	15,447,596

(Continued)

Exhibit K-7

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Early Childhood Education	\$ 499,184	\$ 0	\$ 0	\$ 499,184
School Food Service	0	0	19,775	19,775
Driver Education	26,477	0	0	26,477
Other State Education Funds	287,051	0	0	287,051
Career Ladder Program	91,601	0	0	91,601
Career Ladder - Extended Contract	18,220	0	0	18,220
<u>Other State Revenues</u>				
Other State Grants	1,595	0	0	1,595
Total State of Tennessee	<u>\$ 16,482,528</u>	<u>\$ 0</u>	<u>\$ 19,775</u>	<u>\$ 16,502,303</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 781,339	\$ 781,339
USDA - Commodities	0	0	94,304	94,304
Breakfast	0	0	338,367	338,367
USDA - Other	0	0	22,096	22,096
Vocational Education - Basic Grants to States	0	49,480	0	49,480
Title I Grants to Local Education Agencies	0	646,252	0	646,252
Special Education - Grants to States	25,451	601,128	0	626,579
Special Education Preschool Grants	0	24,174	0	24,174
Eisenhower Professional Development State Grants	0	183,640	0	183,640
Other Federal through State	333,507	0	0	333,507
Total Federal Government	<u>\$ 358,958</u>	<u>\$ 1,504,674</u>	<u>\$ 1,236,106</u>	<u>\$ 3,099,738</u>

(Continued)

Exhibit K-7

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 11,823	\$ 0	\$ 0	\$ 11,823
Total Other Governments and Citizens Groups	<u>\$ 11,823</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,823</u>
Total	<u>\$ 22,065,302</u>	<u>\$ 1,504,674</u>	<u>\$ 1,802,444</u>	<u>\$ 25,372,420</u>

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2015

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	13,958	
Other Per Diem and Fees		6,975	
Social Security		1,471	
Audit Services		5,750	
Dues and Memberships		2,366	
Other Contracted Services		2,300	
Total County Commission			\$ 32,820

Board of Equalization

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

County Mayor/Executive

County Official/Administrative Officer	\$	73,738	
Salary Supplements		800	
Secretary(ies)		56,249	
Overtime Pay		4,182	
Social Security		10,095	
Pensions		8,595	
Medical Insurance		2,640	
Communication		4,405	
Dues and Memberships		1,350	
Operating Lease Payments		1,253	
Maintenance and Repair Services - Office Equipment		125	
Travel		1,648	
Office Supplies		7,206	
Premiums on Corporate Surety Bonds		674	
Data Processing Equipment		7,114	
Office Equipment		649	
Total County Mayor/Executive			180,723

County Attorney

County Official/Administrative Officer	\$	48,582	
Total County Attorney			48,582

Election Commission

County Official/Administrative Officer	\$	57,459	
Clerical Personnel		27,066	
Custodial Personnel		8,489	
Part-time Personnel		11,646	
Overtime Pay		1,215	
Election Commission		5,100	
Election Workers		21,529	
Social Security		7,450	
Pensions		6,092	
Advertising		1,926	
Communication		2,246	

(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.)

Data Processing Services	\$	5,675	
Dues and Memberships		175	
Maintenance Agreements		12,400	
Postal Charges		1,443	
Printing, Stationery, and Forms		534	
Rentals		650	
Travel		2,200	
Office Supplies		2,686	
Other Charges		2,504	
Data Processing Equipment		11,050	
Total Election Commission			\$ 189,535

Register of Deeds

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		53,018	
Data Processing Personnel		5,274	
Social Security		8,586	
Pensions		7,428	
Medical Insurance		3,520	
Communication		2,624	
Dues and Memberships		407	
Operating Lease Payments		448	
Office Supplies		2,637	
Premiums on Corporate Surety Bonds		300	
Total Register of Deeds			148,085

Planning

Other Per Diem and Fees	\$	1,450	
Social Security		19	
Dues and Memberships		10,750	
Total Planning			12,219

Codes Compliance

County Official/Administrative Officer	\$	36,615	
Deputy(ies)		12,840	
Social Security		3,778	
Pensions		2,618	
Advertising		333	
Communication		2,073	
Contracts with Government Agencies		28,140	
Contracts with Private Agencies		1,200	
Maintenance and Repair Services - Vehicles		99	
Printing, Stationery, and Forms		250	
Travel		187	
Gasoline		342	
Office Supplies		2,092	
Road Signs		14,907	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Codes Compliance (Cont.)

Other Supplies and Materials	\$	126	
Refunds		850	
Office Equipment		1,982	
Total Codes Compliance			\$ 108,432

County Buildings

Deputy(ies)	\$	116,488	
Custodial Personnel		4,288	
Overtime Pay		3,485	
Social Security		9,597	
Pensions		5,590	
Medical Insurance		4,620	
Communication		8,202	
Contracts with Private Agencies		5,299	
Maintenance and Repair Services - Buildings		69,260	
Maintenance and Repair Services - Equipment		2,687	
Maintenance and Repair Services - Vehicles		5,845	
Rentals		5,694	
Custodial Supplies		4,619	
Gasoline		13,319	
Utilities		252,575	
Other Supplies and Materials		2,820	
Building Improvements		15,443	
Total County Buildings			529,831

Other General Administration

On-behalf Payments to OPEB	\$	600	
Total Other General Administration			600

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		53,018	
Social Security		8,879	
Pensions		8,356	
Advertising		99	
Communication		2,925	
Contracts with Government Agencies		9,000	
Dues and Memberships		1,350	
Postal Charges		1,125	
Travel		5,546	
Other Contracted Services		9,851	
Office Supplies		1,392	
Premiums on Corporate Surety Bonds		150	
Total Property Assessor's Office			165,534

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Deputy(ies)	\$	13,520	
Social Security		1,034	
Contracts with Government Agencies		2,462	
Total Reappraisal Program			\$ 17,016

County Trustee's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		53,018	
In-service Training		301	
Social Security		8,486	
Pensions		8,356	
Communication		2,431	
Dues and Memberships		407	
Legal Notices, Recording, and Court Costs		180	
Postal Charges		4,300	
Office Supplies		1,303	
Premiums on Corporate Surety Bonds		1,985	
Data Processing Equipment		6,000	
Office Equipment		903	
Total County Trustee's Office			151,513

County Clerk's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		104,155	
Part-time Personnel		7,646	
Overtime Pay		2,825	
Social Security		12,529	
Pensions		11,375	
Medical Insurance		4,730	
Advertising		123	
Communication		4,473	
Dues and Memberships		507	
Postal Charges		7,099	
Printing, Stationery, and Forms		1,295	
Office Supplies		3,764	
Premiums on Corporate Surety Bonds		995	
Data Processing Equipment		20,162	
Total County Clerk's Office			245,521

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		126,643	
Overtime Pay		3,957	
Jury and Witness Expense		10,207	
Social Security		14,401	
Pensions		8,185	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Medical Insurance	\$	5,720	
Communication		3,162	
Dues and Memberships		407	
Operating Lease Payments		1,910	
Postal Charges		2,484	
Other Contracted Services		330	
Office Supplies		8,818	
Premiums on Corporate Surety Bonds		675	
Data Processing Equipment		11,100	
Total Circuit Court			\$ 261,842

General Sessions Judge

Judge(s)	\$	97,259	
In-service Training		140	
Social Security		7,440	
Pensions		3,210	
Communication		2,741	
Contracts with Private Agencies		1,190	
Travel		721	
Gasoline		96	
Office Supplies		2,825	
Other Supplies and Materials		3,622	
Total General Sessions Judge			119,244

Chancery Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		27,066	
Social Security		6,668	
Pensions		6,500	
Medical Insurance		2,640	
Communication		2,741	
Dues and Memberships		407	
Operating Lease Payments		285	
Library Books/Media		331	
Office Supplies		2,111	
Premiums on Corporate Surety Bonds		450	
Data Processing Equipment		3,750	
Total Chancery Court			116,792

Judicial Commissioners

County Official/Administrative Officer	\$	16,500	
Other Salaries and Wages		3,500	
In-service Training		75	
Social Security		1,529	
Pensions		10	
Communication		597	
Total Judicial Commissioners			22,211

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice

Contracts with Private Agencies	\$ 5,910	
Total Other Administration of Justice		\$ 5,910

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 70,228	
Deputy(ies)	294,881	
Detective(s)	75,421	
Captain(s)	49,750	
Lieutenant(s)	86,718	
Sergeant(s)	147,122	
Paraprofessionals	34,058	
Salary Supplements	16,800	
Dispatchers/Radio Operators	133,401	
Guards	97,621	
Clerical Personnel	30,564	
Attendants	41,360	
Custodial Personnel	18,010	
Maintenance Personnel	26,642	
School Resource Officer	150,513	
Overtime Pay	37,678	
Other Salaries and Wages	29,330	
In-service Training	9,577	
Social Security	99,978	
Pensions	94,038	
Medical Insurance	56,760	
Communication	22,669	
Confidential Drug Enforcement Payments	35,921	
Dues and Memberships	1,500	
Operating Lease Payments	3,161	
Maintenance and Repair Services - Office Equipment	1,630	
Maintenance and Repair Services - Vehicles	36,654	
Medical and Dental Services	2,502	
Gasoline	84,057	
Office Supplies	14,050	
Uniforms	14,449	
Other Supplies and Materials	1,832	
Premiums on Corporate Surety Bonds	650	
Other Charges	2,703	
Law Enforcement Equipment	888	
Other Equipment	76,003	
Total Sheriff's Department		1,899,119

Traffic Control

Traffic Control Equipment	\$ 1,085	
Total Traffic Control		1,085

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Cafeteria Personnel	\$	23,822	
Overtime Pay		904	
Social Security		1,892	
Pensions		703	
Medical and Dental Services		149,736	
Other Contracted Services		58,620	
Custodial Supplies		21,299	
Food Supplies		144,230	
Other Supplies and Materials		7,148	
Total Jail			\$ 408,354

Correctional Incentive Program Improvements

Supervisor/Director	\$	36,637	
Deputy(ies)		518,911	
Overtime Pay		34,648	
Social Security		41,216	
Pensions		33,231	
Medical Insurance		35,947	
Total Correctional Incentive Program Improvements			700,590

Juvenile Services

Youth Service Officer(s)	\$	17,452	
Part-time Personnel		660	
Social Security		1,379	
Pensions		1,248	
Communication		1,175	
Other Contracted Services		11,322	
Drugs and Medical Supplies		101	
Office Supplies		150	
Total Juvenile Services			33,487

Fire Prevention and Control

Deputy(ies)	\$	12,094	
In-service Training		1,350	
Social Security		925	
Advertising		19	
Maintenance and Repair Services - Equipment		1,743	
Maintenance and Repair Services - Vehicles		8,459	
Rentals		16,695	
Other Contracted Services		88,985	
Gasoline		4,498	
Utilities		12,795	
Other Charges		5,440	
Other Equipment		10,849	
Total Fire Prevention and Control			163,852

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

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

Other Emergency Management

Supervisor/Director	\$ 16,666	
Social Security	1,275	
Communication	5,180	
Maintenance and Repair Services - Vehicles	3,677	
Other Contracted Services	1,005	
Gasoline	3,184	
Office Supplies	200	
Uniforms	329	
Utilities	1,348	
Office Equipment	1,715	
Other Equipment	6,925	
Total Other Emergency Management		41,504

Inspection and Regulation

Supervisor/Director	\$ 2,400	
Social Security	184	
Pensions	172	
Total Inspection and Regulation		2,756

County Coroner/Medical Examiner

Other Contracted Services	\$ 33,710	
Total County Coroner/Medical Examiner		33,710

Public Safety Grants Programs

Social Security	\$ 236	
Pensions	221	
Advertising	3,251	
Contracts with Government Agencies	271	
Dues and Memberships	100	
Fiscal Agent Charges	3,091	
Printing, Stationery, and Forms	1,228	
Travel	2,166	
Other Contracted Services	27,974	
Instructional Supplies and Materials	1,729	
Office Supplies	2,734	
Total Public Safety Grants Programs		43,001

Other Public Safety

Deputy(ies)	\$ 14,080	
Dispatchers/Radio Operators	183,086	
Longevity Pay	3,224	
Overtime Pay	14,598	
Social Security	15,443	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Pensions	\$	15,341	
Medical Insurance		7,040	
Total Other Public Safety			\$ 252,812

Public Health and Welfare

Local Health Center

Communication	\$	3,873	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		706	
Custodial Supplies		688	
Drugs and Medical Supplies		758	
Office Supplies		1,309	
Uniforms		243	
Utilities		16,099	
Other Supplies and Materials		98	
Total Local Health Center			23,974

Ambulance/Emergency Medical Services

Medical Personnel	\$	597,302	
Longevity Pay		4,131	
Overtime Pay		228,709	
In-service Training		8,559	
Social Security		60,472	
Pensions		50,279	
Medical Insurance		27,060	
Communication		13,392	
Operating Lease Payments		855	
Licenses		2,618	
Maintenance and Repair Services - Equipment		2,172	
Maintenance and Repair Services - Vehicles		29,266	
Medical and Dental Services		330	
Printing, Stationery, and Forms		13	
Custodial Supplies		2,716	
Drugs and Medical Supplies		46,128	
Gasoline		57,664	
Office Supplies		1,967	
Uniforms		6,921	
Utilities		17,536	
Other Supplies and Materials		18,107	
Building and Contents Insurance		5,282	
Liability Insurance		1,069	
Premiums on Corporate Surety Bonds		200	
Refunds		1,945	
Vehicle and Equipment Insurance		12,171	
Workers' Compensation Insurance		124,060	
Building Improvements		5,056	
Data Processing Equipment		1,648	
Motor Vehicles		91,517	
Total Ambulance/Emergency Medical Services			1,419,145

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Alcohol and Drug Programs

In-service Training	\$	351	
Advertising		960	
Contracts with Private Agencies		12,441	
Instructional Supplies and Materials		2,586	
Total Alcohol and Drug Programs			\$ 16,338

Other Local Health Services

Supervisor/Director	\$	27,867	
Other Salaries and Wages		10,989	
Social Security		2,971	
Pensions		1,624	
Advertising		393	
Communication		1,981	
Contributions		9,333	
Rentals		1,703	
Instructional Supplies and Materials		208	
Office Supplies		419	
Utilities		8,044	
Other Charges		20	
Other Equipment		3,805	
Total Other Local Health Services			69,357

Appropriation to State

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

General Welfare Assistance

In-service Training	\$	69	
Advertising		6,991	
Communication		1,322	
Dues and Memberships		400	
Postal Charges		392	
Printing, Stationery, and Forms		6,144	
Travel		2,777	
Other Contracted Services		30,268	
Office Supplies		3,532	
Liability Insurance		1,200	
Total General Welfare Assistance			53,095

Other Local Welfare Services

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

Waste Pickup

Supervisor/Director	\$	15,132	
Social Security		1,158	
Maintenance and Repair Services - Vehicles		2,378	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Custodial Supplies	\$	1,176	
Gasoline		3,900	
Instructional Supplies and Materials		5,621	
Other Supplies and Materials		602	
Total Waste Pickup			\$ 29,967

Other Public Health and Welfare

Part-time Personnel	\$	14,201	
Other Salaries and Wages		28,272	
Social Security		3,249	
Pensions		2,033	
Travel		8,344	
Other Supplies and Materials		6,225	
Total Other Public Health and Welfare			62,324

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	25,952	
Other Salaries and Wages		7,871	
Social Security		2,492	
Pensions		1,927	
Medical Insurance		2,640	
Communication		187	
Travel		731	
Office Supplies		1,940	
Utilities		10,894	
Other Supplies and Materials		995	
Office Equipment		899	
Total Senior Citizens Assistance			56,528

Libraries

County Official/Administrative Officer	\$	32,000	
Other Salaries and Wages		36,240	
Social Security		5,220	
Pensions		2,288	
Communication		3,860	
Data Processing Services		1,250	
Dues and Memberships		45	
Operating Lease Payments		776	
Maintenance and Repair Services - Office Equipment		32	
Postal Charges		196	
Travel		310	
Custodial Supplies		392	
Data Processing Supplies		405	
Library Books/Media		18,006	
Office Supplies		834	
Periodicals		50	

(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.)

Utilities	\$	2,563	
Other Supplies and Materials		2,381	
Data Processing Equipment		3,473	
Office Equipment		863	
Total Libraries			\$ 111,184

Parks and Fair Boards

Communication	\$	1,176	
Contracts with Government Agencies		7,594	
Travel		760	
Other Supplies and Materials		3,250	
Building Improvements		25,893	
Other Equipment		3,383	
Total Parks and Fair Boards			42,056

Other Social, Cultural, and Recreational

Other Supplies and Materials	\$	4,634	
Site Development		6,410	
Total Other Social, Cultural, and Recreational			11,044

Agriculture and Natural ResourcesAgricultural Extension Service

Assistant(s)	\$	3,500	
Salary Supplements		30,640	
Secretary(ies)		5,392	
Social Security		2,116	
Pensions		4,329	
Communication		3,273	
Rentals		7,140	
Other Supplies and Materials		552	
Total Agricultural Extension Service			56,942

Soil Conservation

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

Other Agriculture and Natural Resources

Maintenance and Repair Services - Buildings	\$	36,984	
Custodial Supplies		1,096	
Utilities		24,160	
Refunds		850	
Total Other Agriculture and Natural Resources			63,090

Other OperationsTourism

Contracts with Private Agencies	\$	450	
Contributions		300	
Maintenance Agreements		200	
Total Tourism			950

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Office Supplies	\$	598	
Other Charges		4,740	
Total Industrial Development			\$ 5,338

Other Economic and Community Development

Contributions	\$	40,367	
Total Other Economic and Community Development			40,367

Veterans' Services

Supervisor/Director	\$	10,717	
Social Security		820	
Communication		867	
Travel		427	
Office Supplies		182	
Other Charges		494	
Office Equipment		329	
Total Veterans' Services			13,836

Other Charges

Building and Contents Insurance	\$	46,707	
Liability Insurance		87,659	
Vehicle and Equipment Insurance		55,164	
Workers' Compensation Insurance		125,953	
Total Other Charges			315,483

Employee Benefits

Longevity Pay	\$	22,485	
Social Security		1,720	
Pensions		1,608	
Life Insurance		7,311	
Unemployment Compensation		14,785	
Total Employee Benefits			47,909

Miscellaneous

Advertising	\$	540	
Contributions		38,680	
Dues and Memberships		3,053	
Food Supplies		800	
Other Supplies and Materials		880	
Premiums on Corporate Surety Bonds		300	
Trustee's Commission		103,327	
Tax Relief Program		38,397	
Bridge Construction		11,771	
Highway Construction		4	
Total Miscellaneous			197,752

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Principal on Debt

General Government

Principal on Bonds	\$ 54,053	
Principal on Notes	209,898	
Total General Government		\$ 263,951

Interest on Debt

General Government

Interest on Bonds	\$ 42,047	
Interest on Notes	10,012	
Total General Government		52,059

Total General Fund \$ 8,956,291

Drug Control Fund

Public Safety

Sheriff's Department

Instructional Supplies and Materials	\$ 3,582	
Other Charges	3,811	
Law Enforcement Equipment	6,958	
Total Sheriff's Department		\$ 14,351

Drug Enforcement

Trustee's Commission	\$ 235	
Total Drug Enforcement		235

Total Drug Control Fund 14,586

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 70,228	
Accountants/Bookkeepers	37,553	
Overtime Pay	3,493	
Other Salaries and Wages	28,325	
Advertising	688	
Communication	7,999	
Data Processing Services	8,026	
Dues and Memberships	3,736	
Maintenance and Repair Services - Buildings	41	
Maintenance and Repair Services - Office Equipment	295	
Medical and Dental Services	190	
Postal Charges	392	
Printing, Stationery, and Forms	141	
Electricity	5,888	
Natural Gas	2,088	
Office Supplies	4,716	
Water and Sewer	316	
Other Charges	1,951	
Communication Equipment	215	
Total Administration		\$ 176,281

(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	\$	42,664	
Equipment Operators		93,174	
Truck Drivers		86,726	
Laborers		144,426	
Overtime Pay		3,342	
Rentals		56,756	
Other Contracted Services		249,834	
Asphalt - Cold Mix		346,086	
Concrete		2,750	
Crushed Stone		155,456	
Other Road Materials		12,999	
Pipe		33,328	
Road Signs		3,474	
Salt		9,780	
Wood Products		14,117	
Other Charges		997	
Total Highway and Bridge Maintenance			\$ 1,255,909

Operation and Maintenance of Equipment

Mechanic(s)	\$	62,345	
Overtime Pay		1,021	
Freight Expenses		7,200	
Custodial Supplies		4,464	
Diesel Fuel		92,691	
Equipment and Machinery Parts		22,743	
Garage Supplies		988	
Gasoline		28,471	
Lubricants		8,961	
Small Tools		4,939	
Tires and Tubes		8,159	
Uniforms		1,444	
Vehicle Parts		14,704	
Other Supplies and Materials		999	
Other Charges		500	
Total Operation and Maintenance of Equipment			259,629

Other Charges

Contributions	\$	100	
Building and Contents Insurance		1,535	
Liability Insurance		3,366	
Trustee's Commission		21,333	
Vehicle and Equipment Insurance		10,878	
Workers' Compensation Insurance		46,176	
Total Other Charges			83,388

Employee Benefits

Social Security	\$	43,673	
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(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 (Cont.)

Pensions	\$	38,672	
Employee and Dependent Insurance		264,278	
Unemployment Compensation		5,164	
Total Employee Benefits			\$ 351,787

Capital Outlay

Engineering Services	\$	10,299	
Bridge Construction		289,644	
State Aid Projects		283,173	
Total Capital Outlay			583,116

Principal on Debt

Highways and Streets

Principal on Notes	\$	66,666	
Total Highways and Streets			66,666

Interest on Debt

Highways and Streets

Interest on Notes	\$	704	
Total Highways and Streets			704

Total Highway/Public Works Fund \$ 2,777,480

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	16,767	
Principal on Notes		440,214	
Principal on Other Loans		487,690	
Total General Government			\$ 944,671

Interest on Debt

General Government

Interest on Bonds	\$	10,311	
Interest on Notes		40,744	
Interest on Other Loans		289,462	
Total General Government			340,517

Other Debt Service

General Government

Trustee's Commission	\$	14,111	
Other Debt Service		121,822	
Total General Government			135,933

Total General Debt Service Fund 1,421,121

(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	\$ 1,305,000	
Total Education		\$ 1,305,000
 <u>Interest on Debt</u>		
<u>Education</u>		
Interest on Bonds	\$ 527,500	
Total Education		527,500
 <u>Other Debt Service</u>		
<u>Education</u>		
Bank Charges	\$ 250	
Trustee's Commission	23,629	
Total Education		<u>23,879</u>
 Total Education Debt Service Fund		 <u>\$ 1,856,379</u>
 Total Governmental Funds - Primary Government		 <u><u>\$ 15,025,857</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, 2015

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	6,960,599	
Career Ladder Program		54,100	
Career Ladder Extended Contracts		12,318	
Educational Assistants		381,609	
Bonus Payments		101,501	
Other Salaries and Wages		21,467	
Certified Substitute Teachers		39,812	
Non-certified Substitute Teachers		60,986	
Social Security		436,905	
Pensions		637,214	
Medical Insurance		1,361,296	
Unemployment Compensation		12,679	
Local Retirement		16,372	
Employer Medicare		103,003	
Maintenance and Repair Services - Equipment		19,183	
Other Contracted Services		17,763	
Instructional Supplies and Materials		101,504	
Textbooks		253,978	
Other Supplies and Materials		8,709	
Fee Waivers		14,875	
Other Charges		10,496	
Regular Instruction Equipment		114,401	
Total Regular Instruction Program			\$ 10,740,770

Alternative Instruction Program

Teachers	\$	22,157	
Social Security		1,300	
Pensions		2,003	
Medical Insurance		4,305	
Employer Medicare		304	
Other Supplies and Materials		261	
Total Alternative Instruction Program			30,330

Special Education Program

Teachers	\$	809,584	
Career Ladder Program		5,000	
Career Ladder Extended Contracts		3,545	
Educational Assistants		177,477	
Speech Pathologist		43,617	
Bonus Payments		5,382	
Other Salaries and Wages		8,100	
Certified Substitute Teachers		1,138	
Non-certified Substitute Teachers		2,502	
Social Security		61,490	
Pensions		88,183	
Medical Insurance		186,197	

(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.)

Unemployment Compensation	\$	2,330	
Local Retirement		16	
Employer Medicare		14,445	
Contracts with Private Agencies		6,565	
Other Contracted Services		34,578	
Instructional Supplies and Materials		51	
Other Supplies and Materials		142	
Special Education Equipment		4,780	
Total Special Education Program			\$ 1,455,122

Vocational Education Program

Teachers	\$	516,582	
Career Ladder Program		2,200	
Bonus Payments		3,042	
Other Salaries and Wages		175	
Certified Substitute Teachers		5,315	
Non-certified Substitute Teachers		1,490	
Social Security		31,503	
Pensions		44,677	
Medical Insurance		98,281	
Unemployment Compensation		888	
Local Retirement		2,499	
Employer Medicare		7,368	
Instructional Supplies and Materials		7,408	
Total Vocational Education Program			721,428

Support Services

Attendance

Supervisor/Director	\$	49,725	
Social Workers		37,812	
Social Security		5,025	
Pensions		7,913	
Medical Insurance		18,165	
Unemployment Compensation		111	
Employer Medicare		1,175	
Travel		1,757	
Other Contracted Services		23,101	
Other Supplies and Materials		727	
Attendance Equipment		10,853	
Total Attendance			156,364

Health Services

Supervisor/Director	\$	49,227	
Medical Personnel		81,547	
Other Salaries and Wages		17,944	
Social Security		8,444	

(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.)

Pensions	\$	12,983	
Medical Insurance		29,784	
Unemployment Compensation		231	
Employer Medicare		1,975	
Travel		12,141	
Drugs and Medical Supplies		618	
Other Supplies and Materials		12,456	
Health Equipment		1,920	
Total Health Services			\$ 229,270

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		264,201	
Career Ladder Extended Contracts		2,500	
Other Salaries and Wages		14,961	
Social Security		16,300	
Pensions		22,385	
Medical Insurance		54,958	
Unemployment Compensation		440	
Local Retirement		1,801	
Employer Medicare		3,812	
Contracts with Government Agencies		178,605	
Evaluation and Testing		32,658	
Other Supplies and Materials		280	
Other Charges		7,581	
Other Equipment		8,595	
Total Other Student Support			610,077

Regular Instruction Program

Supervisor/Director	\$	66,119	
Career Ladder Program		4,000	
Career Ladder Extended Contracts		500	
Librarians		237,519	
Instructional Computer Personnel		105,673	
Other Salaries and Wages		2,091	
Social Security		23,681	
Pensions		33,902	
Medical Insurance		58,568	
Unemployment Compensation		583	
Employer Medicare		5,875	
Travel		26,977	
Library Books/Media		2,620	
Other Supplies and Materials		391	
In Service/Staff Development		16,323	
Other Charges		293	
Other Equipment		726	
Total Regular Instruction Program			585,841

(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

Supervisor/Director	\$	66,392	
Psychological Personnel		54,225	
Social Security		7,477	
Pensions		10,904	
Medical Insurance		13,517	
Unemployment Compensation		114	
Employer Medicare		1,748	
Communication		441	
Travel		4,239	
Other Supplies and Materials		365	
In Service/Staff Development		498	
Other Equipment		989	
Total Special Education Program			\$ 160,909

Vocational Education Program

Supervisor/Director	\$	16,556	
Social Security		1,026	
Pensions		1,497	
Medical Insurance		1,682	
Unemployment Compensation		15	
Employer Medicare		240	
Travel		227	
Other Supplies and Materials		280	
Total Vocational Education Program			21,523

Other Programs

On-behalf Payments to OPEB	\$	110,804	
Total Other Programs			110,804

Board of Education

Secretary to Board	\$	600	
Board and Committee Members Fees		11,340	
Social Security		740	
Pensions		54	
Unemployment Compensation		77	
Employer Medicare		173	
Audit Services		8,000	
Contracts with Government Agencies		3,948	
Contracts with Private Agencies		10,700	
Dues and Memberships		9,025	
Legal Services		34,242	
Other Contracted Services		7,799	
Liability Insurance		60,208	
Premiums on Corporate Surety Bonds		320	
Trustee's Commission		111,332	
Workers' Compensation Insurance		268,983	

(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.)

Board of Education (Cont.)

Refund to Applicant for Criminal Investigation	\$	3,255	
Other Charges		6,199	
Total Board of Education			\$ 536,995

Director of Schools

County Official/Administrative Officer	\$	89,004	
Career Ladder Program		700	
Social Security		5,391	
Pensions		8,109	
Medical Insurance		12,824	
Unemployment Compensation		57	
Employer Medicare		1,261	
Communication		58,967	
Dues and Memberships		2,121	
Travel		8,035	
Other Charges		736	
Administration Equipment		2,554	
Total Director of Schools			189,759

Office of the Principal

Principals	\$	568,240	
Career Ladder Program		5,500	
Accountants/Bookkeepers		115,975	
Assistant Principals		349,082	
Clerical Personnel		94,471	
Social Security		66,759	
Pensions		98,470	
Medical Insurance		130,004	
Unemployment Compensation		1,607	
Employer Medicare		15,613	
Communication		5,154	
Dues and Memberships		5,125	
Other Charges		1,820	
Total Office of the Principal			1,457,820

Fiscal Services

Accountants/Bookkeepers	\$	134,047	
Clerical Personnel		59,249	
Social Security		11,392	
Pensions		13,821	
Medical Insurance		37,468	
Unemployment Compensation		373	
Employer Medicare		2,664	
Data Processing Services		10,792	
Maintenance and Repair Services - Office Equipment		4,968	
Travel		1,358	

(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.)

Fiscal Services (Cont.)

Office Supplies	\$	10,220	
Other Charges		105	
Administration Equipment		799	
Total Fiscal Services			\$ 287,256

Operation of Plant

Custodial Personnel	\$	350,297	
Other Salaries and Wages		25,864	
Social Security		22,754	
Pensions		22,959	
Medical Insurance		905	
Unemployment Compensation		1,623	
Employer Medicare		5,322	
Contracts with Government Agencies		5,515	
Contracts with Private Agencies		155,966	
Maintenance and Repair Services - Equipment		18,305	
Pest Control		3,225	
Other Contracted Services		7,742	
Custodial Supplies		67,274	
Electricity		780,826	
Natural Gas		82,056	
Water and Sewer		64,737	
Other Supplies and Materials		10,325	
Building and Contents Insurance		59,522	
Other Charges		506	
Plant Operation Equipment		26,062	
Total Operation of Plant			1,711,785

Maintenance of Plant

Supervisor/Director	\$	61,154	
Maintenance Personnel		182,132	
Other Salaries and Wages		15,382	
Social Security		15,793	
Pensions		18,401	
Medical Insurance		40,056	
Unemployment Compensation		405	
Employer Medicare		3,743	
Contracts with Private Agencies		150	
Laundry Service		4,345	
Maintenance and Repair Services - Buildings		31,130	
Maintenance and Repair Services - Equipment		67,242	
Travel		815	
Other Contracted Services		450	
Other Supplies and Materials		59,217	
Maintenance Equipment		3,902	
Total Maintenance of Plant			504,317

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	42,203	
Mechanic(s)		86,255	
Bus Drivers		424,115	
Educational Assistants		35,963	
Other Salaries and Wages		19,735	
Social Security		35,710	
Pensions		36,359	
Medical Insurance		34,206	
Unemployment Compensation		2,256	
Employer Medicare		8,704	
Contracts with Government Agencies		3,577	
Contracts with Private Agencies		10,681	
Contracts with Parents		3,077	
Laundry Service		3,015	
Maintenance and Repair Services - Equipment		608	
Maintenance and Repair Services - Vehicles		2,310	
Medical and Dental Services		4,150	
Towing Services		150	
Travel		1,255	
Diesel Fuel		129,121	
Garage Supplies		1,915	
Gasoline		20,981	
Lubricants		5,736	
Tires and Tubes		14,645	
Vehicle Parts		51,634	
Gravel and Chert		2,696	
Other Supplies and Materials		2,703	
Vehicle and Equipment Insurance		30,766	
Other Charges		601	
Administration Equipment		314	
Transportation Equipment		196,184	
Total Transportation			\$ 1,211,625

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$	1,000	
Social Security		62	
Pensions		90	
Unemployment Compensation		3	
Employer Medicare		14	
Total Food Service			1,169

Community Services

Supervisor/Director	\$	168,830	
Teachers		95,957	
Educational Assistants		24,645	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Social Security	\$	23,587	
Pensions		32,990	
Medical Insurance		7,029	
Unemployment Compensation		499	
Local Retirement		127	
Employer Medicare		5,680	
Maintenance and Repair Services - Equipment		1,041	
Travel		977	
Other Contracted Services		1,000	
Food Supplies		896	
Instructional Supplies and Materials		22,231	
Other Supplies and Materials		3,512	
In Service/Staff Development		2,369	
Other Charges		441	
Other Equipment		3,718	
Total Community Services			\$ 395,529

Early Childhood Education

Supervisor/Director	\$	49,354	
Teachers		221,744	
Educational Assistants		67,141	
Certified Substitute Teachers		780	
Non-certified Substitute Teachers		1,952	
Social Security		20,140	
Pensions		29,089	
Medical Insurance		49,562	
Unemployment Compensation		648	
Employer Medicare		4,726	
Travel		1,539	
Instructional Supplies and Materials		7,407	
Other Supplies and Materials		10,682	
In Service/Staff Development		1,741	
Other Charges		368	
Other Equipment		18,373	
Total Early Childhood Education			485,246

Capital Outlay

Regular Capital Outlay

Other Equipment	\$	15,191	
Total Regular Capital Outlay			15,191

Total General Purpose School Fund \$ 21,619,130

(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

Instruction

Regular Instruction Program

Teachers	\$	309,549	
Educational Assistants		41,602	
Social Security		20,812	
Pensions		29,770	
Medical Insurance		62,165	
Unemployment Compensation		684	
Employer Medicare		4,867	
Maintenance and Repair Services - Equipment		5,325	
Other Contracted Services		24,668	
Instructional Supplies and Materials		29,387	
Regular Instruction Equipment		39,182	
Total Regular Instruction Program			\$ 568,011

Special Education Program

Educational Assistants	\$	218,169	
Speech Pathologist		96,292	
Social Security		19,019	
Pensions		22,208	
Medical Insurance		14,252	
Unemployment Compensation		1,219	
Employer Medicare		4,448	
Other Contracted Services		39,168	
Instructional Supplies and Materials		10,388	
Other Supplies and Materials		12,270	
Special Education Equipment		48,464	
Total Special Education Program			485,897

Vocational Education Program

Instructional Supplies and Materials	\$	17,490	
Vocational Instruction Equipment		16,493	
Total Vocational Education Program			33,983

Support Services

Other Student Support

Bus Drivers	\$	300	
Social Security		19	
Pensions		21	
Unemployment Compensation		1	
Employer Medicare		4	
Travel		16,466	
In Service/Staff Development		654	
Other Charges		5,307	
Total Other Student Support			22,772

Regular Instruction Program

Supervisor/Director	\$	60,405	
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(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Salaries and Wages	\$	98,109	
Social Security		8,706	
Pensions		14,330	
Medical Insurance		31,867	
Unemployment Compensation		173	
Employer Medicare		2,036	
Travel		7,664	
Other Supplies and Materials		3,270	
In Service/Staff Development		13,679	
Other Charges		1,000	
Total Regular Instruction Program			\$ 241,239

Special Education Program

Assessment Personnel	\$	16,113	
Clerical Personnel		20,816	
Social Security		1,266	
Pensions		1,504	
Medical Insurance		20,271	
Unemployment Compensation		129	
Employer Medicare		486	
Travel		19,700	
Other Supplies and Materials		1,659	
In Service/Staff Development		5,280	
Total Special Education Program			87,224

Vocational Education Program

In Service/Staff Development	\$	975	
Total Vocational Education Program			975

Transportation

Bus Drivers	\$	22,760	
Other Salaries and Wages		6,053	
Social Security		1,731	
Pensions		2,037	
Unemployment Compensation		135	
Employer Medicare		405	
Contracts with Parents		2,823	
Total Transportation			35,944

Total School Federal Projects Fund \$ 1,476,045

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	56,010	
Accountants/Bookkeepers		37,929	

(Continued)

Exhibit K-9

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

<u>Central Cafeteria Fund (Cont.)</u>		
<u>Operation of Non-Instructional Services (Cont.)</u>		
<u>Food Service (Cont.)</u>		
Clerical Personnel	\$	26,860
Cafeteria Personnel		580,975
Other Salaries and Wages		844
Social Security		42,915
Pensions		47,185
Medical Insurance		12,977
Unemployment Compensation		470
Employer Medicare		10,126
Communication		3,321
Maintenance and Repair Services - Equipment		5,902
Pest Control		1,836
Printing, Stationery, and Forms		683
Travel		2,537
Other Contracted Services		8,450
Data Processing Supplies		1,914
Equipment and Machinery Parts		4,252
Food Supplies		748,182
Office Supplies		1,973
Uniforms		951
USDA - Commodities		94,304
Other Supplies and Materials		70,439
In Service/Staff Development		2,563
Refund to Applicant for Criminal Investigation		210
Food Service Equipment		13,643
Total Food Service		<u>\$ 1,777,451</u>
Total Central Cafeteria Fund		<u>\$ 1,777,451</u>
Total Governmental Funds - Smith County School Department		<u><u>\$ 24,872,626</u></u>

Exhibit K-10

Smith County, Tennessee
 Schedule of Detailed Revenues and Expenses
 Proprietary Fund
 For the Year Ended June 30, 2015

	Major Enterprise Fund <u>Solid Waste Disposal</u>
<u>Revenues</u>	
<u>Operating Revenues</u>	
<u>Licenses and Permits</u>	
Other Permits	\$ 1,050
<u>Charges for Current Services</u>	
Tipping Fees	1,744,054
Surcharge - Waste Tire Disposal	3,902
<u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Lease/Rentals	1,750
Sale of Recycled Materials	22,471
Miscellaneous Refunds	8,807
<u>Other Governments and Citizens Groups</u>	
Contracted Services	26,574
Total Operating Revenues	<u>\$ 1,808,608</u>
<u>Nonoperating Revenues</u>	
<u>Other Local Revenues</u>	
<u>Nonrecurring Items</u>	
Grants	\$ 15,544
Total Nonoperating Revenue	<u>\$ 15,544</u>
Total Revenues	<u>\$ 1,824,152</u>
<u>Expenses</u>	
<u>Operating Expenses</u>	
<u>Waste Pickup</u>	
Overtime Pay	\$ 318
Other Salaries and Wages	54,325
Social Security	4,020
Medical Insurance	1,990
Communication	567
Maintenance and Repair Services - Equipment	17,079
Medical and Dental Services	125
Gasoline	36,819
Other Supplies and Materials	131
Other Equipment	23,854
<u>Convenience Centers</u>	
Other Salaries and Wages	149,099
Social Security	11,406
Communication	4,646
Maintenance and Repair Services - Buildings	1,000
Maintenance and Repair Services - Equipment	1,457
Rentals	4,022
Utilities	6,891
Other Supplies and Materials	1,178
Other Charges	7,139
<u>Other Waste Collection</u>	
Other Contracted Services	12,991

(Continued)

Exhibit K-10

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

	Major Enterprise Fund
	<u>Solid Waste Disposal</u>
<u>Expenses (Cont.)</u>	
<u>Operating Expenses (Cont.)</u>	
<u>Landfill Operation and Maintenance</u>	
Supervisor/Director	\$ 43,000
Salary Supplements	400
Attendants	17,581
Longevity Pay	1,501
Overtime Pay	1,558
Other Salaries and Wages	228,457
In-Service Training	600
Social Security	20,763
Medical Insurance	10,148
Advertising	57
Communication	3,063
Contracts with Private Agencies	21,097
Contributions	3,000
Engineering Services	40,069
Maintenance and Repair Services - Equipment	56,420
Medical and Dental Services	395
Travel	622
Other Contracted Services	84,891
Gasoline	139,795
Office Supplies	505
Utilities	13,848
Other Supplies and Materials	63,784
Building and Contents Insurance	1,042
Liability Insurance	1,069
Refunds	95
Trustee's Commission	16,840
Vehicle and Equipment Insurance	8,288
Worker's Compensation Insurance	43,377
Depreciation	315,377
Total Operating Expenses	<u>\$ 1,476,699</u>
<u>Nonoperating Expenses</u>	
Interest on Notes	\$ 116,634
Interest on Other Loans	77,399
Total Nonoperating Expenses	<u>\$ 194,033</u>
Total Expenses	<u>\$ 1,670,732</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, 2015

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 1,329,115</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,315,824
Trustee's Commission	13,291
Total Cash Disbursements	<u>\$ 1,329,115</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2014	<u>0</u>
Cash Balance, June 30, 2015	<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, 2015, and the related notes to the financial statements, which collectively comprise Smith County's basic financial statements, and have issued our report thereon dated December 14, 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.

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

corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2015-001, 2015-002(A,B), 2015-005, and 2015-006.

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: 2015-002(C), 2015-003, and 2015-004.

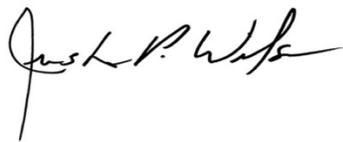
Smith County's Response to Findings

Smith County's response to the findings 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 the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 14, 2015

JPW/kp



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
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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 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, 2015. 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, 2015.

Report on Internal Control Over Compliance

Management of Smith County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Smith County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Smith County's internal control over compliance.

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

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

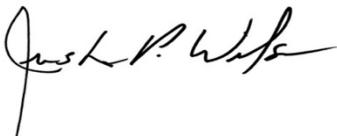
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on

the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Smith County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Smith County's basic financial statements. We issued our report thereon December 14, 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

December 14, 2015

JPW/kp

Smith County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2015

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	\$ 338,367
National School Lunch Program	10.555	N/A	803,435 (3)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	94,304 (3)
Total U.S. Department of Agriculture			<u>\$ 1,236,106</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program	12.Unknown	N/A	\$ 38,881
U.S. Department of Interior:			
Direct Program:			
Payments-in-lieu-of-Taxes	15.226	N/A	\$ 20,482
U.S. Department of Justice:			
Passed-through State Department of Mental Health and Substance			
Abuse Services:			
Enforcing Underage Drinking Laws Program	16.727	42325	\$ 271
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(4)	\$ 29,326
Appalachian Regional Commission:			
Passed-through East Tennessee State University:			
Appalachian Area Development	23.002	220014-17	\$ 2,500
Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	N/A	\$ 1,280
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 656,804
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	612,376
Special Education - Preschool Grants	84.173	N/A	22,138
Career and Technical Education - Basic Grants to States	84.048	N/A	52,423
Twenty-first Century Community Learning Centers	84.287	N/A	333,507
Improving Teacher Quality State Grants	84.367	N/A	169,953
Total U.S. Department of Education			<u>\$ 1,847,201</u>
U.S. Department of Health and Human Services:			
Passed-through Upper Cumberland Development District:			
Special Programs for the Aging - Title III, Part B Grants for Supportive			
Services and Senior Centers	93.044	(2)	\$ 8,040
Passed-through State Department of Mental Health and Substance			
Abuse Services:			
Substance Abuse and Mental Health Services Projects of Regional and			
National Significance	93.243	44155	41,001
Block Grants for Prevention and Treatment of Substance Abuse	93.959	42325	52,169
Total U.S. Department of Health and Human Services			<u>\$ 101,210</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 14,850
Total Expenditures of Federal Awards			<u>\$ 3,292,107</u>

(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)	\$ 6,260
Three Star Grant Program - State Department of Economic and Community Development	N/A	(2)	7,500
Local Health Services Grant - State Department of Health	N/A	GG1541572	62,287
State Supplement Juvenile Court Improvement Funds Grant - State Department of Children Services	N/A	(2)	4,500
Library Computer Grant - Tennessee Secretary of State	N/A	(2)	509
Litter Program - State Department of Transportation	N/A	(2)	30,421
Tennessee Agricultural Enhancement Grant - State Department of Agriculture	N/A	(2)	1,000
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	(2)	15,544
Pilot/State - Early Childhood Education - PreK - State Department of Education	N/A	(2)	499,184
ConnecTenn Grant - State Department of Education	N/A	(2)	8,957
Safe Schools Act - State Department of Education	N/A	(2)	18,910
Family Resource - State Department of Education	N/A	(2)	23,203
Coordinated School Health - State Department of Education	N/A	(2)	100,000
Tennessee Arts Commission STS - State Department of Education	N/A	(2)	1,595
Total State Grants			\$ 779,870

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 \$897,739.
- (4) Z14GHS439: \$964; Z15GHS322: \$28,362.

Smith County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2015

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, 2014, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-002	180	The Solid Waste Disposal Fund had a deficit in unrestricted net position

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2014-005	182	The execution docket trial balance for Circuit Court did not reconcile with general ledger accounts
2014-006	182	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>
2014-007	183	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>
2014-008	183	Duties were not segregated adequately

SMITH COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Smith County is unmodified.
2. The audit of the financial statements of Smith County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit reported no instances of noncompliance that were material to the financial statements of Smith County.
4. The audit reported no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Title I Grants to Local Educational Agencies (CFDA No. 84.010), Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), Twenty-first Century Community Learning Centers (CFDA No. 84.287), and Improving Teacher Quality State Grants (CFDA No. 84.367) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Smith County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY MAYOR

FINDING 2015-001

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

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

The Solid Waste Disposal Fund had a deficit of \$1,654,174 in unrestricted net position at June 30, 2015. This deficit resulted from the recognition of a liability of \$1,995,798 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 reported 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 ourselves to cut down on cost. The closure and postclosure cost 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.

OFFICE OF ROAD COMMISSIONER

FINDING 2015-002

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

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

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 25 disbursements totaling \$337,136 from a

population of 542 vendor checks totaling \$1,867,991. Our examination revealed the following purchasing deficiencies, which are the result of a lack of management oversight.

- A. In 11 of the 25 purchases sampled, purchase orders were not issued or were issued after the purchases were made. Purchase orders are necessary to control who has purchasing authority for the department and to document purchasing commitments. Issuing the purchase order after the purchase is made defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase.
- B. In 14 of the 25 purchases sampled, invoices were paid without documentation that goods had been received and/or services had been rendered. This practice weakens controls over the purchasing process and increases the risks of paying for something that was never received.
- C. Competitive bids were not solicited for infrared asphalt repairs (\$74,784), rental of a concrete barrier at a work-site (\$13,280), and excavation services (\$43,655). Section 54-7-113(c) *Tennessee Code Annotated*, provides for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids. The failure to solicit competitive bids could result in the department paying more than the most competitive price.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases before purchases are made. Also, the office should maintain documentation that goods have been received or services have been rendered before invoices are paid. Purchases exceeding \$10,000 should be competitively bid as required by state statute.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2015-003

THE EXECUTION DOCKET TRIAL BALANCE FOR CIRCUIT COURT DID NOT RECONCILE WITH GENERAL LEDGER ACCOUNTS

(Noncompliance Under *Government Auditing Standards*)

At June 30, 2015, the circuit court clerk prepared an execution docket trial balance as required by Section 18-2-103, *Tennessee Code Annotated (TCA)*; however, the trial balance failed to reconcile with general ledger accounts by \$8,519. 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 court 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 identify all funds held and the failure of management to correct the finding reported in prior-year audit reports.

RECOMMENDATION

The execution docket trial balance should be reconciled with general ledger 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 2015-004

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 \$51,048. At June 30, 2015, Circuit Court had 61 outstanding checks issued before July 1, 2014, totaling \$24,407, and General Sessions Court had 123 outstanding checks totaling \$11,382. The Unclaimed Property Act, Section 66-29-101, et seq., *Tennessee Code Annotated*, provides that any funds held by the court for more than one year and unclaimed by the owner are considered abandoned. This statute further provides for the funds to be reported and paid to the state Treasurer's Office. This deficiency was the result of management's failure to correct the finding reported 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 2015-005

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 reported in the prior-year audit report.

RECOMMENDATION

Officials should assign each employee their own cash drawer.

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

FINDING 2015-006

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among the officials and employees in the Offices of Road Commissioner, Director of Schools, Circuit and General Sessions Courts Clerk, Clerk and Master, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Sound business practices dictate that management is responsible for designing internal controls to provide 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 reported in prior-year audit reports.

RECOMMENDATION

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

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

There were no findings and questioned costs for federal awards.

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, 2015

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

Smith County – Summary Schedule of Prior-year's Findings

FINDING 2014-010

Assets received from the Section 1033 Property Program are now being properly inventoried and tracked by the county. Future receipts of federal property will be maintained under the county's newly developed inventory procedures.