

# **ANNUAL FINANCIAL REPORT**

## **SMITH COUNTY, TENNESSEE**

**FOR THE YEAR ENDED JUNE 30, 2018**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT  
SMITH COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2018**

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

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

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State Auditors***

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

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# ***Summary of Audit Findings***

Annual Financial Report  
Smith County, Tennessee  
For the Year Ended June 30, 2018

## ***Scope***

We have audited the basic financial statements of Smith County as of and for the year ended June 30, 2018.

## ***Results***

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

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

## ***Findings***

The following are summaries of the audit findings:

### **OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS**

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

### **OFFICE OF COUNTY MAYOR**

- ◆ Personnel deficiencies were noted at the Smith County Public Library.
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### **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ The School Department was assessed a penalty of \$37,180 by the Internal Revenue Service for noncompliance with the Affordable Care Act.

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## INTRODUCTORY SECTION

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## Smith County Officials

### June 30, 2018

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#### **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-Malone, 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  
Larry Eddlemon  
Phillip Enoch  
Thomas Gibbs  
David Gross  
Dennis Hackett  
Billy Halliburton

Matthew Inyart  
Mark Jones  
Barbara Kannapel  
Charles Kent  
Shannon Minchey  
Joseph Nixon  
Linda Nixon  
Glen Reece  
Andy Rutherford  
James Winfree  
Billy Woodard  
Frank Woodard

#### **Board of Education**

Brian Smith, Chairman  
David Apple  
Shane Campbell  
Tina Gantenbein

Tommy Manning  
Robin Moore  
Joe Taylor  
Scotty Yeaman



## Smith County Officials (Cont.)

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### **Budget and Finance Committee**

Joseph Nixon, Chairman  
Pamela Billington  
Larry Eddlemon  
Billy Halliburton  
Charles Kent  
James Winfree  
Billy Woodard  
Frank Woodard

### **Audit Committee**

Larry Wilkerson, Chairman  
Anthony Apple  
Joseph Nixon  
Pat Nixon  
Laura Piper

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## FINANCIAL SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

## 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, 2018, 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 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, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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

We draw attention to Note I.D.8. to the financial statements, which describes restatements increasing the beginning net position of the Governmental Activities of the primary government by \$13,491 and reducing the beginning net position of the discretely presented Smith County School Department by \$2,106,796 on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability (asset) and related ratios, schedule of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedules of county and school changes in the total OPEB plan liability and related ratios on pages 100-108 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 combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Education Debt Service funds, combining and individual fund financial statements of the Smith County School Department (a discretely presented component unit), miscellaneous schedules and the other information such as the introductory section and management's corrective action plans are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Education Debt Service funds, combining and individual fund financial statements of the Smith County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Education Debt Service funds, combining and individual fund financial statements of the Smith County School Department (a discretely presented component unit), schedule of expenditures of

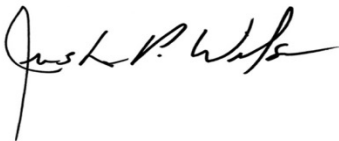
federal awards, and miscellaneous schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and management's corrective action plans have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Smith County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Smith County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 8, 2019

JPW/kp

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## BASIC FINANCIAL STATEMENTS

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Exhibit A

Smith County, Tennessee  
Statement of Net Position  
June 30, 2018

	Primary Government			Component Unit
	Governmental	Business-type	Total	Smith
	Activities	Activities		County
				School
				Department
<u>ASSETS</u>				
Cash	\$ 933	\$ 0	\$ 933	\$ 0
Equity in Pooled Cash and Investments	5,399,789	4,506,398	9,906,187	8,734,130
Accounts Receivable	660,775	178,287	839,062	10,583
Allowance for Uncollectibles	(238,907)	0	(238,907)	0
Due from Other Governments	885,021	0	885,021	483,984
Due from Component Units	106,002	0	106,002	0
Property Taxes Receivable	5,041,360	0	5,041,360	3,624,110
Allowance for Uncollectible Property Taxes	(167,264)	0	(167,264)	(120,242)
Net Pension Asset - Agent Plan	828,524	58,753	887,277	447,977
Net Pension Asset - Teacher Retirement Plan	0	0	0	48,416
Net Pension Asset - Teacher Legacy Plan	0	0	0	97,620
Capital Assets:				
Assets Not Depreciated:				
Land	974,935	2,052,484	3,027,419	1,764,538
Construction in Progress	112,945	566,293	679,238	0
Intangible Assets - Indefinite Life	1,009,865	0	1,009,865	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	13,029,427	43,652	13,073,079	23,507,716
Infrastructure	21,423,425	0	21,423,425	80,356
Other Capital Assets	2,292,169	1,678,445	3,970,614	1,430,255
Landfill Facilities and Development	0	4,055,821	4,055,821	0
Total Assets	\$ 51,358,999	\$ 13,140,133	\$ 64,499,132	\$ 40,109,443
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charge on Refunding	\$ 48,503	\$ 0	\$ 48,503	\$ 0
Pension Changes in Experience	0	0	0	60,548
Pension Changes in Assumptions	246,497	17,479	263,976	964,304
Pension Changes in Investment Earnings	0	0	0	14,818
Pension Other Deferrals	0	0	0	31,565
Pension Changes in Contributions after Measurement Date	327,775	23,012	350,787	1,161,650
OPEB Contributions After Measurement Date	1,564	0	1,564	162,727
Total Deferred Outflows of Resources	\$ 624,339	\$ 40,491	\$ 664,830	\$ 2,395,612

(Continued)



Exhibit A

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

	Primary Government			Component Unit
	Governmental	Business-type	Total	Smith
	Activities	Activities		County
				School
				Department
<u>LIABILITIES</u>				
Accounts Payable	\$ 466,838	\$ 138,191	\$ 605,029	\$ 55,027
Accrued Payroll	0	0	0	65,825
Payroll Deductions Payable	225,187	14,171	239,358	627,983
Due to Primary Government	0	0	0	106,002
Accrued Interest Payable	47,844	0	47,844	0
Noncurrent Liabilities:				
Due Within One Year	2,784,496	742,640	3,527,136	57,621
Due in More Than One Year	13,852,776	10,895,600	24,748,376	2,708,108
Total Liabilities	<u>\$ 17,377,141</u>	<u>\$ 11,790,602</u>	<u>\$ 29,167,743</u>	<u>\$ 3,620,566</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 4,768,409	\$ 0	\$ 4,768,409	\$ 3,427,892
Pension Changes in Experience	410,659	29,120	439,779	2,241,043
Pension Changes in Investment Earnings	5,973	424	6,397	5,835
Pension Other Deferrals	0	0	0	24,524
OPEB Changes in Assumptions	8,890	0	8,890	115,910
Total Deferred Inflows of Resources	<u>\$ 5,193,931</u>	<u>\$ 29,544</u>	<u>\$ 5,223,475</u>	<u>\$ 5,815,204</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 27,537,938	\$ 4,631,221	\$ 32,169,159	\$ 26,782,865
Restricted for:				
General Government	14,837	0	14,837	0
Finance	25,560	0	25,560	0
Administration of Justice	6,321	0	6,321	0
Public Safety	139,186	0	139,186	0
Public Health and Welfare	76,243	0	76,243	0
Social, Cultural, and Recreational Services	22,154	0	22,154	0
Highway/Public Works	369,849	0	369,849	0
Debt Service	4,365,722	0	4,365,722	0
Education	0	0	0	941,902
Pensions	828,524	58,753	887,277	594,013
Unrestricted	(3,974,068)	(3,329,496)	(7,303,564)	4,750,505
Total Net Position	<u>\$ 29,412,266</u>	<u>\$ 1,360,478</u>	<u>\$ 30,772,744</u>	<u>\$ 33,069,285</u>

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, 2018

					Net (Expense) Revenue and Changes in Net Position				
Program Revenues								Component Unit	
					Primary Government			Smith	
								County	
								School	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Department	
Primary Government:									
Governmental Activities:									
General Government	\$ 2,186,956	\$ 385,198	\$ 349,331	\$ 0	\$ (1,452,427)	\$ 0	\$ (1,452,427)	\$ 0	
Finance	819,056	514,066	146	0	(304,844)	0	(304,844)	0	
Administration of Justice	657,069	517,418	97,137	0	(42,514)	0	(42,514)	0	
Public Safety	4,721,411	1,246,364	240,077	37,908	(3,197,062)	0	(3,197,062)	0	
Public Health and Welfare	2,189,720	1,023,663	601,984	0	(564,073)	0	(564,073)	0	
Social, Cultural, and Recreational Services	293,369	25,165	19,413	0	(248,791)	0	(248,791)	0	
Agriculture and Natural Resources	142,622	0	0	0	(142,622)	0	(142,622)	0	
Highways/Public Works	2,343,641	1,729	1,988,814	636,091	282,993	0	282,993	0	
Interest on Long-term Debt	497,214	0	0	0	(497,214)	0	(497,214)	0	
Total Governmental Activities	\$ 13,851,058	\$ 3,713,603	\$ 3,296,902	\$ 673,999	\$ (6,166,554)	\$ 0	\$ (6,166,554)	\$ 0	
Business-type Activities:									
Solid Waste Disposal	\$ 3,498,626	\$ 3,463,804	\$ 0	\$ 0	\$ 0	\$ (34,822)	\$ (34,822)	\$ 0	
Total Business-type Activities	\$ 3,498,626	\$ 3,463,804	\$ 0	\$ 0	\$ 0	\$ (34,822)	\$ (34,822)	\$ 0	
Total Primary Government	\$ 17,349,684	\$ 7,177,407	\$ 3,296,902	\$ 673,999	\$ (6,166,554)	\$ (34,822)	\$ (6,201,376)	\$ 0	
Component Unit:									
School Department	\$ 24,957,173	\$ 545,449	\$ 2,708,544	\$ 144,488	\$ 0	\$ 0	\$ 0	\$ (21,558,692)	
Total Component Unit	\$ 24,957,173	\$ 545,449	\$ 2,708,544	\$ 144,488	\$ 0	\$ 0	\$ 0	\$ (21,558,692)	

(Continued)

Exhibit B

Smith County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions				Smith
					Primary Government			County
					Governmental Activities	Business-type Activities	Total	School Department
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 3,680,416	\$ 0	\$ 3,680,416	\$ 3,541,405
Property Taxes Levied for Debt Service					1,243,183	0	1,243,183	0
Local Option Sales Taxes					1,501,837	0	1,501,837	1,769,415
Wheel Tax					517,929	0	517,929	0
Litigation Tax - General					72,802	0	72,802	0
Litigation Tax - Special Purpose					7,094	0	7,094	0
Litigation Tax - Jail, Workhouse, or Courthouse					45,871	0	45,871	0
Business Tax					149,598	0	149,598	0
Mineral Severance Tax					83,656	0	83,656	0
Wholesale Beer Tax					48,399	0	48,399	0
Other Local Taxes					5,466	0	5,466	644
Grants and Contributions Not Restricted to Specific Purposes					779,874	0	779,874	18,093,984
Unrestricted Investment Income					68,222	0	68,222	1,305
Miscellaneous					66,258	0	66,258	38,362
Sale of Equipment					126,428	28,601	155,029	0
Amortized Premium					111,426	66,673	178,099	0
Total General Revenues					\$ 8,508,459	\$ 95,274	\$ 8,603,733	\$ 23,445,115
Insurance Recovery					\$ 8,055	\$ 0	\$ 8,055	\$ 0
Transfers					31,235	(31,235)	0	0
Change in Net Position					\$ 2,381,195	\$ 29,217	\$ 2,410,412	\$ 1,886,423
Restatement - See Note I.D.8.					13,491	0	13,491	(2,106,796)
Net Position, July 1, 2017					27,017,580	\$ 1,331,261	28,348,841	33,289,658
Net Position, June 30, 2018					\$ 29,412,266	\$ 1,360,478	\$ 30,772,744	\$ 33,069,285

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, 2018

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Education Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	933	\$ 933
Equity in Pooled Cash and Investments	369,368	525,273	574,361	3,753,234	177,553	5,399,789
Accounts Receivable	653,108	0	0	0	7,667	660,775
Allowance for Uncollectibles	(238,907)	0	0	0	0	(238,907)
Due from Other Governments	366,233	395,413	0	123,375	0	885,021
Due from Other Funds	8,600	0	0	0	0	8,600
Due from Component Units	106,002	0	0	0	0	106,002
Property Taxes Receivable	3,575,008	303,696	805,808	356,848	0	5,041,360
Allowance for Uncollectible Property Taxes	(116,751)	(10,076)	(26,735)	(13,702)	0	(167,264)
Total Assets	\$ 4,722,661	\$ 1,214,306	\$ 1,353,434	\$ 4,219,755	\$ 186,153	\$ 11,696,309
<u>LIABILITIES</u>						
Accounts Payable	\$ 70,905	\$ 395,933	\$ 0	\$ 0	0	\$ 466,838
Payroll Deductions Payable	152,306	72,593	0	0	0	224,899
Due to Other Funds	0	0	0	0	8,600	8,600
Other Current Liabilities	70	218	0	0	0	288
Total Liabilities	\$ 223,281	\$ 468,744	\$ 0	\$ 0	\$ 8,600	\$ 700,625
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 3,385,762	\$ 287,254	\$ 762,179	\$ 333,214	0	\$ 4,768,409
Deferred Delinquent Property Taxes	57,937	5,088	13,500	7,937	0	84,462
Other Deferred/Unavailable Revenue	407,932	168,545	0	59,622	0	636,099
Total Deferred Inflows of Resources	\$ 3,851,631	\$ 460,887	\$ 775,679	\$ 400,773	\$ 0	\$ 5,488,970

(Continued)

## Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Education Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>						
Nonspendable:						
Endowments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,154	\$ 22,154
Restricted:						
Restricted for General Government	14,837	0	0	0	0	14,837
Restricted for Finance	25,560	0	0	0	0	25,560
Restricted for Administration of Justice	6,321	0	0	0	0	6,321
Restricted for Public Safety	4,580	0	0	0	134,606	139,186
Restricted for Public Health and Welfare	76,243	0	0	0	0	76,243
Restricted for Highways/Public Works	0	284,675	0	0	0	284,675
Restricted for Debt Service	0	0	464,015	3,818,982	0	4,282,997
Committed:						
Committed for Administration of Justice	33,428	0	0	0	0	33,428
Committed for Social, Cultural, and Recreational Services	0	0	0	0	20,793	20,793
Committed for Debt Service	0	0	113,740	0	0	113,740
Assigned:						
Assigned for Public Safety	244	0	0	0	0	244
Unassigned	486,536	0	0	0	0	486,536
Total Fund Balances	<u>\$ 647,749</u>	<u>\$ 284,675</u>	<u>\$ 577,755</u>	<u>\$ 3,818,982</u>	<u>\$ 177,553</u>	<u>\$ 5,506,714</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,722,661</u>	<u>\$ 1,214,306</u>	<u>\$ 1,353,434</u>	<u>\$ 4,219,755</u>	<u>\$ 186,153</u>	<u>\$ 11,696,309</u>

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, 2018

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)		\$	5,506,714
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	974,935	
Add: construction in progress		112,945	
Add: intangible assets - indefinite life		1,009,865	
Add: buildings and improvements net of accumulated depreciation		13,029,427	
Add: infrastructure net of accumulated depreciation		21,423,425	
Add: other capital assets net of accumulated depreciation		<u>2,292,169</u>	38,842,766
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(13,193,277)	
Less: notes payable		(1,420,428)	
Less: other loans payable		(1,260,660)	
Less: capital leases payable		(41,062)	
Add: deferred amount on refunding		48,503	
Less: unamortized premium on debt		(400,889)	
Less: compensated absences payable		(143,837)	
Less: net OPEB liability		(177,119)	
Less: accrued interest on bonds and notes		<u>(47,844)</u>	(16,636,613)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	574,272	
Less: deferred inflows of resources related to pensions		(416,632)	
Add: deferred outflows of resources related to OPEB		1,564	
Less: deferred inflows of resources related to OPEB		<u>(8,890)</u>	150,314
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			828,524
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>720,561</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>29,412,266</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, 2018

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Education Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>						
Local Taxes	\$ 4,622,411	\$ 390,008	\$ 1,156,931	\$ 1,355,956	\$ 0	\$ 7,525,306
Licenses and Permits	143,841	0	0	0	0	143,841
Fines, Forfeitures, and Penalties	103,155	0	4,964	0	38,148	146,267
Charges for Current Services	1,236,668	0	0	0	0	1,236,668
Other Local Revenues	172,482	34,553	106,277	0	320	313,632
Fees Received From County Officials	976,601	0	0	0	0	976,601
State of Tennessee	1,989,675	2,557,733	0	0	0	4,547,408
Federal Government	437,403	0	0	0	0	437,403
Other Governments and Citizens Groups	399,558	0	0	296,000	0	695,558
Total Revenues	\$ 10,081,794	\$ 2,982,294	\$ 1,268,172	\$ 1,651,956	\$ 38,468	\$ 16,022,684
<u>Expenditures</u>						
Current:						
General Government	\$ 1,421,104	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,421,104
Finance	813,104	0	0	0	0	813,104
Administration of Justice	681,872	0	0	0	0	681,872
Public Safety	4,385,163	0	0	0	6,617	4,391,780
Public Health and Welfare	2,203,903	0	0	0	0	2,203,903
Social, Cultural, and Recreational Services	299,740	0	0	0	0	299,740
Agriculture and Natural Resources	147,608	0	0	0	0	147,608
Other Operations	1,144,351	0	0	0	0	1,144,351
Highways	0	2,792,130	0	0	0	2,792,130
Debt Service:						
Principal on Debt	0	171,797	1,314,442	1,455,000	0	2,941,239
Interest on Debt	0	9,079	292,125	213,300	0	514,504
Other Debt Service	0	125	31,473	19,630	0	51,228
Total Expenditures	\$ 11,096,845	\$ 2,973,131	\$ 1,638,040	\$ 1,687,930	\$ 6,617	\$ 17,402,563

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Education Debt Service	Other Govern- mental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,015,051)	\$ 9,163	\$ (369,868)	\$ (35,974)	\$ 31,851	\$ (1,379,879)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 603,551	\$ 22,000	\$ 0	\$ 0	\$ 0	\$ 625,551
Capital Leases Issued	0	34,000	0	0	0	34,000
Proceeds from Sale of Capital Assets	0	121,840	0	0	0	121,840
Insurance Recovery	3,072	4,983	0	0	0	8,055
Transfers In	95,256	0	594,477	0	0	689,733
Transfers Out	(480,737)	(177,761)	0	0	0	(658,498)
Total Other Financing Sources (Uses)	\$ 221,142	\$ 5,062	\$ 594,477	\$ 0	\$ 0	\$ 820,681
Net Change in Fund Balances	\$ (793,909)	\$ 14,225	\$ 224,609	\$ (35,974)	\$ 31,851	\$ (559,198)
Fund Balance, July 1, 2017	1,441,658	270,450	353,146	3,854,956	145,702	6,065,912
Fund Balance, June 30, 2018	\$ 647,749	\$ 284,675	\$ 577,755	\$ 3,818,982	\$ 177,553	\$ 5,506,714

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, 2018

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)		\$ (559,198)
(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	\$ 1,444,489	
Less: current-year depreciation expense	<u>(1,113,589)</u>	330,900
(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		(31,417)
(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, 2018	\$ 720,561	
Less: deferred delinquent property taxes and other deferred June 30, 2017	<u>(755,036)</u>	(34,475)
(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	\$ (625,551)	
Less: capital lease proceeds	(34,000)	
Add: change in premium on debt issuances	111,426	
Less: change in deferred amount on refunding debt	(31,150)	
Add: principal payments on bonds	2,062,718	
Add: principal payments on notes	697,450	
Add: principal payments on other loans	133,940	
Add: principal payments on capital leases	<u>47,131</u>	2,361,964
(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	\$ 17,290	
Change in compensated absences payable	46,956	
Change in net OPEB liability (net of restatement)	(16,610)	
Change in pension liability/asset	459,533	
Change in deferred outflows related to pensions	(171,041)	
Change in deferred inflows related to pensions	(15,381)	
Change in deferred outflows related to OPEB	1,564	
Change in deferred inflows related to OPEB	<u>(8,890)</u>	313,421
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,381,195</u>

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

## Exhibit C-5

Smith County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,622,411	\$ 0	\$ 0	\$ 4,622,411	\$ 4,634,778	\$ 4,634,778	\$ (12,367)
Licenses and Permits	143,841	0	0	143,841	147,000	149,000	(5,159)
Fines, Forfeitures, and Penalties	103,155	0	0	103,155	114,300	114,300	(11,145)
Charges for Current Services	1,236,668	0	0	1,236,668	1,742,725	1,742,725	(506,057)
Other Local Revenues	172,482	0	0	172,482	281,996	157,144	15,338
Fees Received From County Officials	976,601	0	0	976,601	1,003,000	1,003,000	(26,399)
State of Tennessee	1,989,675	0	0	1,989,675	2,160,934	2,232,313	(242,638)
Federal Government	437,403	0	0	437,403	61,450	395,307	42,096
Other Governments and Citizens Groups	399,558	0	0	399,558	198,000	392,587	6,971
Total Revenues	\$ 10,081,794	\$ 0	\$ 0	\$ 10,081,794	\$ 10,344,183	\$ 10,821,154	\$ (739,360)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 31,453	\$ 0	\$ 0	\$ 31,453	\$ 33,595	\$ 32,523	\$ 1,070
Board of Equalization	2,150	0	0	2,150	2,150	2,150	0
County Mayor/Executive	164,764	0	0	164,764	224,207	165,243	479
County Attorney	35,000	0	0	35,000	35,000	35,000	0
Election Commission	175,888	(12)	0	175,876	165,619	226,141	50,265
Register of Deeds	164,639	0	0	164,639	167,240	167,240	2,601
Planning	11,956	0	0	11,956	13,265	13,265	1,309
Codes Compliance	108,558	(397)	0	108,161	121,810	118,810	10,649
County Buildings	726,696	(4,185)	0	722,511	549,289	744,438	21,927
<u>Finance</u>							
Accounting and Budgeting	184,831	0	0	184,831	0	187,933	3,102
Property Assessor's Office	175,648	(357)	0	175,291	180,332	182,355	7,064
Reappraisal Program	15,674	0	0	15,674	15,674	15,674	0
County Trustee's Office	171,597	(402)	0	171,195	173,139	175,899	4,704
County Clerk's Office	265,354	(25)	0	265,329	270,785	272,073	6,744
<u>Administration of Justice</u>							
Circuit Court	294,039	(1,799)	0	292,240	306,438	306,438	14,198

(Continued)

## Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice (Cont.)</u>							
General Sessions Judge	\$ 157,104	\$ (4,249)	\$ 0	\$ 152,855	\$ 164,329	\$ 162,849	\$ 9,994
Drug Court	70,689	(159)	0	70,530	70,000	94,992	24,462
Chancery Court	127,922	(103)	0	127,819	131,334	131,334	3,515
Judicial Commissioners	24,618	0	0	24,618	24,927	25,103	485
Other Administration of Justice	7,500	0	0	7,500	7,500	7,500	0
<u>Public Safety</u>							
Sheriff's Department	2,030,905	(9,026)	244	2,022,123	2,185,058	2,162,746	140,623
Traffic Control	592	0	0	592	900	900	308
Jail	453,098	(87,720)	0	365,378	397,638	425,763	60,385
Correctional Incentive Program Improvements	848,310	0	0	848,310	831,927	861,797	13,487
Juvenile Services	66,473	0	0	66,473	59,745	71,863	5,390
Fire Prevention and Control	487,824	(256,309)	0	231,515	195,272	519,911	288,396
Rescue Squad	30,000	0	0	30,000	30,000	30,000	0
Other Emergency Management	42,012	(1,108)	0	40,904	41,779	41,779	875
Inspection and Regulation	3,637	0	0	3,637	3,637	3,637	0
County Coroner/Medical Examiner	64,215	0	0	64,215	45,600	70,030	5,815
Public Safety Grants Program	70,866	(118)	0	70,748	117,229	134,657	63,909
Other Public Safety	287,231	0	0	287,231	291,889	291,889	4,658
<u>Public Health and Welfare</u>							
Local Health Center	25,915	0	0	25,915	29,296	26,746	831
Ambulance/Emergency Medical Services	1,719,510	(3,290)	0	1,716,220	1,679,658	1,743,942	27,722
Alcohol and Drug Programs	142,112	0	0	142,112	11,575	158,909	16,797
Other Local Health Services	83,714	0	0	83,714	82,761	86,506	2,792
Appropriation to State	12,952	0	0	12,952	12,952	12,952	0
General Welfare Assistance	67,262	(348)	0	66,914	60,428	67,147	233
Other Local Welfare Services	24,314	0	0	24,314	31,000	31,000	6,686
Waste Pickup	39,571	(600)	0	38,971	44,200	44,200	5,229
Other Public Health and Welfare	88,553	(1,398)	0	87,155	114,141	119,141	31,986

(Continued)

## Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	\$ 59,394	\$ (381)	\$ 0	\$ 59,013	\$ 64,749	\$ 64,749	\$ 5,736
Libraries	114,244	(851)	0	113,393	129,522	118,028	4,635
Parks and Fair Boards	93,612	(2,858)	0	90,754	90,714	95,364	4,610
Other Social, Cultural, and Recreational	32,490	(11,061)	0	21,429	12,000	63,000	41,571
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	72,080	0	0	72,080	72,739	72,739	659
Soil Conservation	11,000	0	0	11,000	11,000	11,000	0
Other Agriculture and Natural Resources	64,528	(5,624)	0	58,904	68,000	59,000	96
<u>Other Operations</u>							
Tourism	4,731	0	0	4,731	1,650	5,631	900
Industrial Development	19,716	0	0	19,716	9,688	22,588	2,872
Housing and Urban Development	40,821	0	0	40,821	0	40,821	0
Other Economic and Community Development	42,867	0	0	42,867	42,867	42,867	0
Veterans' Services	13,114	(60)	0	13,054	16,923	16,923	3,869
Other Charges	284,959	0	0	284,959	276,729	284,981	22
Employee Benefits	54,067	0	0	54,067	61,816	59,516	5,449
Miscellaneous	684,076	(412)	0	683,664	203,069	705,565	21,901
Total Expenditures	\$ 11,096,845	\$ (392,852)	\$ 244	\$ 10,704,237	\$ 9,984,784	\$ 11,635,247	\$ 931,010
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,015,051)	\$ 392,852	\$ (244)	\$ (622,443)	\$ 359,399	\$ (814,093)	\$ 191,650
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 603,551	\$ 0	\$ 0	\$ 603,551	\$ 100,000	\$ 603,796	\$ (245)
Insurance Recovery	3,072	0	0	3,072	0	3,072	0
Transfers In	95,256	0	0	95,256	0	94,075	1,181
Transfers Out	(480,737)	0	0	(480,737)	(441,200)	(480,737)	0
Total Other Financing Sources	\$ 221,142	\$ 0	\$ 0	\$ 221,142	\$ (341,200)	\$ 220,206	\$ 936

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ (793,909)	\$ 392,852	\$ (244)	\$ (401,301)	\$ 18,199	\$ (593,887)	\$ 192,586
Fund Balance, July 1, 2017	1,441,658	(392,852)	0	1,048,806	1,115,759	1,115,759	(66,953)
Fund Balance, June 30, 2018	\$ 647,749	\$ 0	\$ (244)	\$ 647,505	\$ 1,133,958	\$ 521,872	\$ 125,633

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 390,008	\$ 377,886	\$ 377,886	\$ 12,122
Other Local Revenues	34,553	25,500	42,551	(7,998)
State of Tennessee	2,557,733	3,037,543	3,037,543	(479,810)
Total Revenues	<u>\$ 2,982,294</u>	<u>\$ 3,440,929</u>	<u>\$ 3,457,980</u>	<u>\$ (475,686)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 182,595	\$ 216,744	\$ 187,777	\$ 5,182
Highway and Bridge Maintenance	1,261,721	1,146,475	1,318,774	57,053
Operation and Maintenance of Equipment	239,598	187,318	274,390	34,792
Other Charges	82,555	97,166	83,055	500
Employee Benefits	373,885	380,000	378,586	4,701
Capital Outlay	651,776	1,270,000	1,242,000	590,224
<u>Principal on Debt</u>				
Highways and Streets	171,797	124,667	171,809	12
<u>Interest on Debt</u>				
Highways and Streets	9,079	18,559	9,079	0
<u>Other Debt Service</u>				
Highways and Streets	125	0	125	0
Total Expenditures	<u>\$ 2,973,131</u>	<u>\$ 3,440,929</u>	<u>\$ 3,665,595</u>	<u>\$ 692,464</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 9,163</u>	<u>\$ 0</u>	<u>\$ (207,615)</u>	<u>\$ 216,778</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 22,000	\$ 0	\$ 22,000	\$ 0
Capital Leases Issued	34,000	0	34,000	0
Proceeds from Sale of Capital Assets	121,840	0	113,740	8,100
Insurance Recovery	4,983	0	0	4,983
Transfers Out	(177,761)	0	(178,137)	376
Total Other Financing Sources	<u>\$ 5,062</u>	<u>\$ 0</u>	<u>\$ (8,397)</u>	<u>\$ 13,459</u>
Net Change in Fund Balance	\$ 14,225	\$ 0	\$ (216,012)	\$ 230,237
Fund Balance, July 1, 2017	<u>270,450</u>	<u>143,175</u>	<u>270,450</u>	<u>0</u>
Fund Balance, June 30, 2018	<u><u>\$ 284,675</u></u>	<u><u>\$ 143,175</u></u>	<u><u>\$ 54,438</u></u>	<u><u>\$ 230,237</u></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, 2018

Business-type  
Activities -  
Enterprise Fund  


---

Solid  
Waste  
Disposal  
Fund  


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ASSETS

Current Assets:	
Equity in Pooled Cash and Investments	\$ 4,506,398
Accounts Receivable	178,287
Total Current Assets	<hr/> \$ 4,684,685 <hr/>
Noncurrent Assets:	
Net Pension Asset	\$ 58,753
Capital Assets:	
Assets Not Depreciated:	
Land	2,052,484
Construction in Progress	566,293
Assets Net of Accumulated Depreciation:	
Landfill Facilities and Development	4,055,821
Buildings and Improvements	43,652
Machinery and Equipment	1,678,445
Total Noncurrent Assets	<hr/> \$ 8,455,448 <hr/>
Total Assets	<hr/> \$ 13,140,133 <hr/>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources:	
Pension Changes in Assumptions	\$ 17,479
Pension Contributions After Measurement Date	23,012
Total Deferred Outflows of Resources	<hr/> \$ 40,491 <hr/>
Total Assets and Deferred Outflows of Resources	<hr/> \$ 13,180,624 <hr/>

(Continued)

Exhibit D-1

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

		Business-type Activities - Enterprise Fund
		<u>Solid Waste Disposal Fund</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$	138,191
Payroll Deductions Payable		14,171
Capital Outlay Notes Payable		711,425
Other Loans Payable		31,215
Total Current Liabilities	\$	<u>895,002</u>
Noncurrent Liabilities:		
Capital Outlay Notes Payable - Long-term	\$	4,149,695
Accrued Liability for Landfill Closure/Postclosure Care Costs		5,072,766
Other Loans Payable - Long-term		1,673,139
Total Noncurrent Liabilities	\$	<u>10,895,600</u>
Total Liabilities	\$	<u>11,790,602</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows of Resources:		
Pension Changes in Experience	\$	29,120
Pension Changes in Investment Earning		424
Total Deferred Inflows of Resources	\$	<u>29,544</u>
<u>NET POSITION</u>		
Restricted for Pensions	\$	58,753
Unrestricted		(3,329,496)
Net Investment in Capital Assets		<u>4,631,221</u>
Total Net Position	\$	<u>1,360,478</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, 2018

	Business-type Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>Operating Revenues</u>	
Licenses and Permits	\$ 840
Charges for Current Services	3,417,084
Other Local Revenues	45,880
Total Operating Revenues	<u>\$ 3,463,804</u>
<u>Operating Expenses</u>	
Waste Pickup	\$ 135,606
Convenience Centers	249,412
Other Waste Collection	13,152
Landfill Operations and Maintenance	2,402,848
Depreciation Expense	473,078
Total Operating Expenses	<u>\$ 3,274,096</u>
Operating Income (Loss)	<u>\$ 189,708</u>
<u>Nonoperating Revenues (Expenses)</u>	
Sale of Equipment	\$ 28,601
Premiums on Debt Sold	66,673
Debt Issuance Charges	(60,891)
Interest on Notes	(84,748)
Interest on Other Loans	(78,891)
Total Nonoperating Revenues (Expenses)	<u>\$ (129,256)</u>
Income (Loss) Before Transfers	\$ 60,452
Transfers In (Out)	<u>(31,235)</u>
Change in Net Position	\$ 29,217
Net Position, July 1, 2017	<u>1,331,261</u>
Net Position, June 30, 2018	<u>\$ 1,360,478</u>

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

Smith County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2018

	Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 3,705,075
Payments to Suppliers	(1,353,155)
Payments to Employees	(798,480)
Other Payments	(79,593)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 1,473,847</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Proceeds from Issuance of Capital Debt	\$ 2,800,000
Premiums on Debt Sold	66,673
Debt Issuance Charges	(60,891)
Proceeds from the Sales of Capital Assets	10,410
Acquisition and Construction of Capital Assets	(451,798)
Principal Paid on Capital Outlay Notes	(1,526,265)
Principal Paid on Other Loan	(36,289)
Interest Paid on Capital Outlay Notes	(84,748)
Interest Paid on Other Loan	(78,891)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ 638,201</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	<u>\$ (31,235)</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (31,235)</u>
Net Increase (Decrease) in Cash	\$ 2,080,813
Cash, July 1, 2017	<u>2,425,585</u>
Cash, June 30, 2018	<u><u>\$ 4,506,398</u></u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 189,708
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	473,078
(Increase) Decrease in Landfill Closure/postclosure Care Costs	568,374
(Increase) Decrease in Deferred Outflows Related to Pensions	10,756
(Increase) Decrease in Deferred Inflows Related to Pensions	2,803
(Increase) Decrease in Net Pension Asset	(34,161)
(Increase) Decrease in Accounts Receivable, Net	239,086
(Increase) Decrease in Due From Other Funds	2,185
(Increase) Decrease in Accounts Payable	26,063
Increase (Decrease) in Payroll Deductions Payable	(4,045)
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 1,473,847</u></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, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 709,277
Due from Other Governments	<u>295,031</u>
Total Assets	<u><u>\$ 1,004,308</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 295,031
Due to Litigants, Heirs, and Others	<u>709,277</u>
Total Liabilities	<u><u>\$ 1,004,308</u></u>

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

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## SMITH COUNTY, TENNESSEE

### Index of Notes to the Financial Statements

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**SMITH COUNTY, TENNESSEE**  
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**SMITH COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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 financial statements of the Smith County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of this omission did not affect the independent auditor's report thereon. 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 financial statements of the Smith County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

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, 2018.

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.

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

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

Smith County reports the following major enterprise fund:

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

Additionally, Smith County reports the following fund types:

**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 amortized cost using a stable net asset value. 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 1.73 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 three years (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 acquisition value at the date of donation.

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

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

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

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

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

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

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has 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 deferred charge on refunding, pension changes in experience, changes in assumptions, changes in investment earnings, changes in proportionate share of contributions, employer contributions made to the pension plan after the measurement date, and OPEB contributions after the measurement date. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These 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, OPEB changes in assumptions, 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) not to allow employees to accumulate unused vacation days beyond year-end. The Highway Department permits employees to accumulate earned but unused vacation benefits beyond year-end. All county offices allow the accumulation of unused sick days beyond year-end. There is no liability for unpaid accumulated sick leave (with the exception of the Highway Department) since Smith County does not provide for payment when employees separate from service with the government. Vacation and sick pay for the Highway Department are 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 are 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.

As of June 30, 2018, Smith County had \$4,740,000 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. Restatements**

In prior years, the government was required to recognize a liability for its other postemployment benefits plans under Governmental Accounting Standards Board (GASB) Statement No. 45. As of July 1, 2017, Smith County has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Restatements increasing the beginning net position of the Governmental Activities of the primary government by \$13,491 and reducing the beginning net position of the discretely presented Smith County School Department by \$2,106,796, have been recognized to account for the transitional requirements.

## **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.

**F. Other Postemployment Benefit (OPEB) Plans**

**Primary Government**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by Smith County. For this purpose, Smith County recognizes benefit payments when due and payable in accordance with benefit terms. Smith County's OPEB plan is not administered through a trust.

**Discretely Presented Smith County School Department**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Smith County School Department. For this purpose, the School Department recognizes benefit payments when due and payable in accordance with benefit terms. The School Department's OPEB plan is not administered through a trust.

**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. 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, 2018, the discretely presented Smith County School Department reported the following significant encumbrances:

<u>Fund</u>	<u>Amount</u>
Discretely Presented School Department:	
General Purpose School	\$ 370,153
Nonmajor Governmental	26,479
Total	<u>\$ 396,632</u>

**B. Net Position Deficit**

The Solid Waste Disposal Fund had a deficit of \$3,329,496 in unrestricted net position at June 30, 2018. This deficit resulted from the recognition of a liability of \$5,072,766 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. Library Personnel Deficiencies**

The library director was paid for time not worked, the full-time status of the library director was questionable, and the Library Board did not provide adequate oversight related to personnel policies and procedures. Details of these deficiencies are discussed in the Schedule of Findings and Questioned Cost section of this report and in a special report issued by the Comptroller's Office, which is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov).

**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, 2018.

### **B. Capital Assets**

Capital assets activity for the year ended June 30, 2018, was as follows:

## **Primary Government**

### **Governmental Activities:**

	Balance				Balance
	7-1-17	Increases	Decreases		6-30-18
Capital Assets Not Depreciated:					
Land	\$ 974,935	\$ 0	\$ 0	\$	974,935
Construction in Progress	184,037	112,945	(184,037)		112,945
Intangible Assets - Indefinite Life	1,009,865	0	0		1,009,865
Total Capital Assets					
Not Depreciated	\$ 2,168,837	\$ 112,945	\$ (184,037)	\$	2,097,745
Capital Assets Depreciated:					
Buildings and Improvements	\$ 16,465,156	\$ 261,797	\$ 0	\$	16,726,953
Infrastructure	28,483,069	531,020	0		29,014,089
Other Capital Assets	5,542,721	722,764	(574,924)		5,690,561
Total Capital Assets					
Depreciated	\$ 50,490,946	\$ 1,515,581	\$ (574,924)	\$	51,431,603
Less Accumulated					
Depreciation For:					
Buildings and Improvements	\$ 3,318,639	\$ 378,887	\$ 0	\$	3,697,526
Infrastructure	7,360,504	230,160	0		7,590,664
Other Capital Assets	3,437,357	504,542	(543,507)		3,398,392
Total Accumulated					
Depreciation	\$ 14,116,500	\$ 1,113,589	\$ (543,507)	\$	14,686,582
Total Capital Assets					
Depreciated, Net	\$ 36,374,446	\$ 401,992	\$ (31,417)	\$	36,745,021
Governmental Activities					
Capital Assets, Net	\$ 38,543,283	\$ 514,937	\$ (215,454)	\$	38,842,766

Depreciation expense was charged to functions of the governmental activities as follows:

General Government	\$ 55,723
Public Safety	524,016
Public Health and Welfare	165,907
Social, Cultural, and Recreational Services	74,038
Highways/Public Works	293,905
Total Depreciation Expense -	
Governmental Activities	<u>\$ 1,113,589</u>

**Business-type Activities:**

	Balance				Balance	
	7-1-17		Increases	Decreases	6-30-18	
Capital Assets Not Depreciated:						
Land	\$ 2,052,484	\$	0	\$ 0	\$ 2,052,484	
Construction in Progress	490,795		75,498	0	566,293	
Total Capital Assets						
Not Depreciated	\$ 2,543,279	\$	75,498	\$ 0	\$ 2,618,777	
Capital Assets Depreciated:						
Landfill Facilities and						
Development	\$ 5,899,539	\$	0	\$ 0	\$ 5,899,539	
Buildings and Improvements	74,039		0	0	74,039	
Other Capital Assets	2,567,832		376,300	(70,180)	2,873,952	
Total Capital Assets						
Depreciated	\$ 8,541,410	\$	376,300	\$ (70,180)	\$ 8,847,530	
Less Accumulated Depreciation For:						
Landfill Facilities and						
Development	\$ 1,619,301	\$	224,417	\$ 0	\$ 1,843,718	
Buildings and Improvements	28,767		1,620	0	30,387	
Other Capital Assets	1,015,137		247,041	(66,671)	1,195,507	
Total Accumulated						
Depreciation	\$ 2,663,205	\$	473,078	\$ (66,671)	\$ 3,069,612	
Total Capital Assets						
Depreciated, Net	\$ 5,878,205	\$	(96,778)	\$ (3,509)	\$ 5,777,918	
Business-type Activities						
Capital Assets, Net	\$ 8,421,484	\$	(21,280)	\$ (3,509)	\$ 8,396,695	

Depreciation expense of \$473,078 was charged to the business-type activities.

## **Discretely Presented Smith County School Department**

### **Governmental Activities:**

	Balance 7-1-17	Increases	Balance 6-30-18
Capital Assets Not Depreciated:			
Land	\$ 1,264,538	\$ 500,000	\$ 1,764,538
Total Capital Assets Not Depreciated	\$ 1,264,538	\$ 500,000	\$ 1,764,538
Capital Assets Depreciated:			
Buildings and Improvements	\$ 39,025,754	\$ 0	\$ 39,025,754
Infrastructure	129,000	0	129,000
Other Capital Assets	3,183,968	170,237	3,354,205
Total Capital Assets Depreciated	\$ 42,338,722	\$ 170,237	\$ 42,508,959
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 14,713,150	\$ 804,888	\$ 15,518,038
Infrastructure	45,419	3,225	48,644
Other Capital Assets	1,743,734	180,216	1,923,950
Total Accumulated Depreciation	\$ 16,502,303	\$ 988,329	\$ 17,490,632
Total Capital Assets Depreciated, Net	\$ 25,836,419	\$ (818,092)	\$ 25,018,327
Governmental Activities Capital Assets, Net	\$ 27,100,957	\$ (318,092)	\$ 26,782,865

There were no decreases in capital assets to report during the year ended June 30, 2018.

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

### **Governmental Activities:**

Instruction	\$ 790,329
Support Services	198,000
Total Depreciation Expense - Governmental Activities	\$ 988,329



**C. Construction Commitments**

At June 30, 2018, the Highway Department had uncompleted construction contracts of approximately \$92,374 for bridge construction. Funding for these future expenditures is expected to be received from state grants.

At June 30, 2018, the Solid Waste Disposal Fund had an uncompleted landfill expansion project and reported construction in progress of \$566,293. The construction in progress represents the completed engineering and design for the expansion. At June 30, 2018, the county had not signed a contract for the construction phase of the project. Funding has been received for these future expenditures.

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

The composition of interfund balances as of June 30, 2018, was as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 8,600

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

**Due to/from Primary Government and Component Units:**

Receivable	Payable	Amount
Primary Government		
Component Unit:		
School Department		
General Fund	General Purpose School Fund	\$ 106,002

This balance resulted from amounts due to the Primary Government from the School Department for the reimbursement of school resource officers.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2018, consisted of the following amounts:

**Primary Government**

Transfers Out	<u>Transfers In</u>		Purpose
	General Fund	General Debt Service Fund	
General Fund	\$ 0	\$ 480,737	Debt retirement
Highway/Public Works Fund	0	113,740	"
"	64,021	0	Accounting services
Solid Waste Disposal Fund	31,235	0	"
Total	<u>\$ 95,256</u>	<u>\$ 594,477</u>	

**Discretely Presented Smith County School Department**

Transfer Out	<u>Transfer In</u>		Purpose
	General Purpose School Fund		
Nonmajor governmental funds	\$ 12,700		Indirect Costs

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.

The county made a one-time transfer of \$113,740 from the Highway/Public Works Fund to the General Debt Service Fund from proceeds from the sale of surplus property to apply towards principal payments on long-term debt for the purchase of equipment.

**E. Capital Leases**

On September 21, 2016, Smith County entered into a five-year lease-purchase agreement for a tractor and mower. The terms of the agreement require total lease payments of \$65,300 plus interest of 5.91 percent. Title to the equipment transfers to Smith County at the end of the lease period. The lease payments are made from the Highway/Public Works Fund.

On September 6, 2017, Smith County entered into a lease purchase agreement for a loader. The terms of the agreement required total lease payments of \$34,000 with zero percent interest. Title to the equipment

transferred to Smith County upon payment in full on January 24, 2018. Total lease payments were paid from the Highway/Public Works Fund.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Machinery and Equipment	\$ 99,000
Less: Accumulated Depreciation	<u>(14,750)</u>
Total Book Value	<u><u>\$ 84,250</u></u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2018, were as follows:

Year Ending June 30	Governmental Funds
2019	\$ 13,722
2020	14,970
2021	14,970
2022	<u>1,249</u>
Total Minimum Lease Payments	\$ 44,911
Less: Amount Representing Interest	<u>(3,849)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 41,062</u></u>

## **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 and other loans. 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 20 years for bonds, up to nine years for notes, and up to 20 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, 2018, will be retired from the

Highway/Public Works, General Debt Service, and Education Debt Service funds.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2018, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-18
General Obligation Bonds	4.5	%	6-17-29	\$ 1,250,000	\$ 788,277
General Obligation Bonds - Refunding	2 to 5		6-1-30	17,245,000	12,405,000
Capital Outlay Notes	1.53 to 3.64		5-11-23	1,929,241	1,420,428
Other Loans	variable		5-25-27	2,628,599	1,260,660
Capital Leases	5.91		7-21-21	65,300	41,062

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, 2018, the variable interest rate for each of these loans was 1.51 percent. Other fees based on the outstanding loan principal at June 30, 2018, totaled approximately .5 percent (letter of credit), .08 percent (remarketing), and a trustee fee of \$85 per month.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2018, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2019	\$ 2,144,221	\$ 371,641	\$ 2,515,862
2020	2,236,886	281,526	2,518,412
2021	2,264,671	235,241	2,499,912
2022	667,581	188,332	855,913
2023	680,622	173,293	853,915
2024-2028	3,688,738	580,576	4,269,314
2029-2030	1,510,558	69,682	1,580,240
Total	\$ 13,193,277	\$ 1,900,291	\$ 15,093,568

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 447,000	\$ 25,808	\$ 472,808
2020	385,637	17,703	403,340
2021	233,665	10,014	243,679
2022	135,081	5,951	141,032
2023	135,079	3,241	138,320
2024	83,966	910	84,876
Total	\$ 1,420,428	\$ 63,627	\$ 1,484,055

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2019	\$ 138,340	\$ 19,036	\$ 9,353	\$ 166,729
2020	143,910	16,947	8,550	169,407
2021	149,650	14,774	7,715	172,139
2022	155,590	12,515	6,847	174,952
2023	161,720	10,164	5,944	177,828
2024-2027	511,450	17,622	12,888	541,960
Total	\$ 1,260,660	\$ 91,058	\$ 51,297	\$ 1,403,015

There is \$577,755 available in the General Debt Service Fund and \$3,818,982 available in the Education Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$688, based on the 2010 federal census. Total debt per capita, including bonds, notes, other loans, capital leases, and unamortized debt premiums, totaled \$851, based on the 2010 federal census.

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2018, was as follows:

##### Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2017	\$ 15,255,995	\$ 1,492,327	\$ 1,394,600
Additions	0	625,551	0
Reductions	(2,062,718)	(697,450)	(133,940)
Balance, June 30, 2018	\$ 13,193,277	\$ 1,420,428	\$ 1,260,660
Balance Due Within One Year	\$ 2,144,221	\$ 447,000	\$ 138,340

	Capital Leases	Compensated Absences	Other Postemployment Benefits*
Balance, July 1, 2017	\$ 54,193	\$ 190,793	\$ 160,509
Additions	34,000	78,139	26,528
Reductions	(47,131)	(125,095)	(9,918)
Balance, June 30, 2018	\$ 41,062	\$ 143,837	\$ 177,119
Balance Due Within One Year	\$ 11,785	\$ 43,150	\$ 0

\* Restated Beginning Balance – See Note I.D.8.

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

Total Noncurrent Liabilities, June 30, 2018	\$ 16,236,383
Less: Due Within One Year	(2,784,496)
Add: Unamortized Premium on Debt	<u>400,889</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 13,852,776</u>

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds.

#### 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, 2018, the following outstanding bonds are considered defeased:

	<u>Amount</u>
2000 School Bonds	\$ 2,445,000
2001 School Bonds	2,575,000

## **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 12 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, 2018, will be retired from the Solid Waste Disposal Fund.

Capital outlay notes and other loans outstanding as of June 30, 2018, for business-type activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-18
Capital Outlay Notes	1.66 to 3.49 %	5-1-30	\$ 6,288,351	\$ 4,861,120
Other Loans	4.25	12-6-45	2,000,000	1,704,354

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, 2018, including interest payments, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 711,425	\$ 138,447	\$ 849,872
2020	715,885	119,226	835,111
2021	591,313	99,172	690,485
2022	556,248	81,081	637,329
2023	561,249	64,261	625,510
2024-2028	1,200,000	188,250	1,388,250
2029-2030	525,000	23,700	548,700
Total	\$ 4,861,120	\$ 714,137	\$ 5,575,257

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2019	\$ 31,215	\$ 66,245	\$ 97,460
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
2024-2028	231,280	300,320	531,600
2029-2033	285,930	245,670	531,600
2034-2038	353,497	178,103	531,600
2039-2043	437,029	94,571	531,600
2044-2046	212,639	10,222	222,861
Total	\$ 1,704,354	\$ 1,167,647	\$ 2,872,001

Total debt per capita, including notes and other loans totaled \$343, based on the 2010 federal census.

#### Changes in Long-term Obligations

Long-term obligations activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2018, was as follows:

##### Business-type Activities:

	Notes	Other Loans	Closure/ Postclosure Care Costs
Balance, July 1, 2017	\$ 3,587,385	\$ 1,740,643	\$ 4,504,392
Additions	2,800,000	0	568,374
Reductions	(1,526,265)	(36,289)	0
Balance, June 30, 2018	\$ 4,861,120	\$ 1,704,354	\$ 5,072,766
Balance Due Within One Year	\$ 711,425	\$ 31,215	\$ 0

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

Total Noncurrent Liabilities, June 30, 2018	\$ 11,638,240
Less: Due Within One Year	<u>(742,640)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 10,895,600</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, 2018, was as follows:

Governmental Activities:			Net Pension Liability - Teacher Legacy Plan #
	Compensated Absences	Other Postemployment Benefits*	
Balance, July 1, 2017	\$ 97,757	\$ 2,698,939	\$ 1,884,316
Additions	44,514	229,240	12,415
Reductions	(27,027)	(277,694)	(1,994,351)
Balance, June 30, 2018	<u>\$ 115,244</u>	<u>\$ 2,650,485</u>	<u>\$ (97,620)</u>
Balance Due Within One Year	<u>\$ 57,621</u>	<u>\$ 0</u>	<u>\$ 0</u>

\* Restated Beginning Balance – See Note I.D.8

# At June 30, 2018, the Teacher Legacy Plan had a net pension asset

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

Total Noncurrent Liabilities, June 30, 2018	\$ 2,765,729
Less: Due Within One Year	<u>(57,621)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,708,108</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. The \$10,000,000 other loan issued in 2008 for the jail was refunded on

August 20, 2015, with two general obligation refunding bonds totaling \$9,215,000. The refunding loan is also 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 \$799,048.

#### **H. On-Behalf Payments**

##### **Discretely Presented Smith County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Smith County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both 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, 2018, were \$95,734 and \$29,266, 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, 2018, was as follows:

	Balance			Balance
	7-1-17	Issued	Paid	6-30-18
Tax Anticipation Notes	\$ 0	\$ 1,000,000	\$ (1,000,000)	\$ 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, *Irrevocable Split-Interest Agreements*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective for the year ended June 30, 2018.

GASB Statement No. 75, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 45 and No. 57. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments,

discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, establishes accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary.

GASB Statement No. 85, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, establishes guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also provides guidance for accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**C. 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.

**D. Change in Administration**

On September 11, 2017, Daisy Denton was appointed as the county's director of accounts and budgets under the Fiscal Control Acts of 1957.

**E. Landfill Closure/Postclosure Care Costs**

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

State and federal laws and regulations require Smith County to place a final cover on its operating sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be

paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. \$5,072,766 is reported as landfill closure and postclosure care liability at June 30, 2018. The liability at June 30, 2018, represents 85 percent use of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. Joint Venture**

The Fifteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fifteenth Judicial District, 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, 2018, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

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

**G. Jointly Governed Organization**

The Nashville and Eastern Railroad Authority was created according to an act of the Tennessee Legislature in 1983 to 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

## **H. 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 66.45 percent, the non-certified employees of the discretely presented School Department comprise 33.55 percent of the plan based on contribution 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](http://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 to vested members at age 55. 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, 2017, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	120
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	313
Active Employees	321
Total	<u><u>754</u></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, 2018, the employer contribution for Smith County was \$523,588 based on a rate of 5.89 percent of covered 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 contributions (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, 2017, 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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:



Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	5.69	31
Developed Market		
International Equity	5.29	14
Emerging Market		
International Equity	6.36	4
Private Equity and		
Strategic Lending	5.79	20
U.S. Fixed Income	2.01	20
Real Estate	4.32	10
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 7.25 percent based on a blending of the factors described above.

*Changes of Assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 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 Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2016	\$ 18,279,383	\$ 18,891,106	\$ (611,723)
Changes for the Year:			
Service Cost	\$ 711,390	\$ 0	\$ 711,390
Interest	1,391,491	0	1,391,491
Differences Between Expected and Actual Experience	(181,695)	0	(181,695)
Changes in Assumptions	476,706	0	476,706
Contributions-Employer	0	588,687	(588,687)
Contributions-Employees	0	413,005	(413,005)
Net Investment Income	0	2,146,638	(2,146,638)
Benefit Payments, Including Refunds of Employee Contributions	(875,119)	(875,119)	0
Administrative Expense	0	(26,908)	26,908
Other Changes	0	0	0
Net Changes	\$ 1,522,773	\$ 2,246,303	\$ (723,530)
Balance, June 30, 2017	\$ 19,802,156	\$ 21,137,409	\$ (1,335,253)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	66.45%	\$ 13,158,533	\$ 14,045,808	\$ (887,276)
School Department	33.55%	6,643,623	7,091,601	(447,977)
Total		\$ 19,802,156	\$ 21,137,409	\$ (1,335,253)

*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 7.25 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 (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Smith County	6.25%	7.25%	8.25%

Net Pension Liability      \$ 1,269,860   \$ (1,335,253)   \$ (3,490,149)

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

*Pension Expense or Negative Pension Expense.* For the year ended June 30, 2018, Smith County recognized pension expense of \$104,273.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, Smith County 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
Difference Between Expected and Actual Experience	\$ 0	\$ 661,819
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	9,626
Changes in Assumptions	397,255	0
Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	523,588	N/A
Total	<u>\$ 920,843</u>	<u>\$ 671,445</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2017,” 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	\$ 574,272	\$ 416,632
Business-type Activities	40,491	29,544
School Department	306,080	225,269
Total	<u>\$ 920,843</u>	<u>\$ 671,445</u>

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	\$ (191,941)
2020	83,615
2021	(47,667)
2022	(167,376)
2023	49,168
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 66.45 percent and the non-certified employees of the discretely presented School

Department comprise 33.55 percent of the plan based on contribution 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 publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://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 with an unreduced benefit 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. 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 60 or pursuant to the rule of 80. 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 percent and one percent. Members who leave 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 or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. 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 in 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, 2018, to the Teacher Retirement Plan were \$56,971, which is four percent of covered 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 (Assets).* At June 30, 2018, the School Department reported a liability (asset) of (\$48,416) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department's proportion was .183510 percent. The proportion as of June 30, 2016, was .178003 percent.

*Pension Expense.* For the year ended June 30, 2018, the School Department recognized pension expense of \$21,936.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the 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
Difference Between Expected and Actual Experience	\$ 1,697	\$ 3,641
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,605
Changes in Assumptions	4,254	0
Changes in Proportion of Net Pension Liability (Asset)	491	610
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	56,971	N/A
Total	<u>\$ 63,413</u>	<u>\$ 6,856</u>

The School Department's employer contributions of \$56,971, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2019. 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
2019	\$ (256)
2020	(256)
2021	(405)
2022	(1,075)
2023	153
Thereafter	1,426

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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major 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	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	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 7.25 percent based on a blending of the factors described above.

*Changes of Assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 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 the School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 9,660	\$ (48,416)	\$ (91,016)

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

### **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 publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://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. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs 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 are required to contribute five percent of their salaries. 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, 2018, to the Teacher Legacy Pension Plan were \$931,878, which is 9.08 percent of covered 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 Liability (Assets).* At June 30, 2018, the School Department reported a liability (asset) of (\$97,620) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to

calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2017, the School Department's proportion was .298360 percent. The proportion measured at June 30, 2016, was .301517 percent.

*Pension Expense.* For the year ended June 30, 2018, the School Department recognized pension expense of \$12,415.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the 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
Difference Between Expected and Actual Experience	\$ 58,851	\$ 2,015,361
Changes in Assumptions	826,771	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	14,818	0
Changes in Proportion of Net Pension Liability (Asset)	31,074	23,914
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	931,878	N/A
Total	<u>\$ 1,863,392</u>	<u>\$ 2,039,275</u>

The School Department's employer contributions of \$931,878 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2019. 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
2019	\$ (687,223)
2020	311,432
2021	(240,289)
2022	(491,680)
2023	0
Thereafter	0

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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the

TCRS investment policy target asset allocation for each major 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	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	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 7.25 percent based on a blending of the factors described above.

*Changes of Assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from 3.0 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.0 percent; and modified the mortality assumptions.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 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 the School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 8,759,150	\$ (97,620)	\$ (7,418,321)

*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 School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the School Department contributed \$64,983 and teachers contributed \$30,507 to this deferred compensation pension plan.

## **I. Other Postemployment Benefits (OPEB)**

Smith County and the discretely presented Smith County School Department provide OPEB benefits to its retirees under various OPEB plans. These include OPEB provided through state administered public entity risk pools. For reporting purposes, the plans are all considered single employer defined benefit OPEB plans based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). All of the plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

### **OPEB Provided Through State Administered Public Entity Risk Pools**

Retirees of Smith County and the Smith County Highway Department (Hwy) are provided healthcare under separate Local Government Plans (LGPs) until they reach Medicare eligibility. The retirees of Smith County and the Smith County Highway Department may then join the Tennessee Plan – Medicare (TN-Ms), which provides supplemental medical insurance for retirees with Medicare. The primary government's LGPs are combined and the Primary Government's TN-Ms are combined for presentation purposes. Likewise, the School Department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. Both certified and noncertified retirees of the School Department may then join the Tennessee Plan - Medicare (TNM) which provides supplemental medical insurance for retirees with Medicare. However, the School Department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

The county and the School Department's total OPEB liability for each plan was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2017, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:



Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2017 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.56%
Healthcare Cost Trend Rates	LGP and LEP: Based on the Getzen Model, with trend starting at 7.5% for the 2018 calendar year, and gradually decreasing over a 33-year period to an ultimate trend of rate of 3.53% with .18% added to approximate the effect of the excise tax
Retirees Share of Benefit	TN-MS: The premium subsidies provided to retirees are assumed to remain unchanged for the entire projection; therefore, trend rates are not applicable
Related Cost	Discussed under each plan

The discount rate was 3.56%, based on the daily rate of Fidelity's 20-year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2017, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used

by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

*Changes in Assumptions.* The discount rate changed from 2.92 percent as of the beginning of the measurement period to 3.56 percent as of the measurement date of June 30, 2017.

### **Closed Local Government OPEB Plan (Primary Government)**

*Plan Description.* Employees of Smith County who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Government Plan (LGP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

*Benefits Provided.* Smith County offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with *Tennessee Code Annotated (TCA) 8-27-701* establishes and amends the benefit terms of the LGP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LGP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Smith County does not provide a direct subsidy and is only subject to the implicit subsidy.

### **Employees Covered by Benefit Terms**

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	Smith County	Hwy Dept	Total
Inactive Employees or Beneficiaries Currently Receiving Benefits	0	0	0
Inactive Employees Entitled to But Not Yet Receiving Benefits	0	0	0
Active Employees	119	16	135
Total	119	16	135

An insurance committee, created in accordance with *TCA 8-27-701*, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2018, the county paid \$1,564 (Smith County - \$1,109, Highway Dept - \$455) to the LGP for OPEB benefits as they came due.

#### Changes in the Total OPEB Liability

	Smith County	Hwy Dept.	Total OPEB Liability
Balance July 1, 2016	\$ 120,682	\$ 39,827	\$ 160,509
Changes for the Year:			
Service Cost	\$ 16,767	\$ 4,455	\$ 21,222
Interest	4,013	1,293	5,306
Changes in Benefit Terms	0	0	
Difference between Expected and Actuarial Experience	0	0	0
Changes in Assumption and Other Inputs	(8,163)	(1,755)	(9,918)
Benefit Payments	0	0	0
Net Changes	\$ 12,617	\$ 3,993	\$ 16,610
Balance June 30, 2017	\$ 133,299	\$ 43,820	\$ 177,119

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the county recognized OPEB expense of \$25,500 (Smith County - \$20,010, Highway Dept - \$5,490). At June 30, 2018, the county reported

deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience (Smith County \$0, Hwy \$0)	\$ 0	\$ 0
Changes of Assumptions/Inputs (DI - County \$7,393, Hwy \$1,497)	0	8,890
Net Difference Between Projected and Benefits Paid After the Measurement Date (DO - County \$1,109, Hwy \$455)	<u>1,564</u>	<u>0</u>
Total	<u>\$ 1,564</u>	<u>\$ 8,890</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	County	Hwy	Total Amount
2019	\$ (770)	\$ (258)	\$ (1,028)
2020	(770)	(258)	(1,028)
2021	(770)	(258)	(1,028)
2022	(770)	(258)	(1,028)
2023	(770)	(258)	(1,028)
Thereafter	(3,543)	(207)	(3,750)

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

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the county calculated using the current discount rate as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
County	\$ 146,228	\$ 133,299	\$ 121,372
Hwy	46,581	43,820	41,208
Total OPEB Liability	<u>\$ 192,809</u>	<u>\$ 177,119</u>	<u>\$ 162,580</u>

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following presents the total OPEB liability of the county calculated using the current healthcare cost trend rate, as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 6 to 3.77%	Current Trend Rates 7 to 4.77%	1% Increase 8 to 5.77%
County	\$ 114,475	\$ 133,299	\$ 156,367
Hwy	39,744	43,820	48,553
Total OPEB Liability	<u>\$ 154,219</u>	<u>\$ 177,119</u>	<u>\$ 204,920</u>

#### **Closed Local Education (LEP) OPEB Plan (Discretely Presented School Department)**

*Plan Description.* Employees of the Smith County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

*Benefits Provided.* The Smith County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only

postemployment benefit provided to retirees. An insurance committee created in accordance with *TCA 8-27-301* establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. Smith County does not provide a direct subsidy and is only subject to the implicit subsidy. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

#### Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	23
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	<u>345</u>
Total	<u><u>368</u></u>

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School Department paid \$162,727 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	Smith County	State of	Total OPEB
	School Dept	TN	
	63.548%	36.452%	Liability
Balance July 1, 2016	\$ 2,698,939	\$ 1,548,148	\$ 4,247,087
Changes for the Year:			
Service Cost	\$ 148,292	\$ 85,063	\$ 233,355
Interest	80,948	46,433	127,381
Changes in			
Benefit Terms	0	0	0
Difference between			
Expected and Actuarial			
Experience	0	0	0
Changes in Assumption			
and Other Inputs	(127,618)	(73,203)	(200,821)
Benefit Payments	(150,076)	(86,086)	(236,162)
Net Changes	\$ (48,453)	\$ (27,794)	\$ (76,247)
Balance June 30, 2017	\$ 2,650,485	\$ 1,520,355	\$ 4,170,840

The Smith County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Smith County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$124,780 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Smith County School Department's proportionate share of the collective OPEB liability was 63.548% and the State of Tennessee's share was 36.452%.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the School Department recognized OPEB expense of \$342,312, including the state's share of the expense. At June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of

resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	115,910
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employee and Nonemployer Contributors As Benefits Came Due	0	0
Benefits Paid After the Measurement Date	162,727	0
Total	<u>\$ 162,727</u>	<u>\$ 115,910</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	School Department
2019	\$ (11,708)
2020	(11,708)
2021	(11,708)
2022	(11,708)
2023	(11,708)
Thereafter	(57,370)

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

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.



<u>Discount Rate</u>		Current	
	1%	Discount	1%
	Decrease	Rate	Increase
	2.56%	3.56%	4.56%

Proportionate Share of the  
Collective Total OPEB  
Liability

\$ 2,851,725 \$ 2,650,485 \$ 2,459,676

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>		Curent	
	1%	Rates	1%
	Decrease		Increase
	6.5 to 2.71%	7.5 to 3.71%	8.5 to 4.71%

Proportionate Share of the  
Collective Total OPEB  
Liability

\$ 2,341,509 \$ 2,650,485 \$ 3,020,454

#### **J. Office of Central Accounting, Budgeting, and Purchasing**

Smith County operates under the provisions of the Fiscal Control Acts of 1957. These acts provide for a central system of accounting, budgeting, and purchasing covering all funds administered by the county mayor and road commissioner. However, the county did not adopt the budgeting provisions of these statutes. The funds administered by the county mayor and road commissioner are maintained in the Office of Central Accounting, Budgeting, and Purchasing under the supervision of the director of accounts and budgets.

#### **K. Purchasing Laws**

##### Offices of County Mayor and Road Commissioner

Purchasing procedures for these offices are governed by provisions of the County Purchasing Law of 1957, Section 5-14-101, et seq., *Tennessee Code Annotated (TCA)*. Purchasing procedures in the Highway Department are also governed by the Uniform Road Law, Section 54-7-113, *TCA*. These

statutes provide for the purchasing agent to make all purchases for these departments, with purchases exceeding \$10,000 to be made on the basis of competitive bids solicited through public advertisement.

#### 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.

#### **L. Subsequent Events**

On July 2, 2018, and October 5, 2018, the county's Education Debt Service Fund issued tax anticipation notes of \$1,000,000 and \$650,000, respectively, to the General Fund.

On July 16, 2018, the county commission issued a USDA Rural Development Loan of \$1,100,000 for the purchase and development of industrial property.

County Mayor Michael Nesbitt left office on August 31, 2018, and was succeeded by Jeff Mason effective September 1, 2018.

On October 8, 2018, the county entered into an Energy Efficient School Initiative (EESI) loan agreement totaling \$3,163,100.

On October 22, 2018, the county commission issued a capital outlay notes of \$195,280 for an excavator, \$191,000 for patrol cars, \$36,517 for a truck, and \$159,100 for ambulance service equipment.

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## REQUIRED SUPPLEMENTARY INFORMATION

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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  
Last Fiscal Year Ending June 30

	2014	2015	2016	2017
<b>Total Pension Liability</b>				
Service Cost	\$ 606,110	\$ 643,084	\$ 717,506	\$ 711,390
Interest	1,210,149	1,273,746	1,334,107	1,391,491
Changes in Benefit Terms	0	0	0	0
Differences Between Actual and Expected Experience	(151,864)	(348,936)	(427,979)	(181,695)
Changes in Assumptions	0	0	0	476,706
Benefit Payments, Including Refunds of Employee Contributions	(861,463)	(845,349)	(829,673)	(875,119)
Net Change in Total Pension Liability	\$ 802,932	\$ 722,545	\$ 793,961	\$ 1,522,773
Total Pension Liability, Beginning	15,959,945	16,762,877	17,485,422	\$ 18,279,383
Total Pension Liability, Ending (a)	\$ 16,762,877	\$ 17,485,422	\$ 18,279,383	\$ 19,802,156
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 536,853	\$ 541,749	\$ 566,282	\$ 588,687
Contributions - Employee	384,014	380,541	399,685	413,005
Net Investment Income	2,513,790	545,638	486,744	2,146,638
Benefit Payments, Including Refunds of Employee Contributions	(861,463)	(845,349)	(829,673)	(875,119)
Administrative Expense	(12,045)	(16,009)	(24,091)	(26,908)
Other	0	0	1,318	0
Net Change in Plan Fiduciary Net Position	\$ 2,561,149	\$ 606,570	\$ 600,265	\$ 2,246,303
Plan Fiduciary Net Position, Beginning	15,123,122	17,684,271	18,290,841	18,891,106
Plan Fiduciary Net Position, Ending (b)	\$ 17,684,271	\$ 18,290,841	\$ 18,891,106	\$ 21,137,409
Net Pension Liability (Asset), Ending (a - b)	\$ (921,394)	\$ (805,419)	\$ (611,723)	\$ (1,335,253)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	105.50%	104.61%	103.35%	106.74%
Covered Payroll	\$ 7,680,267	\$ 7,576,891	\$ 7,920,012	\$ 8,233,383
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(12.00)%	(10.63)%	(7.72)%	(16.22)%

Note: ten-year information will be presented when available.

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

Exhibit F-2

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

	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 536,853	\$ 541,749	\$ 566,282	\$ 588,687	\$ 523,588
Less Contributions in Relation to the					
Actuarially Determined Contribution	(536,853)	(541,749)	(566,282)	(588,687)	(523,588)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 7,680,267	\$ 7,576,891	\$ 7,920,012	\$ 8,233,383	\$ 8,889,390
Contributions as a Percentage of Covered Payroll	6.99%	7.15%	7.15%	7.15%	5.89%

Note: ten-year information will be presented when available.

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

Exhibit F-3

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

	2015	2016	2017	2018
Contractually Required Contribution	\$ 16,725	\$ 31,329	\$ 48,178	\$ 56,971
Less Contributions in Relation to the Contractually Required Contribution	(16,725)	(31,329)	(48,178)	(56,971)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 418,110	\$ 783,218	\$ 1,204,442	\$ 1,424,276
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	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

	2014	2015	2016	2017	2018
Contractually Required Contribution	\$ 1,033,868	\$ 1,017,572	\$ 983,929	\$ 953,438	\$ 931,878
Less Contributions in Relation to the Contractually Required Contribution	(1,033,868)	(1,017,572)	(983,929)	(953,438)	(931,878)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 11,642,663	\$ 11,256,331	\$ 10,884,163	\$ 10,546,881	\$ 10,263,022
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%

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 Pension Plan of TCRS  
Discretely Presented Smith County School Department  
For the Fiscal Year Ended June 30 \*

	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.197082%	0.178003%	0.183510%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (8,096)	\$ (18,531)	\$ (48,416)
Covered Payroll	\$ 418,110	\$ 783,218	\$ 1,204,442
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%

\* 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 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 \*

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	0.296629%	0.300690%	0.301517%	0.298360%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (48,201)	\$ 123,173	\$ 1,884,316	\$ (97,620)
Covered Payroll	\$ 11,642,663	\$ 11,256,331	\$ 10,884,163	\$ 10,546,881
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%	17.31%	(0.93)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%

\* 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-7

Smith County, Tennessee

Schedule of Changes in the Total OPEB Liability and Related Ratios - Smith County Plan

For the Fiscal Year Ended June 30 \*

Smith County Plan

	<u>2017</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 16,767
Interest	4,013
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(8,163)
Benefit Payments	<u>0</u>
Net Change in Total OPEB Liability	\$ 12,617
Total OPEB Liability, Beginning	<u>120,682</u>
Total OPEB Liability, Ending	<u><u>\$ 133,299</u></u>
Covered Employee Payroll	\$ 4,520,106
Net OPEB Liability as a Percentage of Covered Employee Payroll	2.95%

Smith County Highway Plan

	<u>2017</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 4,455
Interest	1,293
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(1,755)
Benefit Payments	<u>0</u>
Net Change in Total OPEB Liability	\$ 3,993
Total OPEB Liability, Beginning	<u>39,827</u>
Total OPEB Liability, Ending	<u><u>\$ 43,820</u></u>
Covered Employee Payroll	\$ 1,489,270
Net OPEB Liability as a Percentage of Covered Employee Payroll	2.94%

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

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017 2.92%

2018 3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Exhibit F-8

Smith County, Tennessee  
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan  
Discretely Presented Smith County School Department  
For the Fiscal Year Ended June 30 \*

	<u>2017</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 233,355
Interest	127,381
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(200,821)
Benefit Payments	(236,162)
Net Change in Total OPEB Liability	\$ (76,247)
Total OPEB Liability, Beginning	<u>4,247,087</u>
Total OPEB Liability, Ending	<u>\$ 4,170,840</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 1,520,355
Employer Proportionate Share of the Total OPEB Liability	2,650,485
Covered Employee Payroll	\$ 14,567,311
Net OPEB Liability as a Percentage of Covered Employee Payroll	28.63%

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

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**SMITH COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2018**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for fiscal year 2017 were calculated based on the June 30, 2016, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period	Varies by Year
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
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%

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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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.

## Permanent Fund

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

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Exhibit G-1

Smith County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018

	<u>Special Revenue Funds</u>			<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Drug Control</u>	<u>Constitu - tional Officers - Fees</u>	<u>Total</u>	<u>Endowment</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 933	\$ 933	\$ 0	\$ 933
Equity in Pooled Cash and Investments	134,606	0	134,606	42,947	177,553
Accounts Receivable	0	7,667	7,667	0	7,667
Total Assets	<u>\$ 134,606</u>	<u>\$ 8,600</u>	<u>\$ 143,206</u>	<u>\$ 42,947</u>	<u>\$ 186,153</u>
<u>LIABILITIES</u>					
Due to Other Funds	\$ 0	\$ 8,600	\$ 8,600	\$ 0	\$ 8,600
Total Liabilities	<u>\$ 0</u>	<u>\$ 8,600</u>	<u>\$ 8,600</u>	<u>\$ 0</u>	<u>\$ 8,600</u>
<u>FUND BALANCES</u>					
Nonspendable:					
Endowments	\$ 0	\$ 0	\$ 0	\$ 22,154	\$ 22,154
Restricted:					
Restricted for Public Safety	134,606	0	134,606	0	134,606
Committed:					
Committed for Social, Cultural, and Recreational Services	0	0	0	20,793	20,793
Total Fund Balances	<u>\$ 134,606</u>	<u>\$ 0</u>	<u>\$ 134,606</u>	<u>\$ 42,947</u>	<u>\$ 177,553</u>
Total Liabilities and Fund Balances	<u>\$ 134,606</u>	<u>\$ 8,600</u>	<u>\$ 143,206</u>	<u>\$ 42,947</u>	<u>\$ 186,153</u>

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, 2018

	Special Revenue Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Drug Control	Endowment	
<u>Revenues</u>			
Fines, Forfeitures, and Penalties	\$ 38,148	\$ 0	\$ 38,148
Other Local Revenues	0	320	320
Total Revenues	<u>\$ 38,148</u>	<u>\$ 320</u>	<u>\$ 38,468</u>
<u>Expenditures</u>			
Current:			
Public Safety	\$ 6,617	\$ 0	\$ 6,617
Total Expenditures	<u>\$ 6,617</u>	<u>\$ 0</u>	<u>\$ 6,617</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 31,531</u>	<u>\$ 320</u>	<u>\$ 31,851</u>
Net Change in Fund Balances	\$ 31,531	\$ 320	\$ 31,851
Fund Balance, July 1, 2017	<u>103,075</u>	<u>42,627</u>	<u>145,702</u>
Fund Balance, June 30, 2018	<u>\$ 134,606</u>	<u>\$ 42,947</u>	<u>\$ 177,553</u>



## Exhibit G-3

Smith County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 38,148	\$ 23,800	\$ 23,800	\$ 14,348
Total Revenues	\$ 38,148	\$ 23,800	\$ 23,800	\$ 14,348
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 6,401	\$ 19,000	\$ 19,000	\$ 12,599
Drug Enforcement	216	0	350	134
Total Expenditures	\$ 6,617	\$ 19,000	\$ 19,350	\$ 12,733
Excess (Deficiency) of Revenues Over Expenditures	\$ 31,531	\$ 4,800	\$ 4,450	\$ 27,081
Net Change in Fund Balance	\$ 31,531	\$ 4,800	\$ 4,450	\$ 27,081
Fund Balance, July 1, 2017	103,075	102,887	102,887	188
Fund Balance, June 30, 2018	\$ 134,606	\$ 107,687	\$ 107,337	\$ 27,269

# Major Governmental Funds

## Debt Service Funds

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

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

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

## Exhibit H-1

Smith County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,156,931	\$ 1,113,406	\$ 1,113,406	\$ 43,525
Fines, Forfeitures, and Penalties	4,964	5,000	5,000	(36)
Other Local Revenues	106,277	106,250	106,250	27
Total Revenues	<u>\$ 1,268,172</u>	<u>\$ 1,224,656</u>	<u>\$ 1,224,656</u>	<u>\$ 43,516</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,314,442	\$ 1,357,196	\$ 1,504,873	\$ 190,431
<u>Interest on Debt</u>				
General Government	292,125	309,922	298,993	6,868
<u>Other Debt Service</u>				
General Government	31,473	15,000	31,529	56
Total Expenditures	<u>\$ 1,638,040</u>	<u>\$ 1,682,118</u>	<u>\$ 1,835,395</u>	<u>\$ 197,355</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (369,868)</u>	<u>\$ (457,462)</u>	<u>\$ (610,739)</u>	<u>\$ 240,871</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 594,477	\$ 441,200	\$ 594,477	\$ 0
Total Other Financing Sources	<u>\$ 594,477</u>	<u>\$ 441,200</u>	<u>\$ 594,477</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 224,609	\$ (16,262)	\$ (16,262)	\$ 240,871
Fund Balance, July 1, 2017	<u>353,146</u>	<u>328,726</u>	<u>328,726</u>	<u>24,420</u>
Fund Balance, June 30, 2018	<u><u>\$ 577,755</u></u>	<u><u>\$ 312,464</u></u>	<u><u>\$ 312,464</u></u>	<u><u>\$ 265,291</u></u>

## Exhibit H-2

Smith County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Education Debt Service Fund  
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,355,956	\$ 1,079,193	\$ 1,079,193	\$ 276,763
Other Governments and Citizens Groups	296,000	296,000	296,000	0
Total Revenues	\$ 1,651,956	\$ 1,375,193	\$ 1,375,193	\$ 276,763
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 1,455,000	\$ 1,455,000	\$ 1,455,000	\$ 0
<u>Interest on Debt</u>				
Education	213,300	213,300	213,300	0
<u>Other Debt Service</u>				
Education	19,630	24,500	24,500	4,870
Total Expenditures	\$ 1,687,930	\$ 1,692,800	\$ 1,692,800	\$ 4,870
Excess (Deficiency) of Revenues Over Expenditures	\$ (35,974)	\$ (317,607)	\$ (317,607)	\$ 281,633
Net Change in Fund Balance	\$ (35,974)	\$ (317,607)	\$ (317,607)	\$ 281,633
Fund Balance, July 1, 2017	3,854,956	3,840,780	3,840,780	14,176
Fund Balance, June 30, 2018	\$ 3,818,982	\$ 3,523,173	\$ 3,523,173	\$ 295,809

# Fiduciary Funds

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

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

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit and general sessions courts clerk, clerk and master, register 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, 2018

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu - tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 709,277	\$ 709,277
Due from Other Governments	295,031	0	295,031
Total Assets	<u>\$ 295,031</u>	<u>\$ 709,277</u>	<u>\$ 1,004,308</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 295,031	\$ 0	\$ 295,031
Due to Litigants, Heirs, and Others	0	709,277	709,277
Total Liabilities	<u>\$ 295,031</u>	<u>\$ 709,277</u>	<u>\$ 1,004,308</u>

Exhibit I-2

Smith County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,522,554	\$ 1,522,554	\$ 0
Due from Other Governments	253,984	295,031	253,984	295,031
Total Assets	\$ 253,984	\$ 1,817,585	\$ 1,776,538	\$ 295,031
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 253,984	\$ 1,817,585	\$ 1,776,538	\$ 295,031
Total Liabilities	\$ 253,984	\$ 1,817,585	\$ 1,776,538	\$ 295,031
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 643,913	\$ 17,539,170	\$ 17,473,806	\$ 709,277
Total Assets	\$ 643,913	\$ 17,539,170	\$ 17,473,806	\$ 709,277
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 643,913	\$ 17,539,170	\$ 17,473,806	\$ 709,277
Total Liabilities	\$ 643,913	\$ 17,539,170	\$ 17,473,806	\$ 709,277
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 643,913	\$ 17,539,170	\$ 17,473,806	\$ 709,277
Equity in Pooled Cash and Investments	0	1,522,554	1,522,554	0
Due from Other Governments	253,984	295,031	253,984	295,031
Total Assets	\$ 897,897	\$ 19,356,755	\$ 19,250,344	\$ 1,004,308
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 643,913	\$ 17,539,170	\$ 17,473,806	\$ 709,277
Due to Other Taxing Units	253,984	1,817,585	1,776,538	295,031
Total Liabilities	\$ 897,897	\$ 19,356,755	\$ 19,250,344	\$ 1,004,308

# Smith County School Department

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

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

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

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



Exhibit J-1

Smith County, Tennessee  
Statement of Activities  
Discretely Presented Smith County School Department  
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental Activities:					
Instruction	\$ 13,968,877	\$ 3,530	\$ 659,249	\$ 144,488	\$ (13,161,610)
Support Services	8,414,003	28,188	319,274	0	(8,066,541)
Operation of Non-instructional Services	2,574,293	513,731	1,730,021	0	(330,541)
Total Governmental Activities	\$ 24,957,173	\$ 545,449	\$ 2,708,544	\$ 144,488	\$ (21,558,692)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 3,541,405
Local Option Sales Taxes					1,769,415
Other Local Taxes					644
Grants and Contributions Not Restricted for Specific Programs					18,093,984
Unrestricted Investment Income					1,305
Miscellaneous					38,362
Total General Revenues					\$ 23,445,115
Change in Net Position					\$ 1,886,423
Net Position, July 1, 2017					33,289,658
Restatement - See Note I.D.8.					(2,106,796)
Net Position, June 30, 2018					\$ 33,069,285

## Exhibit J-2

Smith County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Smith County School Department  
June 30, 2018

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 7,933,378	\$ 800,752	\$ 8,734,130
Accounts Receivable	10,534	49	10,583
Due from Other Governments	403,259	80,725	483,984
Property Taxes Receivable	3,624,110	0	3,624,110
Allowance for Uncollectible Property Taxes	(120,242)	0	(120,242)
Total Assets	<u>\$ 11,851,039</u>	<u>\$ 881,526</u>	<u>\$ 12,732,565</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 27,020	\$ 28,007	\$ 55,027
Accrued Payroll	10,877	54,948	65,825
Payroll Deductions Payable	592,972	35,011	627,983
Due to Primary Government	106,002	0	106,002
Total Liabilities	<u>\$ 736,871</u>	<u>\$ 117,966</u>	<u>\$ 854,837</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,427,892	\$ 0	\$ 3,427,892
Deferred Delinquent Property Taxes	60,719	0	60,719
Other Deferred/Unavailable Revenue	159,013	0	159,013
Total Deferred Inflows of Resources	<u>\$ 3,647,624</u>	<u>\$ 0</u>	<u>\$ 3,647,624</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 243,214	\$ 699,733	\$ 942,947
Committed:			
Committed for Education	370,510	37,348	407,858
Assigned:			
Assigned for Education	370,153	26,479	396,632
Unassigned	6,482,667	0	6,482,667
Total Fund Balances	<u>\$ 7,466,544</u>	<u>\$ 763,560</u>	<u>\$ 8,230,104</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,851,039</u>	<u>\$ 881,526</u>	<u>\$ 12,732,565</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, 2018

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)		\$	8,230,104
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,764,538	
Add: buildings and improvements net of accumulated depreciation		23,507,716	
Add: infrastructure net of accumulated depreciation		80,356	
Add: other capital assets net of accumulated depreciation		<u>1,430,255</u>	26,782,865
(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	\$	(115,244)	
Less: net OPEB liability		<u>(2,650,485)</u>	(2,765,729)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	2,232,885	
Less: deferred inflows of resources related to pensions		(2,271,402)	
Add: deferred outflows of resources related to OPEB		162,727	
Less: deferred inflows of resources related to OPEB		<u>(115,910)</u>	8,300
(4) Net pension assets pension plans are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	447,977	
Add: net pension asset - teacher retirement plan		48,416	
Add: net pension asset - teacher legacy plan		<u>97,620</u>	594,013
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>219,732</u>
Net position of governmental activities (Exhibit A)			<u><u>\$ 33,069,285</u></u>

## Exhibit J-4

Smith County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Smith County School Department  
For the Year Ended June 30, 2018

	Major Fund	Nonmajor Funds	Total Governmental Funds
	General Purpose School	Other Govern- mental Funds	
<u>Revenues</u>			
Local Taxes	\$ 5,430,064	\$ 0	\$ 5,430,064
Licenses and Permits	1,480	0	1,480
Charges for Current Services	31,442	514,007	545,449
Other Local Revenues	39,252	8,346	47,598
State of Tennessee	17,631,456	17,547	17,649,003
Federal Government	440,990	2,715,235	3,156,225
Other Governments and Citizens Groups	13,466	0	13,466
Total Revenues	<u>\$ 23,588,150</u>	<u>\$ 3,255,135</u>	<u>\$ 26,843,285</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 13,131,731	\$ 1,073,816	\$ 14,205,547
Support Services	7,794,820	390,894	8,185,714
Operation of Non-Instructional Services	798,856	1,810,599	2,609,455
Capital Outlay	500,000	0	500,000
Debt Service:			
Principal on Debt	296,000	0	296,000
Total Expenditures	<u>\$ 22,521,407</u>	<u>\$ 3,275,309</u>	<u>\$ 25,796,716</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,066,743</u>	<u>\$ (20,174)</u>	<u>\$ 1,046,569</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 12,700	\$ 0	\$ 12,700
Transfers Out	0	(12,700)	(12,700)
Total Other Financing Sources (Uses)	<u>\$ 12,700</u>	<u>\$ (12,700)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 1,079,443	\$ (32,874)	\$ 1,046,569
Fund Balance, July 1, 2017	6,387,101	796,434	7,183,535
Fund Balance, June 30, 2018	<u><u>\$ 7,466,544</u></u>	<u><u>\$ 763,560</u></u>	<u><u>\$ 8,230,104</u></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, 2018

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)		\$	1,046,569
(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	\$	670,237	
Less: current-year depreciation expense		<u>(988,329)</u>	(318,092)
(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, 2018	\$	219,732	
Less: deferred delinquent property taxes and other deferred June 30, 2017		<u>(219,421)</u>	311
(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	\$	(17,487)	
Change in net OPEB liability (net of restatement)		48,454	
Change in deferred outflows related to OPEB		162,727	
Change in deferred inflows related to OPEB		(115,910)	
Change in net pension asset - agent plan		229,837	
Change in net pension asset - teacher retirement plan		29,885	
Change in net pension asset - teacher legacy plan		1,981,936	
Change in deferred outflows related to pensions		(1,420,780)	
Change in deferred inflows related to pensions		<u>258,973</u>	<u>1,157,635</u>
Change in net position of governmental activities (Exhibit B)		\$	<u><u>1,886,423</u></u>

## Exhibit J-6

Smith County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Smith County School Department  
June 30, 2018

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 73,674	\$ 727,078	\$ 800,752
Accounts Receivable	0	49	49
Due from Other Governments	80,725	0	80,725
Total Assets	<u>\$ 154,399</u>	<u>\$ 727,127</u>	<u>\$ 881,526</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 613	\$ 27,394	\$ 28,007
Accrued Payroll	54,948	0	54,948
Payroll Deductions Payable	35,011	0	35,011
Total Liabilities	<u>\$ 90,572</u>	<u>\$ 27,394</u>	<u>\$ 117,966</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 699,733	\$ 699,733
Committed:			
Committed for Education	37,348	0	37,348
Assigned:			
Assigned for Education	26,479	0	26,479
Total Fund Balances	<u>\$ 63,827</u>	<u>\$ 699,733</u>	<u>\$ 763,560</u>
Total Liabilities and Fund Balances	<u>\$ 154,399</u>	<u>\$ 727,127</u>	<u>\$ 881,526</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, 2018

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 514,007	\$ 514,007
Other Local Revenues	0	8,346	8,346
State of Tennessee	0	17,547	17,547
Federal Government	1,421,220	1,294,015	2,715,235
Total Revenues	<u>\$ 1,421,220</u>	<u>\$ 1,833,915</u>	<u>\$ 3,255,135</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,073,816	\$ 0	\$ 1,073,816
Support Services	390,894	0	390,894
Operation of Non-Instructional Services	808	1,809,791	1,810,599
Total Expenditures	<u>\$ 1,465,518</u>	<u>\$ 1,809,791</u>	<u>\$ 3,275,309</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (44,298)</u>	<u>\$ 24,124</u>	<u>\$ (20,174)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (12,700)	\$ 0	\$ (12,700)
Total Other Financing Sources (Uses)	<u>\$ (12,700)</u>	<u>\$ 0</u>	<u>\$ (12,700)</u>
Net Change in Fund Balances	\$ (56,998)	\$ 24,124	\$ (32,874)
Fund Balance, July 1, 2017	<u>120,825</u>	<u>675,609</u>	<u>796,434</u>
Fund Balance, June 30, 2018	<u>\$ 63,827</u>	<u>\$ 699,733</u>	<u>\$ 763,560</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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 5,430,064	\$ 0	\$ 0	\$ 5,430,064	\$ 5,112,620	\$ 5,112,620	\$ 317,444
Licenses and Permits	1,480	0	0	1,480	1,600	1,600	(120)
Charges for Current Services	31,442	0	0	31,442	32,000	32,000	(558)
Other Local Revenues	39,252	0	0	39,252	102,500	102,500	(63,248)
State of Tennessee	17,631,456	0	0	17,631,456	17,407,948	17,731,586	(100,130)
Federal Government	440,990	0	0	440,990	543,700	543,700	(102,710)
Other Governments and Citizens Groups	13,466	0	0	13,466	0	15,500	(2,034)
Total Revenues	\$ 23,588,150	\$ 0	\$ 0	\$ 23,588,150	\$ 23,200,368	\$ 23,539,506	\$ 48,644
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 10,731,137	\$ (49,856)	\$ 322,814	\$ 11,004,095	\$ 12,759,100	\$ 12,767,442	\$ 1,763,347
Alternative Instruction Program	70,091	0	0	70,091	71,150	71,150	1,059
Special Education Program	1,436,099	(200)	1,975	1,437,874	1,553,710	1,553,710	115,836
Career and Technical Education Program	894,404	(1,699)	0	892,705	856,600	1,026,088	133,383
<u>Support Services</u>							
Attendance	155,052	0	0	155,052	166,425	166,425	11,373
Health Services	234,014	0	0	234,014	245,860	245,860	11,846
Other Student Support	571,285	0	18,238	589,523	688,700	688,700	99,177
Regular Instruction Program	554,228	(1,243)	650	553,635	645,300	647,462	93,827
Special Education Program	221,225	(3,068)	4,320	222,477	293,290	293,290	70,813
Career and Technical Education Program	24,293	0	0	24,293	28,640	28,640	4,347
Technology	207,503	0	8,213	215,716	245,600	245,600	29,884
Other Programs	125,000	0	0	125,000	0	125,000	0
Board of Education	437,564	0	0	437,564	549,820	549,820	112,256
Director of Schools	178,536	0	0	178,536	218,280	218,280	39,744
Office of the Principal	1,423,598	0	0	1,423,598	1,668,200	1,668,200	244,602
Fiscal Services	333,793	0	0	333,793	385,050	385,050	51,257
Operation of Plant	1,586,727	(1,040)	505	1,586,192	1,812,100	1,812,100	225,908

(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 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 540,016	\$ 0	\$ 0	\$ 540,016	\$ 571,170	\$ 571,170	\$ 31,154
Transportation	1,201,986	0	0	1,201,986	1,457,100	1,457,100	255,114
<u>Operation of Non-Instructional Services</u>							
Food Service	1,167	0	0	1,167	1,210	1,210	43
Community Services	410,271	0	0	410,271	497,706	497,706	87,435
Early Childhood Education	387,418	0	13,438	400,856	506,278	520,178	119,322
<u>Capital Outlay</u>							
Regular Capital Outlay	500,000	0	0	500,000	244,000	619,256	119,256
<u>Principal on Debt</u>							
Education	296,000	0	0	296,000	296,000	296,000	0
Total Expenditures	\$ 22,521,407	\$ (57,106)	\$ 370,153	\$ 22,834,454	\$ 25,761,289	\$ 26,455,437	\$ 3,620,983
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,066,743	\$ 57,106	\$ (370,153)	\$ 753,696	\$ (2,560,921)	\$ (2,915,931)	\$ 3,669,627
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,000	\$ 25,000	\$ (25,000)
Transfers In	12,700	0	0	12,700	20,000	20,000	(7,300)
City General Fund Transfer	0	0	0	0	15,500	0	0
Total Other Financing Sources	\$ 12,700	\$ 0	\$ 0	\$ 12,700	\$ 60,500	\$ 45,000	\$ (32,300)
Net Change in Fund Balance	\$ 1,079,443	\$ 57,106	\$ (370,153)	\$ 766,396	\$ (2,500,421)	\$ (2,870,931)	\$ 3,637,327
Fund Balance, July 1, 2017	6,387,101	(57,106)	0	6,329,995	5,416,904	5,416,904	913,091
Fund Balance, June 30, 2018	\$ 7,466,544	\$ 0	\$ (370,153)	\$ 7,096,391	\$ 2,916,483	\$ 2,545,973	\$ 4,550,418

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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 1,421,220	\$ 0	\$ 0	\$ 1,421,220	\$ 2,357,617	\$ 2,343,103	\$ (921,883)
Total Revenues	\$ 1,421,220	\$ 0	\$ 0	\$ 1,421,220	\$ 2,357,617	\$ 2,343,103	\$ (921,883)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 614,715	\$ (1,684)	\$ 12,297	\$ 625,328	\$ 691,776	\$ 690,571	\$ 65,243
Special Education Program	429,766	(3,312)	332	426,786	857,516	860,320	433,534
Career and Technical Education Program	29,335	(6,994)	13,158	35,499	28,931	35,509	10
<u>Support Services</u>							
Other Student Support	20,038	(1,046)	0	18,992	149,096	144,819	125,827
Regular Instruction Program	265,101	(1,970)	0	263,131	391,303	380,309	117,178
Special Education Program	70,965	0	0	70,965	162,067	162,067	91,102
Career and Technical Education Program	1,133	0	0	1,133	2,200	1,133	0
Transportation	33,657	0	0	33,657	53,478	54,075	20,418
<u>Operation of Non-Instructional Services</u>							
Food Service	808	0	692	1,500	8,550	1,600	100
Total Expenditures	\$ 1,465,518	\$ (15,006)	\$ 26,479	\$ 1,476,991	\$ 2,344,917	\$ 2,330,403	\$ 853,412
Excess (Deficiency) of Revenues Over Expenditures	\$ (44,298)	\$ 15,006	\$ (26,479)	\$ (55,771)	\$ 12,700	\$ 12,700	\$ (68,471)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (12,700)	\$ 0	\$ 0	\$ (12,700)	\$ (12,700)	\$ (12,700)	\$ 0
Total Other Financing Sources	\$ (12,700)	\$ 0	\$ 0	\$ (12,700)	\$ (12,700)	\$ (12,700)	\$ 0
Net Change in Fund Balance	\$ (56,998)	\$ 15,006	\$ (26,479)	\$ (68,471)	\$ 0	\$ 0	\$ (68,471)
Fund Balance, July 1, 2017	120,825	(15,006)	0	105,819	0	0	105,819
Fund Balance, June 30, 2018	\$ 63,827	\$ 0	\$ (26,479)	\$ 37,348	\$ 0	\$ 0	\$ 37,348

## 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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 514,007	\$ 585,500	\$ 585,500	\$ (71,493)
Other Local Revenues	8,346	13,500	13,500	(5,154)
State of Tennessee	17,547	24,000	24,000	(6,453)
Federal Government	1,294,015	1,495,000	1,495,000	(200,985)
Total Revenues	<u>\$ 1,833,915</u>	<u>\$ 2,118,000</u>	<u>\$ 2,118,000</u>	<u>\$ (284,085)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,809,791	\$ 2,118,000	\$ 2,118,000	\$ 308,209
Total Expenditures	<u>\$ 1,809,791</u>	<u>\$ 2,118,000</u>	<u>\$ 2,118,000</u>	<u>\$ 308,209</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 24,124</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24,124</u>
Net Change in Fund Balance	\$ 24,124	\$ 0	\$ 0	\$ 24,124
Fund Balance, July 1, 2017	<u>675,609</u>	<u>622,080</u>	<u>622,080</u>	<u>53,529</u>
Fund Balance, June 30, 2018	<u>\$ 699,733</u>	<u>\$ 622,080</u>	<u>\$ 622,080</u>	<u>\$ 77,653</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Smith County, Tennessee  
Schedule of Changes in Long-term Bonds, Notes, Other Loans,  
and Capital Leases  
For the Year Ended June 30, 2018

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-17	Issued During Period	Paid and/or Matured During Period	(1) Transfers	Outstanding 6-30-18
<u>GOVERNMENTAL ACTIVITIES</u>									
<u>BONDS PAYABLE</u>									
<u>Payable through General Fund</u>									
Fire Trucks	\$ 1,250,000	4.5 %	6-17-09	6-17-29	\$ 845,995	\$ 0	\$ 0	\$ (845,995)	\$ 0
Total Payable through General Fund					<u>\$ 845,995</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (845,995)</u>	<u>\$ 0</u>
<u>Payable through General Debt Service Fund</u>									
Fire Trucks	1,250,000	4.5	6-17-09	6-17-29	\$ 0	\$ 0	\$ 57,718	\$ 845,995	\$ 788,277
General Obligation Refunding Bonds, Series 2015C	8,315,000	4.40	8-20-15	6-1-30	8,215,000	0	550,000	0	7,665,000
Total Payable through General Debt Service Fund					<u>\$ 8,215,000</u>	<u>\$ 0</u>	<u>\$ 607,718</u>	<u>\$ 845,995</u>	<u>\$ 8,453,277</u>
<u>Payable through Education Debt Service Fund</u>									
General Obligation Refunding Bonds, Series 2015A	8,930,000	2 to 5	3-31-15	4-1-21	\$ 6,195,000	\$ 0	\$ 1,455,000	\$ 0	\$ 4,740,000
Total Payable through Education Debt Service Fund					<u>\$ 6,195,000</u>	<u>\$ 0</u>	<u>\$ 1,455,000</u>	<u>\$ 0</u>	<u>\$ 4,740,000</u>
Total Bonds Payable					<u>\$ 15,255,995</u>	<u>\$ 0</u>	<u>\$ 2,062,718</u>	<u>\$ 0</u>	<u>\$ 13,193,277</u>
<u>NOTES PAYABLE</u>									
<u>Payable through General Fund</u>									
EMS Stations	112,500	3.64	7-9-10	7-9-19	\$ 37,500	\$ 0	\$ 0	\$ (37,500)	\$ 0
Patrol Cars	191,000	1.87	11-13-15	2-16-18	87,403	0	0	(87,403)	0
Patrol Cars	191,000	1.53	10-4-16	10-4-19	191,000	0	0	(191,000)	0
Total Payable through General Fund					<u>\$ 315,903</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (315,903)</u>	<u>\$ 0</u>
<u>Payable through Highway/Public Works Fund</u>									
Tar and Chip Projects	200,000	1.90	1-30-15	1-30-18	\$ 66,666	\$ 0	\$ 66,666	\$ 0	\$ 0
Road Materials	232,000	1.71	8-9-16	8-9-20	232,000	0	58,000	0	174,000
Loader	22,000	1.98	1-22-18	1-22-21	0	22,000	0	0	22,000
Total Payable through Highway/Public Works Fund					<u>\$ 298,666</u>	<u>\$ 22,000</u>	<u>\$ 124,666</u>	<u>\$ 0</u>	<u>\$ 196,000</u>

(Continued)

## Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-17	Issued During Period	Paid and/or Matured During Period	(1) Transfers	Outstanding 6-30-18
<u>GOVERNMENTAL ACTIVITIES (CONT.)</u>									
<u>NOTES PAYABLE (Cont.)</u>									
<u>Payable through General Debt Service Fund</u>									
Health Department, Boat Ramp, Playground	\$ 1,066,800	3.85 %	1-16-07	4-23-18	\$ 174,465	\$ 0	\$ 174,465	\$ 0	\$ 0
EMS Stations	112,500	3.64	7-9-10	7-9-19	0	0	12,500	37,500	25,000
Highway Culverts	100,000	2.59	4-4-13	4-4-19	33,333	0	16,667	0	16,666
Ambulance Remount	92,000	2.06	5-8-15	4-24-18	30,666	0	30,666	0	0
Patrol Cars	191,000	1.87	11-13-15	2-16-18	0	0	87,403	87,403	0
Ambulance Remount	86,687	2.00	3-21-16	3-21-19	57,791	0	28,896	0	28,895
Road Material - Flood Damage	250,000	1.79	8-26-16	8-26-22	250,000	0	41,667	0	208,333
Patrol Cars	191,000	1.53	10-4-16	10-4-19	0	0	79,467	191,000	111,533
Trucks - Maintenance and EMA	60,000	1.53	10-24-16	10-24-19	60,000	0	20,000	0	40,000
Ambulance Remount	99,815	2.14	2-9-17	2-9-20	99,815	0	33,272	0	66,543
Soccer Field Lighting	115,000	2.14	2-9-17	2-9-20	115,000	0	38,333	0	76,667
Ambulance Power Cots	56,688	1.66	5-17-17	5-11-23	56,688	0	9,448	0	47,240
Dump Trucks	503,796	2.15	9-5-17	9-5-23	0	503,796	0	0	503,796
Ambulance Remount	99,755	2.15	5-14-18	5-14-21	0	99,755	0	0	99,755
Total Payable through General Debt Service Fund					<u>\$ 877,758</u>	<u>\$ 603,551</u>	<u>\$ 572,784</u>	<u>\$ 315,903</u>	<u>\$ 1,224,428</u>
Total Notes Payable					<u>\$ 1,492,327</u>	<u>\$ 625,551</u>	<u>\$ 697,450</u>	<u>\$ 0</u>	<u>\$ 1,420,428</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	\$ 540,000	\$ 0	\$ 66,000	\$ 0	\$ 474,000
Head Start Facility and New Jail Facility	1,378,599	variable	10-31-07	5-25-27	854,600	0	67,940	0	786,660
Total Other Loans Payable					<u>\$ 1,394,600</u>	<u>\$ 0</u>	<u>\$ 133,940</u>	<u>\$ 0</u>	<u>\$ 1,260,660</u>
<u>CAPITAL LEASES PAYABLE</u>									
<u>Payable through Highway/Public Works Fund</u>									
Tractor and Mower	65,300	5.91	9-21-16	7-21-21	\$ 54,193	\$ 0	\$ 13,131	\$ 0	\$ 41,062
Loader	34,000	0	9-6-17	1-24-18	0	34,000	34,000	0	0
					<u>\$ 54,193</u>	<u>\$ 34,000</u>	<u>\$ 47,131</u>	<u>\$ 0</u>	<u>\$ 41,062</u>

(Continued)

## Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-17	Issued During Period	Paid and/or Matured During Period	(1) Transfers	Outstanding 6-30-18
<u>BUSINESS-TYPE ACTIVITIES</u>									
<u>NOTES PAYABLE</u>									
<u>Payable through Solid Waste Disposal Fund</u>									
Cell Expansion	\$ 829,583	2.97	% 4-27-11	10-25-17	\$ 276,528	\$ 0	\$ 276,528	\$ 0	\$ 0
Landfill Class III Expansion	508,138	2.24	3-7-12	12-18-17	225,839	0	225,839	0	0
Landfill Expansion	2,280,990	3.49	7-19-13	7-19-22	1,520,660	0	253,443	0	1,267,217
Cat Loader	258,280	2.47	12-19-13	12-18-17	129,140	0	129,140	0	0
Dozer and Off-Road Truck	400,000	2.01	4-30-15	4-30-21	240,066	0	66,667	0	173,399
Packer	466,000	2.24	8-14-15	12-18-17	388,333	0	388,333	0	0
Landfill Tract III - Phases 1 and 2	496,830	1.66	3-16-17	3-16-23	496,830	0	82,805	0	414,025
Track Loader	310,531	2.14	3-16-17	3-16-20	309,989	0	103,510	0	206,479
Landfill Site Development Tract III Phases 1 and 2	2,800,000	2.70	5-4-18	5-1-30	0	2,800,000	0	0	2,800,000
Total Notes Payable					\$ 3,587,385	\$ 2,800,000	\$ 1,526,265	\$ 0	\$ 4,861,120
<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	\$ 1,740,643	\$ 0	\$ 36,289	\$ 0	\$ 1,704,354

(1) The County Commission transferred the General Fund outstanding debt to the General Debt Service Fund effective 7-1-2017.

## Exhibit K-2

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

GOVERNMENTAL ACTIVITIES

Year Ending June 30	Bonds		
	Principal	Interest	Total
2019	\$ 2,144,221	\$ 371,641	\$ 2,515,862
2020	2,236,886	281,526	2,518,412
2021	2,264,671	235,241	2,499,912
2022	667,581	188,332	855,913
2023	680,622	173,293	853,915
2024	698,800	156,388	855,188
2025	717,121	137,442	854,563
2026	735,591	117,972	853,563
2027	754,218	96,332	850,550
2028	783,008	72,442	855,450
2029	775,558	47,632	823,190
2030	735,000	22,050	757,050
Total	\$ 13,193,277	\$ 1,900,291	\$ 15,093,568

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 447,000	\$ 25,808	\$ 472,808
2020	385,637	17,703	403,340
2021	233,665	10,014	243,679
2022	135,081	5,951	141,032
2023	135,079	3,241	138,320
2024	83,966	910	84,876
Total	\$ 1,420,428	\$ 63,627	\$ 1,484,055

(Continued)



Exhibit K-2

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

GOVERNMENTAL ACTIVITIES (CONT.)

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2019	\$ 138,340	\$ 19,036	\$ 9,353	\$ 166,729
2020	143,910	16,947	8,550	169,407
2021	149,650	14,774	7,715	172,139
2022	155,590	12,515	6,847	174,952
2023	161,720	10,164	5,944	177,828
2024	167,050	7,723	5,006	179,779
2025	138,610	5,200	4,037	147,847
2026	100,390	3,107	2,214	105,711
2027	105,400	1,592	1,631	108,623
Total	\$ 1,260,660	\$ 91,058	\$ 51,297	\$ 1,403,015

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2019	\$ 11,785	\$ 1,937	\$ 13,722
2020	13,604	1,366	14,970
2021	14,430	540	14,970
2022	1,243	6	1,249
Total	\$ 41,062	\$ 3,849	\$ 44,911

(Continued)

## Exhibit K-2

Smith County, TennesseeSchedule of Long-term Debt Requirements by Year (Cont.)BUSINESS-TYPE ACTIVITIES

Year Ending June 30	Notes		
	Principal	Interest	Total
2019	\$ 711,425	\$ 138,447	\$ 849,872
2020	715,885	119,226	835,111
2021	591,313	99,172	690,485
2022	556,248	81,081	637,329
2023	561,249	64,261	625,510
2024	230,000	51,750	281,750
2025	235,000	44,850	279,850
2026	240,000	37,800	277,800
2027	245,000	30,600	275,600
2028	250,000	23,250	273,250
2029	260,000	15,750	275,750
2030	265,000	7,950	272,950
Total	\$ 4,861,120	\$ 714,137	\$ 5,575,257

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2019	\$ 31,215	\$ 66,245	\$ 97,460
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
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

(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
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	10,163	58	10,221
Total	\$ 1,704,354	\$ 1,167,647	\$ 2,872,001

Exhibit K-3

Smith County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Smith County School Department  
For the Year Ended June 30, 2018

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt retirement	\$ 480,737
Highway/Public Works	"	"	113,740
"	General	Accounting services	64,021
Solid Waste Disposal	"	"	<u>31,235</u>
Total Transfers Primary Government			<u>\$ 689,733</u>
<u>DISCRETELY PRESENTED SMITH COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 12,700</u>
Total Transfers Discretely Presented Smith County School Department			<u>\$ 12,700</u>

Exhibit K-4

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, 2018

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i> , and Smith County Commission	\$ 79,326	\$ 100,000	Cincinnati Insurance Company
Road Commissioner	Section 8-24-102, <i>TCA</i>	75,550	100,000	"
Director of Schools	State Board of Education and Smith County Board of Education	140,440 (1)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	68,682	1,153,816	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	68,682	50,000	"
Director of Accounts and Budgets (2)	County Commission	55,474 (3)	100,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	68,682	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	68,682	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	68,682 (4)	100,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	68,682	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	75,550 (5)	100,000	"
Employee Dishonesty Bond Coverage:				
General County and Highway Department Employees			400,000	Local Government Property and Casualty Fund
School Department Employees			250,000	Cincinnati Insurance Company

- (1) Does not include a chief executive officer training supplement (career ladder) of \$500.  
(2) The Fiscal Control Act of 1957 was enacted during the year. The Director of Accounts and Budgets took office on September 11, 2017.  
(3) Does not include grant administrative fees of \$4,345.  
(4) Does not include special commissioner fees of \$18,118.  
(5) Does not include a law enforcement training supplement of \$600.

Exhibit K-5

Smith County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2018

	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	\$ 3,191,879	\$ 0	\$ 280,422	\$ 744,976	\$ 437,377
Trustee's Collections - Prior Year	99,217	0	8,017	15,033	13,029
Trustee's Collections - Bankruptcy	643	0	52	100	85
Circuit Clerk/Clerk and Master Collections - Prior Years	97,506	0	7,879	14,774	13,881
Interest and Penalty	18,591	0	1,532	3,146	2,464
Payments in-Lieu-of Taxes - T.V.A.	997	0	88	232	137
Payments in-Lieu-of Taxes - Other	11,666	0	828	2,197	1,292
<u>County Local Option Taxes</u>					
Local Option Sales Tax	833,861	0	0	0	649,448
Wheel Tax	0	0	0	294,752	223,177
Litigation Tax - General	52,307	0	0	20,495	0
Litigation Tax - Special Purpose	7,094	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	2,224	0	0	43,647	0
Business Tax	149,598	0	0	0	0
Mineral Severance Tax	0	0	83,656	0	0
Other County Local Option Taxes	3,020	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	102,963	0	7,534	17,579	15,066
Wholesale Beer Tax	48,399	0	0	0	0
Interstate Telecommunications Tax	2,252	0	0	0	0
Other Statutory Local Taxes	194	0	0	0	0
Total Local Taxes	\$ 4,622,411	\$ 0	\$ 390,008	\$ 1,156,931	\$ 1,355,956

(Continued)

## Exhibit K-5

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</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 160	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	46,111	0	0	0	0
<u>Permits</u>					
Beer Permits	625	0	0	0	0
Building Permits	65,950	0	0	0	0
Other Permits	30,995	0	0	0	0
Total Licenses and Permits	\$ 143,841	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 209	\$ 0	\$ 0	\$ 0	\$ 0
Jail Fees	0	0	0	978	0
Data Entry Fee - Circuit Court	1,178	0	0	0	0
Victims Assistance Assessments	2,880	0	0	0	0
<u>Criminal Court</u>					
Data Entry Fee - Criminal Court	44	0	0	0	0
<u>General Sessions Court</u>					
Fines	2,181	0	0	0	0
Game and Fish Fines	130	0	0	0	0
Drug Control Fines	5,404	2,062	0	0	0
Drug Court Fees	598	17,910	0	0	0
DUI Treatment Fines	3,820	0	0	0	0
Data Entry Fee - General Sessions Court	13,007	0	0	0	0
Courtroom Security Fee	50,636	0	0	0	0
Victims Assistance Assessments	12,538	0	0	0	0

(Continued)

## Exhibit K-5

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>Juvenile Court</u>					
Data Entry Fee - Juvenile Court	\$ 404	\$ 0	\$ 0	\$ 0	\$ 0
<u>Chancery Court</u>					
Officers Costs	2,904	0	0	0	0
Data Entry Fee - Chancery Court	736	0	0	0	0
Courtroom Security Fee	0	0	0	3,986	0
<u>Judicial District Drug Program</u>					
Courtroom Security Fee	900	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	1,490	18,176	0	0	0
Other Fines, Forfeitures, and Penalties	4,096	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 103,155	\$ 38,148	\$ 0	\$ 4,964	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 1,056,408	\$ 0	\$ 0	\$ 0	\$ 0
Other General Service Charges	1,407	0	0	0	0
<u>Fees</u>					
Recreation Fees	21,069	0	0	0	0
Copy Fees	781	0	0	0	0
Telephone Commissions	61,598	0	0	0	0
Data Processing Fee - Register	7,562	0	0	0	0
Data Processing Fee - Sheriff	2,362	0	0	0	0
Sexual Offender Registration Fee - Sheriff	3,600	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	55	0	0	0	0

(Continued)



## Exhibit K-5

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	\$ 81,511	\$ 0	\$ 0	\$ 0	\$ 0
TBI Criminal Background Fee	300	0	0	0	0
Other Charges for Services	15	0	0	0	0
Total Charges for Current Services	<u>\$ 1,236,668</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 67,902	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	24,250	0	0	106,250	0
Commissary Sales	8,548	0	0	0	0
Sale of Recycled Materials	0	0	1,729	0	0
Miscellaneous Refunds	32,033	0	21,844	27	0
<u>Nonrecurring Items</u>					
Sale of Equipment	33,100	0	0	0	0
Damages Recovered from Individuals	250	0	0	0	0
Contributions and Gifts	5,275	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	1,124	0	10,980	0	0
Total Other Local Revenues	<u>\$ 172,482</u>	<u>\$ 0</u>	<u>\$ 34,553</u>	<u>\$ 106,277</u>	<u>\$ 0</u>
<u>Fees Received From County Officials</u>					
<u>Excess Fees</u>					
Circuit Court Clerk	\$ 2,451	\$ 0	\$ 0	\$ 0	\$ 0
General Sessions Court Clerk	894	0	0	0	0

(Continued)

## Exhibit K-5

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 (Cont.)</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 163,933	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	56,240	0	0	0	0
General Sessions Court Clerk	186,609	0	0	0	0
Clerk and Master	67,033	0	0	0	0
Register	102,342	0	0	0	0
Sheriff	64,798	0	0	0	0
Trustee	332,301	0	0	0	0
Total Fees Received From County Officials	<u>\$ 976,601</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	6,509	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	14,400	0	0	0	0
Drug Control Grants	57,791	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	57,182	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	254,224	0	0
State Aid Program	0	0	381,867	0	0
Litter Program	42,877	0	0	0	0
<u>Other State Revenues</u>					
Flood Control	7,052	0	0	0	0
Income Tax	36,358	0	0	0	0

(Continued)

Exhibit K-5

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>					
Vehicle Certificate of Title Fees	\$ 17,617	\$ 0	\$ 0	\$ 0	\$ 0
Alcoholic Beverage Tax	46,307	0	0	0	0
State Revenue Sharing - T.V.A.	482,866	0	0	0	0
State Revenue Sharing - Telecommunications	50,368	0	0	0	0
Contracted Prisoner Boarding	1,062,761	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	1,907,813	0	0
Petroleum Special Tax	0	0	13,829	0	0
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	50,621	0	0	0	0
Other State Revenues	32,802	0	0	0	0
Total State of Tennessee	\$ 1,989,675	\$ 0	\$ 2,557,733	\$ 0	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Other Federal through State	\$ 373,679	\$ 0	\$ 0	\$ 0	\$ 0
<u>Direct Federal Revenue</u>					
Police Service (Lake Area)	21,816	0	0	0	0
Other Direct Federal Revenue	41,908	0	0	0	0
Total Federal Government	\$ 437,403	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 390,940	\$ 0	\$ 0	\$ 0	\$ 296,000
<u>Citizens Groups</u>					
Donations	8,618	0	0	0	0
Total Other Governments and Citizens Groups	\$ 399,558	\$ 0	\$ 0	\$ 0	\$ 296,000
Total	\$ 10,081,794	\$ 38,148	\$ 2,982,294	\$ 1,268,172	\$ 1,651,956

(Continued)

## Exhibit K-5

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

	Permanent Fund		
	Endowment	Total	
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$ 4,654,654	
Trustee's Collections - Prior Year	0	135,296	
Trustee's Collections - Bankruptcy	0	880	
Circuit Clerk/Clerk and Master Collections - Prior Years	0	134,040	
Interest and Penalty	0	25,733	
Payments in-Lieu-of Taxes - T.V.A.	0	1,454	
Payments in-Lieu-of Taxes - Other	0	15,983	
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0	1,483,309	
Wheel Tax	0	517,929	
Litigation Tax - General	0	72,802	
Litigation Tax - Special Purpose	0	7,094	
Litigation Tax - Jail, Workhouse, or Courthouse	0	45,871	
Business Tax	0	149,598	
Mineral Severance Tax	0	83,656	
Other County Local Option Taxes	0	3,020	
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	143,142	
Wholesale Beer Tax	0	48,399	
Interstate Telecommunications Tax	0	2,252	
Other Statutory Local Taxes	0	194	
Total Local Taxes	\$ 0	\$ 7,525,306	

(Continued)

## Exhibit K-5

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

	<u>Permanent Fund</u>	
	Endowment	Total
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Marriage Licenses	\$ 0	\$ 160
Cable TV Franchise	0	46,111
<u>Permits</u>		
Beer Permits	0	625
Building Permits	0	65,950
Other Permits	0	30,995
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 143,841</u>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 209
Jail Fees	0	978
Data Entry Fee - Circuit Court	0	1,178
Victims Assistance Assessments	0	2,880
<u>Criminal Court</u>		
Data Entry Fee - Criminal Court	0	44
<u>General Sessions Court</u>		
Fines	0	2,181
Game and Fish Fines	0	130
Drug Control Fines	0	7,466
Drug Court Fees	0	18,508
DUI Treatment Fines	0	3,820
Data Entry Fee - General Sessions Court	0	13,007
Courtroom Security Fee	0	50,636
Victims Assistance Assessments	0	12,538

(Continued)

## Exhibit K-5

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

	Permanent Fund	
	Endowment	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Juvenile Court</u>		
Data Entry Fee - Juvenile Court	\$ 0	\$ 404
<u>Chancery Court</u>		
Officers Costs	0	2,904
Data Entry Fee - Chancery Court	0	736
Courtroom Security Fee	0	3,986
<u>Judicial District Drug Program</u>		
Courtroom Security Fee	0	900
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	19,666
Other Fines, Forfeitures, and Penalties	0	4,096
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 146,267</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Patient Charges	\$ 0	\$ 1,056,408
Other General Service Charges	0	1,407
<u>Fees</u>		
Recreation Fees	0	21,069
Copy Fees	0	781
Telephone Commissions	0	61,598
Data Processing Fee - Register	0	7,562
Data Processing Fee - Sheriff	0	2,362
Sexual Offender Registration Fee - Sheriff	0	3,600
Vehicle Insurance Coverage and Reinstatement Fees	0	55

(Continued)

## Exhibit K-5

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

	<u>Permanent Fund</u>	
	Endowment	Total
<u>Charges for Current Services (Cont.)</u>		
<u>Education Charges</u>		
Tuition - Other	\$ 0	\$ 81,511
TBI Criminal Background Fee	0	300
Other Charges for Services	0	15
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 1,236,668</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 320	\$ 68,222
Lease/Rentals	0	130,500
Commissary Sales	0	8,548
Sale of Recycled Materials	0	1,729
Miscellaneous Refunds	0	53,904
<u>Nonrecurring Items</u>		
Sale of Equipment	0	33,100
Damages Recovered from Individuals	0	250
Contributions and Gifts	0	5,275
<u>Other Local Revenues</u>		
Other Local Revenues	0	12,104
Total Other Local Revenues	<u>\$ 320</u>	<u>\$ 313,632</u>
<u>Fees Received From County Officials</u>		
<u>Excess Fees</u>		
Circuit Court Clerk	\$ 0	\$ 2,451
General Sessions Court Clerk	0	894

(Continued)

## Exhibit K-5

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

	<u>Permanent Fund</u>		
	Endowment	Total	
<u>Fees Received From County Officials (Cont.)</u>			
<u>Fees In-Lieu-of Salary</u>			
County Clerk	\$ 0	\$ 163,933	
Circuit Court Clerk	0	56,240	
General Sessions Court Clerk	0	186,609	
Clerk and Master	0	67,033	
Register	0	102,342	
Sheriff	0	64,798	
Trustee	0	332,301	
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 976,601</u>	
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$ 0	\$ 9,000	
Aging Programs	0	6,509	
<u>Public Safety Grants</u>			
Law Enforcement Training Programs	0	14,400	
Drug Control Grants	0	57,791	
<u>Health and Welfare Grants</u>			
Health Department Programs	0	57,182	
<u>Public Works Grants</u>			
Bridge Program	0	254,224	
State Aid Program	0	381,867	
Litter Program	0	42,877	
<u>Other State Revenues</u>			
Flood Control	0	7,052	
Income Tax	0	36,358	

(Continued)



## Exhibit K-5

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

	<u>Permanent Fund</u>	
	Endowment	Total
<u>State of Tennessee (Cont.)</u>		
<u>Other State Revenues (Cont.)</u>		
Vehicle Certificate of Title Fees	\$ 0	\$ 17,617
Alcoholic Beverage Tax	0	46,307
State Revenue Sharing - T.V.A.	0	482,866
State Revenue Sharing - Telecommunications	0	50,368
Contracted Prisoner Boarding	0	1,062,761
Gasoline and Motor Fuel Tax	0	1,907,813
Petroleum Special Tax	0	13,829
Registrar's Salary Supplement	0	15,164
Other State Grants	0	50,621
Other State Revenues	0	32,802
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 4,547,408</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
Other Federal through State	\$ 0	\$ 373,679
<u>Direct Federal Revenue</u>		
Police Service (Lake Area)	0	21,816
Other Direct Federal Revenue	0	41,908
Total Federal Government	<u>\$ 0</u>	<u>\$ 437,403</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 0	\$ 686,940
<u>Citizens Groups</u>		
Donations	0	8,618
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 695,558</u>
Total	<u>\$ 320</u>	<u>\$ 16,022,684</u>

Exhibit K-6

Smith County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Smith County School Department  
For the Year Ended June 30, 2018

	<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	\$ 3,346,112	\$ 0	\$ 0	\$ 3,346,112
Trustee's Collections - Prior Year	97,211	0	0	97,211
Trustee's Collections - Bankruptcy	632	0	0	632
Circuit Clerk/Clerk and Master Collections - Prior Years	98,331	0	0	98,331
Interest and Penalty	18,491	0	0	18,491
Payments in-Lieu-of Taxes - T.V.A.	1,045	0	0	1,045
Payments in-Lieu-of Taxes - Other	9,880	0	0	9,880
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,749,732	0	0	1,749,732
Mineral Severance Tax	644	0	0	644
<u>Statutory Local Taxes</u>				
Bank Excise Tax	107,986	0	0	107,986
Total Local Taxes	\$ 5,430,064	\$ 0	\$ 0	\$ 5,430,064
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,480	\$ 0	\$ 0	\$ 1,480
Total Licenses and Permits	\$ 1,480	\$ 0	\$ 0	\$ 1,480
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 3,530	\$ 0	\$ 0	\$ 3,530
Lunch Payments - Children	0	0	387,294	387,294
Lunch Payments - Adults	0	0	63,354	63,354

(Continued)

Exhibit K-6

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>				
Special Milk Sales	\$ 0	\$ 0	\$ 1,000	\$ 1,000
A la Carte Sales	0	0	62,083	62,083
Receipts from Individual Schools	27,912	0	276	28,188
Total Charges for Current Services	\$ 31,442	\$ 0	\$ 514,007	\$ 545,449
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 1,305	\$ 0	\$ 590	\$ 1,895
Sale of Recycled Materials	0	0	218	218
E-Rate Funding	7,341	0	0	7,341
Commodity Rebates	0	0	7,493	7,493
Miscellaneous Refunds	28,090	0	45	28,135
<u>Nonrecurring Items</u>				
Sale of Equipment	2,261	0	0	2,261
<u>Other Local Revenues</u>				
Other Local Revenues	255	0	0	255
Total Other Local Revenues	\$ 39,252	\$ 0	\$ 8,346	\$ 47,598
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 125,000	\$ 0	\$ 0	\$ 125,000
<u>State Education Funds</u>				
Basic Education Program	16,703,609	0	0	16,703,609
Early Childhood Education	413,245	0	0	413,245

(Continued)

## Exhibit K-6

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

	Special Revenue Funds			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
School Food Service	\$ 0	\$ 0	\$ 17,547	\$ 17,547
Driver Education	10,534	0	0	10,534
Other State Education Funds	165,342	0	0	165,342
Career Ladder Program	63,984	0	0	63,984
Vocational Equipment	144,488	0	0	144,488
<u>Other State Revenues</u>				
Other State Grants	5,254	0	0	5,254
Total State of Tennessee	\$ 17,631,456	\$ 0	\$ 17,547	\$ 17,649,003
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 779,726	\$ 779,726
USDA - Commodities	0	0	148,705	148,705
Breakfast	0	0	344,600	344,600
USDA - Other	0	0	20,984	20,984
Vocational Education - Basic Grants to States	0	49,839	0	49,839
Title I Grants to Local Education Agencies	0	663,329	0	663,329
Special Education - Grants to States	23,121	507,887	0	531,008
Special Education Preschool Grants	0	20,523	0	20,523
Rural Education	0	47,603	0	47,603
Eisenhower Professional Development State Grants	0	103,705	0	103,705
Other Federal through State	417,869	28,334	0	446,203
Total Federal Government	\$ 440,990	\$ 1,421,220	\$ 1,294,015	\$ 3,156,225

(Continued)

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	\$ 13,466	\$ 0	\$ 0	\$ 13,466
Total Other Governments and Citizens Groups	<u>\$ 13,466</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,466</u>
 Total	 <u>\$ 23,588,150</u>	 <u>\$ 1,421,220</u>	 <u>\$ 1,833,915</u>	 <u>\$ 26,843,285</u>

## Exhibit K-7

Smith County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2018

General FundGeneral GovernmentCounty Commission

Other Salaries and Wages	\$	400	
Board and Committee Members Fees		13,900	
Other Per Diem and Fees		6,133	
Social Security		1,563	
Audit Services		7,091	
Dues and Memberships		2,366	
Total County Commission			\$ 31,453

Board of Equalization

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

County Mayor/Executive

County Official/Administrative Officer	\$	79,326	
Secretary(ies)		32,962	
Overtime Pay		2,004	
In-service Training		120	
Social Security		8,658	
Pensions		6,858	
Medical Insurance		5,933	
Communication		4,572	
Dues and Memberships		1,350	
Operating Lease Payments		750	
Travel		270	
Office Supplies		4,607	
Premiums on Corporate Surety Bonds		607	
Data Processing Equipment		16,617	
Office Equipment		130	
Total County Mayor/Executive			164,764

County Attorney

County Official/Administrative Officer	\$	35,000	
Total County Attorney			35,000

Election Commission

County Official/Administrative Officer	\$	61,633	
Clerical Personnel		30,066	
Custodial Personnel		4,280	
Part-time Personnel		6,386	
Overtime Pay		1,231	
Election Commission		5,300	
Election Workers		10,480	
Social Security		7,439	
Pensions		5,569	
Medical Insurance		3,468	
Advertising		2,000	
Communication		3,012	

(Continued)

## Exhibit K-7

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

General Fund (Cont.)General Government (Cont.)Election Commission (Cont.)

Data Processing Services	\$	3,061	
Dues and Memberships		175	
Maintenance Agreements		14,795	
Postal Charges		2,042	
Printing, Stationery, and Forms		351	
Rentals		650	
Travel		1,818	
Office Supplies		2,988	
Other Supplies and Materials		933	
Data Processing Equipment		8,211	
Total Election Commission			\$ 175,888

Register of Deeds

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		59,018	
Data Processing Personnel		5,719	
Social Security		9,308	
Pensions		7,662	
Medical Insurance		6,936	
Communication		3,304	
Dues and Memberships		507	
Operating Lease Payments		14	
Office Supplies		3,189	
Premiums on Corporate Surety Bonds		300	
Total Register of Deeds			164,639

Planning

Other Per Diem and Fees	\$	1,200	
Social Security		6	
Dues and Memberships		10,750	
Total Planning			11,956

Codes Compliance

County Official/Administrative Officer	\$	40,000	
Deputy(ies)		14,687	
Social Security		4,166	
Pensions		2,400	
Advertising		231	
Communication		1,296	
Contracts with Government Agencies		31,300	
Contracts with Private Agencies		400	
Maintenance and Repair Services - Office Equipment		125	
Maintenance and Repair Services - Vehicles		25	
Postal Charges		308	
Printing, Stationery, and Forms		1,187	
Travel		299	
Gasoline		162	

(Continued)

## Exhibit K-7

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

General Fund (Cont.)General Government (Cont.)Codes Compliance (Cont.)

Office Supplies	\$	995	
Road Signs		8,075	
Uniforms		262	
Other Supplies and Materials		134	
Refunds		750	
Office Equipment		1,756	
Total Codes Compliance			\$ 108,558

County Buildings

Deputy(ies)	\$	148,373	
Overtime Pay		6,579	
Social Security		11,197	
Pensions		6,176	
Medical Insurance		13,005	
Advertising		560	
Communication		15,654	
Contracts with Private Agencies		2,698	
Engineering Services		4,013	
Maintenance and Repair Services - Buildings		152,636	
Maintenance and Repair Services - Equipment		8,567	
Maintenance and Repair Services - Vehicles		5,340	
Medical and Dental Services		60	
Rentals		9,188	
Custodial Supplies		3,937	
Gasoline		6,417	
Uniforms		795	
Utilities		242,561	
Other Supplies and Materials		3,531	
Building Improvements		85,409	
Total County Buildings			726,696

FinanceAccounting and Budgeting

Supervisor/Director	\$	55,474	
Accountants/Bookkeepers		83,099	
Salary Supplements		1,200	
Overtime Pay		2,303	
In-service Training		705	
Social Security		9,809	
Pensions		7,981	
Medical Insurance		9,904	
Advertising		140	
Communication		1,083	
Dues and Memberships		25	
Operating Lease Payments		750	
Maintenance and Repair Services - Office Equipment		250	
Medical and Dental Services		30	

(Continued)



## Exhibit K-7

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

General Fund (Cont.)Finance (Cont.)Accounting and Budgeting (Cont.)

Postal Charges	\$	2,076	
Printing, Stationery, and Forms		1,640	
Travel		317	
Office Supplies		4,041	
Premiums on Corporate Surety Bonds		346	
Office Equipment		3,658	
Total Accounting and Budgeting			\$ 184,831

Property Assessor's Office

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		59,018	
Social Security		9,593	
Pensions		7,662	
Medical Insurance		2,023	
Advertising		84	
Communication		3,668	
Contracts with Government Agencies		7,571	
Dues and Memberships		1,350	
Postal Charges		1,838	
Travel		5,497	
Other Contracted Services		5,500	
Office Supplies		3,012	
Premiums on Corporate Surety Bonds		150	
Total Property Assessor's Office			175,648

Reappraisal Program

Deputy(ies)	\$	14,560	
Social Security		1,114	
Total Reappraisal Program			15,674

County Trustee's Office

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		60,154	
In-service Training		200	
Social Security		9,268	
Pensions		7,064	
Medical Insurance		1,445	
Communication		2,897	
Dues and Memberships		507	
Legal Notices, Recording, and Court Costs		190	
Maintenance and Repair Services - Office Equipment		134	
Postal Charges		4,350	
Other Contracted Services		6,085	
Office Supplies		2,282	
Premiums on Corporate Surety Bonds		1,960	
Data Processing Equipment		6,000	
Office Equipment		379	
Total County Trustee's Office			171,597

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		114,802	
Part-time Personnel		9,100	
Overtime Pay		1,920	
Social Security		14,393	
Pensions		11,124	
Medical Insurance		7,803	
Advertising		25	
Communication		5,342	
Dues and Memberships		607	
Operating Lease Payments		916	
Medical and Dental Services		30	
Postal Charges		6,965	
Printing, Stationery, and Forms		1,039	
Office Supplies		4,221	
Premiums on Corporate Surety Bonds		650	
Data Processing Equipment		16,447	
Office Equipment		1,288	
Total County Clerk's Office			\$ 265,354

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		145,873	
Overtime Pay		1,097	
Jury and Witness Expense		6,937	
Social Security		16,085	
Pensions		12,939	
Medical Insurance		6,936	
Communication		3,441	
Dues and Memberships		1,048	
Operating Lease Payments		1,888	
Postal Charges		1,023	
Other Contracted Services		1,414	
Office Supplies		13,209	
Premiums on Corporate Surety Bonds		725	
Data Processing Equipment		12,742	
Total Circuit Court			294,039

General Sessions Judge

Judge(s)	\$	100,301
Part-time Personnel		22,720
In-service Training		405
Social Security		9,411
Pensions		6,018
Communication		1,038
Dues and Memberships		350

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Travel	\$	192	
Other Contracted Services		4,067	
Food Supplies		8,301	
Office Supplies		175	
Other Supplies and Materials		526	
Other Equipment		3,600	
Total General Sessions Judge			\$ 157,104

Drug Court

Supervisor/Director	\$	29,314	
Accountants/Bookkeepers		1,500	
Part-time Personnel		14,858	
Social Security		3,089	
Pensions		1,074	
Medical Insurance		3,179	
Communication		1,005	
Contracts with Private Agencies		1,215	
Fiscal Agent Charges		3,494	
Travel		1,833	
Drugs and Medical Supplies		8,337	
Office Supplies		1,791	
Total Drug Court			70,689

Chancery Court

County Official/Administrative Officer	\$	68,682	
Deputy(ies)		30,066	
Social Security		7,199	
Pensions		4,745	
Medical Insurance		6,936	
Communication		1,707	
Dues and Memberships		507	
Operating Lease Payments		202	
Legal Notices, Recording, and Court Costs		28	
Library Books/Media		377	
Office Supplies		2,330	
Premiums on Corporate Surety Bonds		451	
Data Processing Equipment		4,692	
Total Chancery Court			127,922

Judicial Commissioners

County Official/Administrative Officer	\$	18,763	
Other Salaries and Wages		3,382	
In-service Training		150	
Social Security		1,689	
Pensions		59	
Communication		125	
Travel		450	
Total Judicial Commissioners			24,618

(Continued)

## Exhibit K-7

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	\$ 7,500	
Total Other Administration of Justice		\$ 7,500

Public SafetySheriff's Department

County Official/Administrative Officer	\$ 75,550	
Deputy(ies)	343,141	
Detective(s)	79,533	
Captain(s)	52,750	
Lieutenant(s)	91,609	
Sergeant(s)	234,108	
Paraprofessionals	37,086	
Salary Supplements	14,400	
Dispatchers/Radio Operators	127,514	
Guards	107,449	
Clerical Personnel	33,248	
Attendants	22,467	
Custodial Personnel	25,293	
Maintenance Personnel	31,263	
School Resource Officer	140,676	
Overtime Pay	88,272	
Other Salaries and Wages	36,584	
In-service Training	13,542	
Social Security	112,833	
Pensions	86,784	
Medical Insurance	77,038	
Communication	25,417	
Contributions	200	
Dues and Memberships	1,500	
Operating Lease Payments	8,684	
Maintenance and Repair Services - Office Equipment	1,004	
Maintenance and Repair Services - Vehicles	26,208	
Medical and Dental Services	2,791	
Travel	1,026	
Gasoline	85,318	
Office Supplies	13,549	
Uniforms	15,207	
Other Supplies and Materials	4,232	
Premiums on Corporate Surety Bonds	650	
Other Charges	1,616	
Law Enforcement Equipment	942	
Other Equipment	11,421	
Total Sheriff's Department		2,030,905

Traffic Control

Traffic Control Equipment	\$ 592	
Total Traffic Control		592

(Continued)

## Exhibit K-7

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

General Fund (Cont.)Public Safety (Cont.)Jail

Cafeteria Personnel	\$	18,476	
Overtime Pay		1,965	
Social Security		1,514	
Pensions		522	
Medical Insurance		1,010	
Medical and Dental Services		235,483	
Other Contracted Services		433	
Custodial Supplies		20,938	
Food Supplies		163,254	
Other Supplies and Materials		9,503	
Total Jail			\$ 453,098

Correctional Incentive Program Improvements

Supervisor/Director	\$	41,683	
Deputy(ies)		628,792	
Overtime Pay		43,659	
Social Security		51,989	
Pensions		31,328	
Medical Insurance		50,859	
Total Correctional Incentive Program Improvements			848,310

Juvenile Services

Youth Service Officer(s)	\$	30,500	
Part-time Personnel		13,502	
In-service Training		350	
Social Security		3,345	
Pensions		1,830	
Communication		1,080	
Travel		1,001	
Other Contracted Services		13,217	
Drugs and Medical Supplies		1,648	
Total Juvenile Services			66,473

Fire Prevention and Control

Deputy(ies)	\$	13,744	
In-service Training		1,246	
Social Security		1,051	
Advertising		140	
Maintenance and Repair Services - Vehicles		23,695	
Medical and Dental Services		120	
Rentals		17,410	
Other Contracted Services		80,760	
Gasoline		3,470	
Office Supplies		30	
Utilities		15,192	
Other Supplies and Materials		4,975	
Other Charges		4,700	
Other Equipment		321,291	
Total Fire Prevention and Control			487,824

(Continued)

## Exhibit K-7

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	\$	18,166	
Social Security		1,390	
Communication		4,123	
Maintenance and Repair Services - Vehicles		3,932	
Other Contracted Services		750	
Gasoline		2,948	
Office Supplies		243	
Uniforms		403	
Utilities		1,308	
Other Supplies and Materials		394	
Other Equipment		8,355	
Total Other Emergency Management			42,012

Inspection and Regulation

Supervisor/Director	\$	3,200	
Social Security		245	
Pensions		192	
Total Inspection and Regulation			3,637

County Coroner/Medical Examiner

Other Contracted Services	\$	62,525	
Other Supplies and Materials		262	
Other Equipment		1,428	
Total County Coroner/Medical Examiner			64,215

Public Safety Grants Program

Accountants/Bookkeepers	\$	3,091	
Social Security		236	
Pensions		185	
Advertising		12,851	
Dues and Memberships		650	
Postal Charges		39	
Printing, Stationery, and Forms		587	
Travel		1,438	
Other Contracted Services		48,448	
Instructional Supplies and Materials		996	
Office Supplies		1,098	
Liability Insurance		1,247	
Total Public Safety Grants Program			70,866

Other Public Safety

Deputy(ies)	\$	14,080	
Dispatchers/Radio Operators		198,492	

(Continued)

## Exhibit K-7

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

General Fund (Cont.)Public Safety (Cont.)Other Public Safety (Cont.)

Longevity Pay	\$	5,696	
Overtime Pay		21,082	
Social Security		16,862	
Pensions		14,247	
Medical Insurance		16,772	
Total Other Public Safety			\$ 287,231

Public Health and WelfareLocal Health Center

Communication	\$	4,079	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		819	
Custodial Supplies		663	
Drugs and Medical Supplies		675	
Office Supplies		1,235	
Uniforms		298	
Utilities		17,494	
Other Supplies and Materials		452	
Total Local Health Center			25,915

Ambulance/Emergency Medical Services

Medical Personnel	\$	663,188	
Longevity Pay		4,506	
Overtime Pay		340,828	
In-service Training		9,192	
Social Security		73,824	
Pensions		57,906	
Medical Insurance		46,847	
Communication		17,123	
Operating Lease Payments		3,154	
Licenses		2,870	
Maintenance and Repair Services - Equipment		4,037	
Maintenance and Repair Services - Vehicles		29,407	
Medical and Dental Services		555	
Other Contracted Services		3,504	
Custodial Supplies		1,516	
Drugs and Medical Supplies		57,200	
Gasoline		48,364	
Office Supplies		977	
Uniforms		13,558	
Utilities		17,895	
Other Supplies and Materials		12,450	
Building and Contents Insurance		5,198	
Liability Insurance		1,214	
Premiums on Corporate Surety Bonds		250	
Refunds		2,053	
Vehicle and Equipment Insurance		12,990	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Workers' Compensation Insurance	\$	92,364	
Fines, Assessments, and Penalties		25,265	
Building Improvements		14,225	
Data Processing Equipment		1,771	
Motor Vehicles		132,846	
Other Equipment		22,433	
Total Ambulance/Emergency Medical Services			\$ 1,719,510

Alcohol and Drug Programs

Accountants/Bookkeepers	\$	5,541	
In-service Training		2,000	
Social Security		459	
Advertising		30,173	
Communication		1,008	
Dues and Memberships		150	
Printing, Stationery, and Forms		5,316	
Travel		6,628	
Other Contracted Services		74,436	
Instructional Supplies and Materials		9,575	
Office Supplies		6,826	
Total Alcohol and Drug Programs			142,112

Other Local Health Services

Supervisor/Director	\$	31,500	
Other Salaries and Wages		12,166	
Social Security		3,185	
Pensions		1,890	
Medical Insurance		3,468	
Advertising		436	
Communication		2,131	
Contributions		8,833	
Medical and Dental Services		90	
Rentals		1,930	
Office Supplies		521	
Utilities		9,969	
Other Supplies and Materials		4,623	
Other Equipment		2,972	
Total Other Local Health Services			83,714

Appropriation to State

Contracts with Government Agencies	\$	12,952	
Total Appropriation to State			12,952

General Welfare Assistance

Advertising	\$	12,982	
Communication		1,200	
Maintenance and Repair Services - Equipment		112	

(Continued)



## Exhibit K-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)General Welfare Assistance (Cont.)

Printing, Stationery, and Forms	\$	3,974	
Travel		5,336	
Other Contracted Services		37,938	
Office Supplies		5,720	
Total General Welfare Assistance			\$ 67,262

Other Local Welfare Services

Contributions	\$	24,314	
Total Other Local Welfare Services			24,314

Waste Pickup

Supervisor/Director	\$	18,756	
Social Security		1,435	
Pensions		441	
Maintenance and Repair Services - Vehicles		2,415	
Custodial Supplies		289	
Gasoline		4,341	
Instructional Supplies and Materials		8,840	
Other Supplies and Materials		3,054	
Total Waste Pickup			39,571

Other Public Health and Welfare

Part-time Personnel	\$	13,834	
Other Salaries and Wages		26,100	
Social Security		2,963	
Pensions		335	
Medical Insurance		1,012	
Printing, Stationery, and Forms		144	
Travel		7,459	
Other Contracted Services		29,073	
Instructional Supplies and Materials		4,657	
Office Supplies		2,405	
Other Supplies and Materials		571	
Total Other Public Health and Welfare			88,553

Social, Cultural, and Recreational ServicesSenior Citizens Assistance

Supervisor/Director	\$	30,066	
Other Salaries and Wages		7,993	
Social Security		2,543	
Pensions		1,804	
Medical Insurance		3,468	
Communication		180	
Financial Advisory Services		721	
Maintenance and Repair Services - Office Equipment		125	
Travel		1,363	
Office Supplies		738	

(Continued)

## Exhibit K-7

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

General Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Senior Citizens Assistance (Cont.)

Utilities	\$	9,069	
Other Supplies and Materials		781	
Office Equipment		543	
Total Senior Citizens Assistance			\$ 59,394

Libraries

County Official/Administrative Officer	\$	28,808	
Other Salaries and Wages		43,097	
In-service Training		30	
Social Security		5,501	
Pensions		808	
Advertising		128	
Communication		3,406	
Data Processing Services		1,155	
Dues and Memberships		30	
Operating Lease Payments		110	
Maintenance and Repair Services - Office Equipment		140	
Medical and Dental Services		30	
Travel		344	
Library Books/Media		14,652	
Office Supplies		897	
Utilities		2,716	
Other Supplies and Materials		3,275	
Data Processing Equipment		8,663	
Office Equipment		454	
Total Libraries			114,244

Parks and Fair Boards

Communication	\$	1,213	
Contracts with Government Agencies		9,100	
Travel		1,492	
Other Supplies and Materials		1,905	
Building Improvements		69,013	
Other Equipment		10,889	
Total Parks and Fair Boards			93,612

Other Social, Cultural, and Recreational

Other Supplies and Materials	\$	3,079	
Site Development		29,411	
Total Other Social, Cultural, and Recreational			32,490

Agriculture and Natural ResourcesAgricultural Extension Service

Assistant(s)	\$	3,500	
Salary Supplements		27,517	
Secretary(ies)		8,011	
Longevity Pay		764	

(Continued)

## Exhibit K-7

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

## General Fund (Cont.)

Agriculture and Natural Resources (Cont.)Agricultural Extension Service (Cont.)

Social Security	\$	2,777	
Pensions		4,986	
Medical Insurance		11,832	
Unemployment Compensation		18	
Communication		3,449	
Rentals		7,140	
Travel		1,024	
Other Supplies and Materials		976	
Workers' Compensation Insurance		86	
Total Agricultural Extension Service			\$ 72,080

Soil Conservation

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

Other Agriculture and Natural Resources

Engineering Services	\$	2,500	
Maintenance and Repair Services - Buildings		34,574	
Custodial Supplies		3,096	
Utilities		24,358	
Total Other Agriculture and Natural Resources			64,528

Other OperationsTourism

Contracts with Private Agencies	\$	450	
Contributions		300	
Office Supplies		3,981	
Total Tourism			4,731

Industrial Development

Advertising	\$	177	
Other Contracted Services		12,664	
Office Supplies		138	
Other Charges		6,737	
Total Industrial Development			19,716

Housing and Urban Development

Contracts with Government Agencies	\$	10,821	
Site Development		30,000	
Total Housing and Urban Development			40,821

Other Economic and Community Development

Contributions	\$	42,867	
Total Other Economic and Community Development			42,867

Veterans' Services

Supervisor/Director	\$	10,777	
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(Continued)

## Exhibit K-7

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

General Fund (Cont.)Other Operations (Cont.)Veterans' Services (Cont.)

Social Security	\$	824	
Advertising		185	
Communication		785	
Data Processing Services		399	
Office Supplies		144	
Total Veterans' Services			\$ 13,114

Other Charges

Building and Contents Insurance	\$	45,890	
Liability Insurance		99,934	
Vehicle and Equipment Insurance		53,212	
Workers' Compensation Insurance		82,923	
Other Charges		3,000	
Total Other Charges			284,959

Employee Benefits

Longevity Pay	\$	33,522	
Social Security		2,564	
Pensions		2,035	
Life Insurance		6,373	
Unemployment Compensation		9,573	
Total Employee Benefits			54,067

Miscellaneous

Advertising	\$	756	
Bank Charges		93	
Contributions		32,900	
Dues and Memberships		3,008	
Food Supplies		1,523	
Other Supplies and Materials		932	
Premiums on Corporate Surety Bonds		300	
Trustee's Commission		102,449	
Tax Relief Program		38,319	
Highway Equipment		503,796	
Total Miscellaneous			684,076

Total General Fund \$ 11,096,845

Drug Control FundPublic SafetySheriff's Department

Instructional Supplies and Materials	\$	2,873	
Other Charges		1,218	
Law Enforcement Equipment		2,310	
Total Sheriff's Department			\$ 6,401

(Continued)

## Exhibit K-7

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

Drug Control Fund (Cont.)Public Safety (Cont.)Drug Enforcement

Trustee's Commission

\$ 216

Total Drug Enforcement

\$ 216

Total Drug Control Fund

\$ 6,617

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer

\$ 75,550

Accountants/Bookkeepers

40,927

Custodial Personnel

169

Overtime Pay

1,595

Other Salaries and Wages

27,082

Advertising

1,052

Communication

6,872

Data Processing Services

10,708

Dues and Memberships

3,630

Maintenance and Repair Services - Buildings

2,669

Medical and Dental Services

150

Postal Charges

147

Printing, Stationery, and Forms

203

Travel

1,370

Drugs and Medical Supplies

194

Electricity

3,982

Natural Gas

1,554

Office Supplies

3,958

Water and Sewer

423

Premiums on Corporate Surety Bonds

75

Other Charges

85

Data Processing Equipment

200

Total Administration

\$ 182,595

Highway and Bridge Maintenance

Foremen

\$ 80,859

Equipment Operators

95,728

Truck Drivers

144,937

Laborers

181,573

Overtime Pay

13,824

Rentals

57,137

Other Contracted Services

132,972

Asphalt - Cold Mix

257,967

Asphalt - Hot Mix

30,078

Concrete

11,290

Crushed Stone

149,741

Other Road Materials

1,263

Pipe

55,951

Road Signs

1,032

(Continued)

## Exhibit K-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Highway and Bridge Maintenance (Cont.)

Salt	\$	2,457	
Small Tools		226	
Wood Products		10,686	
Highway Equipment		34,000	
Total Highway and Bridge Maintenance			\$ 1,261,721

Operation and Maintenance of Equipment

Mechanic(s)	\$	40,582	
Overtime Pay		2,343	
Freight Expenses		186	
Maintenance and Repair Services - Equipment		2,159	
Towing Services		2,750	
Custodial Supplies		387	
Diesel Fuel		59,316	
Equipment and Machinery Parts		58,949	
Garage Supplies		1,171	
Gasoline		28,750	
Lubricants		8,960	
Small Tools		957	
Tires and Tubes		10,888	
Uniforms		1,901	
Vehicle Parts		19,945	
Other Supplies and Materials		354	
Total Operation and Maintenance of Equipment			239,598

Other Charges

Contributions	\$	100	
Building and Contents Insurance		3,493	
Liability Insurance		2,328	
Trustee's Commission		25,543	
Vehicle and Equipment Insurance		9,498	
Workers' Compensation Insurance		41,593	
Total Other Charges			82,555

Employee Benefits

Social Security	\$	53,859	
Pensions		40,027	
Employee and Dependent Insurance		275,328	
Unemployment Compensation		4,671	
Total Employee Benefits			373,885

Capital Outlay

Bridge Construction	\$	256,456	
Land		1,600	
State Aid Projects		393,720	
Total Capital Outlay			651,776

(Continued)

## Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Principal on Debt

Highways and Streets

Principal on Notes	\$ 124,666	
Principal on Capital Leases	47,131	
Total Highways and Streets		\$ 171,797

Interest on Debt

Highways and Streets

Interest on Notes	\$ 5,993	
Interest on Capital Leases	3,086	
Total Highways and Streets		9,079

Other Debt Service

Highways and Streets

Other Debt Service	\$ 125	
Total Highways and Streets		125

Total Highway/Public Works Fund \$ 2,973,131

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 607,718	
Principal on Notes	572,784	
Principal on Other Loans	133,940	
Total General Government		\$ 1,314,442

Interest on Debt

General Government

Interest on Bonds	\$ 243,595	
Interest on Notes	30,549	
Interest on Other Loans	17,981	
Total General Government		292,125

Other Debt Service

General Government

Trustee's Commission	\$ 20,044	
Other Debt Service	11,429	
Total General Government		31,473

Total General Debt Service Fund 1,638,040

Education Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 1,455,000	
Total Education		\$ 1,455,000

(Continued)

## Exhibit K-7

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

<u>Education Debt Service Fund (Cont.)</u>			
<u>Interest on Debt</u>			
<u>Education</u>			
Interest on Bonds	\$	213,300	
Total Education			\$ 213,300
<u>Other Debt Service</u>			
<u>Education</u>			
Bank Charges	\$	500	
Trustee's Commission		19,130	
Total Education			<u>19,630</u>
Total Education Debt Service Fund			<u>\$ 1,687,930</u>
Total Governmental Funds - Primary Government			<u><u>\$ 17,402,563</u></u>



## Exhibit K-8

Smith County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Smith County School Department  
For the Year Ended June 30, 2018

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	6,986,852	
Career Ladder Program		43,500	
Career Ladder Extended Contracts		10,272	
Educational Assistants		450,178	
Bonus Payments		1,350	
Other Salaries and Wages		35,757	
Certified Substitute Teachers		76,152	
Non-certified Substitute Teachers		116,241	
Social Security		446,265	
Pensions		606,518	
Medical Insurance		1,425,326	
Local Retirement		52,249	
Employer Medicare		105,661	
Maintenance and Repair Services - Equipment		5,680	
Other Contracted Services		38,494	
Instructional Supplies and Materials		108,586	
Textbooks - Bound		42,611	
Other Supplies and Materials		8,237	
Fines, Assessments, and Penalties		37,180	
Fee Waivers		20,688	
Other Charges		275	
Regular Instruction Equipment		113,065	
Total Regular Instruction Program			\$ 10,731,137

Alternative Instruction Program

Teachers	\$	49,907	
Social Security		2,625	
Pensions		4,532	
Medical Insurance		12,413	
Employer Medicare		614	
Total Alternative Instruction Program			70,091

Special Education Program

Teachers	\$	819,440	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		2,427	
Educational Assistants		155,931	
Speech Pathologist		46,009	
Bonus Payments		150	
Non-certified Substitute Teachers		110	
Social Security		59,411	
Pensions		80,470	
Medical Insurance		177,075	
Local Retirement		5,923	
Employer Medicare		13,777	
Maintenance and Repair Services - Equipment		709	

(Continued)

## Exhibit K-8

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.)

Other Contracted Services	\$	7,515	
Instructional Supplies and Materials		16,540	
Other Supplies and Materials		10,058	
Other Charges		471	
Special Education Equipment		37,083	
Total Special Education Program			\$ 1,436,099

## Career and Technical Education Program

Teachers	\$	532,276	
Career Ladder Program		1,000	
Other Salaries and Wages		270	
Certified Substitute Teachers		2,665	
Non-certified Substitute Teachers		1,650	
Social Security		31,260	
Pensions		43,036	
Medical Insurance		109,059	
Local Retirement		5,329	
Employer Medicare		7,340	
Instructional Supplies and Materials		10,968	
Other Charges		78	
Vocational Instruction Equipment		149,473	
Total Career and Technical Education Program			894,404

## Support Services

## Attendance

Supervisor/Director	\$	58,185	
Social Workers		40,594	
Social Security		5,656	
Pensions		8,969	
Medical Insurance		19,325	
Employer Medicare		1,323	
Travel		843	
Other Contracted Services		8,502	
Other Supplies and Materials		1,897	
In Service/Staff Development		1,938	
Attendance Equipment		7,820	
Total Attendance			155,052

## Health Services

Supervisor/Director	\$	49,966	
Medical Personnel		83,963	
Other Salaries and Wages		17,118	
Social Security		8,895	
Pensions		13,164	
Medical Insurance		32,903	
Employer Medicare		2,080	

(Continued)

## Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Travel	\$	11,870	
Drugs and Medical Supplies		188	
Other Supplies and Materials		11,489	
In Service/Staff Development		583	
Health Equipment		1,795	
Total Health Services			\$ 234,014

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		225,164	
Other Salaries and Wages		38,038	
Social Security		15,088	
Pensions		23,858	
Medical Insurance		56,759	
Local Retirement		309	
Employer Medicare		3,529	
Contracts with Government Agencies		196,865	
Evaluation and Testing		8,419	
Travel		342	
In Service/Staff Development		28	
Other Charges		693	
Other Equipment		1,193	
Total Other Student Support			571,285

Regular Instruction Program

Supervisor/Director	\$	89,582	
Career Ladder Program		3,100	
Librarians		218,184	
Other Salaries and Wages		82,504	
Social Security		20,640	
Pensions		28,745	
Medical Insurance		53,112	
Employer Medicare		5,520	
Travel		5,636	
Other Contracted Services		19,500	
Library Books/Media		2,250	
Other Supplies and Materials		5,678	
In Service/Staff Development		17,385	
Other Charges		909	
Other Equipment		1,483	
Total Regular Instruction Program			554,228

Special Education Program

Supervisor/Director	\$	30,380	
Career Ladder Program		1,000	
Psychological Personnel		58,211	

(Continued)

## Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Assessment Personnel	\$	60,992	
Social Security		6,509	
Pensions		10,914	
Medical Insurance		24,297	
Employer Medicare		1,522	
Communication		444	
Travel		3,466	
Other Supplies and Materials		3,364	
In Service/Staff Development		15,072	
Other Equipment		5,054	
Total Special Education Program			\$ 221,225

Career and Technical Education Program

Supervisor/Director	\$	19,059	
Social Security		1,182	
Pensions		1,731	
Medical Insurance		1,805	
Employer Medicare		276	
Travel		8	
In Service/Staff Development		232	
Total Career and Technical Education Program			24,293

Technology

Supervisor/Director	\$	50,000	
Instructional Computer Personnel		67,747	
Social Security		6,140	
Pensions		6,470	
Medical Insurance		21,581	
Employer Medicare		1,580	
Internet Connectivity		39,403	
Travel		545	
Other Supplies and Materials		4,658	
In Service/Staff Development		3,114	
Other Equipment		6,265	
Total Technology			207,503

Other Programs

On-behalf Payments to OPEB	\$	125,000	
Total Other Programs			125,000

Board of Education

Secretary to Board	\$	1,195	
Board and Committee Members Fees		14,160	
Social Security		948	
Pensions		108	
Medical Insurance		165	

(Continued)

## Exhibit K-8

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.)

Unemployment Compensation	\$	5,782	
Employer Medicare		222	
Audit Services		7,500	
Contracts with Government Agencies		12,123	
Contracts with Private Agencies		10,197	
Dues and Memberships		8,768	
Legal Services		70,157	
Other Contracted Services		7,450	
Liability Insurance		86,041	
Premiums on Corporate Surety Bonds		370	
Trustee's Commission		113,165	
Workers' Compensation Insurance		88,461	
Refund to Applicant for Criminal Investigation		3,815	
Other Charges		6,937	
Total Board of Education			\$ 437,564

Director of Schools

County Official/Administrative Officer	\$	140,440	
Social Security		7,476	
Pensions		12,743	
Employer Medicare		1,746	
Communication		9,536	
Dues and Memberships		1,857	
Travel		3,101	
In Service/Staff Development		634	
Other Charges		74	
Administration Equipment		929	
Total Director of Schools			178,536

Office of the Principal

Principals	\$	560,619	
Career Ladder Program		3,000	
Accountants/Bookkeepers		106,287	
Assistant Principals		355,634	
Clerical Personnel		83,274	
Social Security		66,176	
Pensions		94,005	
Medical Insurance		126,100	
Employer Medicare		15,477	
Communication		5,676	
Dues and Memberships		6,423	
Other Charges		927	
Total Office of the Principal			1,423,598

Fiscal Services

Supervisor/Director	\$	34,268	
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(Continued)

## Exhibit K-8

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.)

Accountants/Bookkeepers	\$	122,988	
Clerical Personnel		70,680	
Social Security		10,072	
Pensions		10,140	
Medical Insurance		35,847	
Employer Medicare		3,142	
Data Processing Services		14,640	
Maintenance and Repair Services - Office Equipment		4,658	
Travel		1,308	
Other Contracted Services		1,170	
Office Supplies		8,414	
In Service/Staff Development		8,468	
Administration Equipment		7,998	
Total Fiscal Services			\$ 333,793

Operation of Plant

Custodial Personnel	\$	298,563	
Other Salaries and Wages		19,275	
Social Security		19,105	
Pensions		15,725	
Medical Insurance		596	
Employer Medicare		4,468	
Contracts with Government Agencies		6,085	
Contracts with Private Agencies		192,631	
Maintenance and Repair Services - Equipment		16,037	
Pest Control		1,200	
Other Contracted Services		20,141	
Custodial Supplies		54,423	
Electricity		702,465	
Natural Gas		55,035	
Water and Sewer		64,640	
Other Supplies and Materials		10,721	
Building and Contents Insurance		68,776	
Other Charges		1,098	
Plant Operation Equipment		35,743	
Total Operation of Plant			1,586,727

Maintenance of Plant

Supervisor/Director	\$	62,004	
Maintenance Personnel		193,107	
Other Salaries and Wages		7,390	
Social Security		16,239	
Pensions		17,916	
Medical Insurance		42,092	
Employer Medicare		3,798	
Contracts with Private Agencies		13,871	

(Continued)

## Exhibit K-8

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.)

Maintenance of Plant (Cont.)

Laundry Service	\$	5,183	
Maintenance and Repair Services - Buildings		37,547	
Maintenance and Repair Services - Equipment		47,964	
Other Contracted Services		7,339	
Other Supplies and Materials		50,200	
Maintenance Equipment		35,366	
Total Maintenance of Plant			\$ 540,016

Transportation

Supervisor/Director	\$	47,486	
Mechanic(s)		101,991	
Bus Drivers		406,119	
Educational Assistants		44,701	
Other Salaries and Wages		19,444	
Social Security		35,872	
Pensions		30,924	
Medical Insurance		36,876	
Employer Medicare		8,918	
Contracts with Government Agencies		1,494	
Contracts with Private Agencies		15,042	
Laundry Service		3,318	
Maintenance and Repair Services - Equipment		444	
Maintenance and Repair Services - Vehicles		915	
Medical and Dental Services		4,998	
Towing Services		225	
Travel		1,482	
Diesel Fuel		91,300	
Garage Supplies		1,834	
Gasoline		18,934	
Lubricants		6,970	
Tires and Tubes		10,221	
Vehicle Parts		51,116	
Gravel and Chert		2,323	
Other Supplies and Materials		13,988	
Vehicle and Equipment Insurance		38,216	
Other Charges		738	
Transportation Equipment		206,097	
Total Transportation			1,201,986

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$	1,000	
Social Security		62	
Pensions		91	
Employer Medicare		14	
Total Food Service			1,167

(Continued)

## Exhibit K-8

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

## General Purpose School Fund (Cont.)

## Operation of Non-Instructional Services (Cont.)

## Community Services

Supervisor/Director	\$	150,310	
Teachers		129,740	
Educational Assistants		60,130	
Other Salaries and Wages		298	
Social Security		20,987	
Pensions		25,173	
Local Retirement		1,174	
Employer Medicare		4,937	
Maintenance and Repair Services - Equipment		475	
Travel		478	
Food Supplies		384	
Instructional Supplies and Materials		11,968	
Other Supplies and Materials		902	
In Service/Staff Development		1,064	
Other Charges		2,251	
Total Community Services			\$ 410,271

## Early Childhood Education

Supervisor/Director	\$	41,065	
Teachers		174,243	
Career Ladder Program		1,000	
Educational Assistants		51,954	
Social Security		15,810	
Pensions		22,790	
Medical Insurance		43,270	
Employer Medicare		3,698	
Travel		80	
Instructional Supplies and Materials		4,478	
Other Supplies and Materials		12,804	
In Service/Staff Development		3,667	
Other Charges		1,552	
Regular Instruction Equipment		11,007	
Total Early Childhood Education			387,418

## Capital Outlay

## Regular Capital Outlay

Land	\$	500,000	
Total Regular Capital Outlay			500,000

## Principal on Debt

## Education

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

Total General Purpose School Fund \$ 22,521,407

(Continued)



## Exhibit K-8

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	\$	296,325	
Educational Assistants		46,582	
Certified Substitute Teachers		1,431	
Social Security		20,912	
Pensions		29,292	
Medical Insurance		41,159	
Employer Medicare		4,891	
Other Fringe Benefits		448	
Maintenance and Repair Services - Equipment		11,100	
Other Contracted Services		38,287	
Instructional Supplies and Materials		47,119	
Other Charges		1,444	
Regular Instruction Equipment		75,725	
Total Regular Instruction Program			\$ 614,715

Special Education Program

Educational Assistants	\$	225,117	
Speech Pathologist		49,415	
Social Security		16,477	
Pensions		16,499	
Medical Insurance		7,871	
Employer Medicare		3,853	
Other Contracted Services		73,765	
Instructional Supplies and Materials		8,372	
Other Supplies and Materials		6,409	
Special Education Equipment		21,988	
Total Special Education Program			429,766

Career and Technical Education Program

Educational Assistants	\$	1,148	
Social Security		71	
Employer Medicare		17	
Other Contracted Services		650	
Instructional Supplies and Materials		10,248	
Other Supplies and Materials		1,056	
Other Charges		75	
Vocational Instruction Equipment		16,070	
Total Career and Technical Education Program			29,335

Support Services

Other Student Support

Bus Drivers	\$	902	
Other Salaries and Wages		800	
Social Security		65	
Pensions		86	
Employer Medicare		15	

(Continued)

## Exhibit K-8

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.)Other Student Support (Cont.)

Travel	\$	7,154	
Other Contracted Services		500	
Other Supplies and Materials		100	
In Service/Staff Development		3,891	
Other Charges		6,525	
Total Other Student Support			\$ 20,038

Regular Instruction Program

Supervisor/Director	\$	61,200	
Part-time Personnel		10,000	
Other Salaries and Wages		95,630	
Social Security		8,717	
Pensions		14,285	
Medical Insurance		31,070	
Employer Medicare		2,184	
Travel		1,121	
Food Supplies		1,970	
Other Supplies and Materials		255	
In Service/Staff Development		37,542	
Other Charges		1,127	
Total Regular Instruction Program			265,101

Special Education Program

Supervisor/Director	\$	2,938	
Secretary(ies)		21,945	
Social Security		2,794	
Pensions		3,447	
Medical Insurance		15,347	
Employer Medicare		786	
Travel		9,442	
Other Supplies and Materials		3,757	
In Service/Staff Development		10,509	
Total Special Education Program			70,965

Career and Technical Education Program

Travel	\$	1,008	
In Service/Staff Development		125	
Total Career and Technical Education Program			1,133

Transportation

Bus Drivers	\$	23,470	
Other Salaries and Wages		5,595	
Social Security		1,778	
Pensions		1,718	
Employer Medicare		416	
Diesel Fuel		680	
Total Transportation			33,657

(Continued)

## Exhibit K-8

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

<u>School Federal Projects Fund (Cont.)</u>			
<u>Operation of Non-Instructional Services</u>			
<u>Food Service</u>			
Food Supplies	\$	808	
Total Food Service			\$ 808
Total School Federal Projects Fund			\$ 1,465,518
<u>Central Cafeteria Fund</u>			
<u>Operation of Non-Instructional Services</u>			
<u>Food Service</u>			
Supervisor/Director	\$	56,010	
Accountants/Bookkeepers		38,839	
Clerical Personnel		28,444	
Cafeteria Personnel		559,070	
Other Salaries and Wages		243	
Social Security		41,532	
Pensions		38,586	
Medical Insurance		18,284	
Unemployment Compensation		298	
Employer Medicare		9,770	
Communication		3,518	
Legal Notices, Recording, and Court Costs		48	
Maintenance and Repair Services - Equipment		10,946	
Pest Control		1,836	
Printing, Stationery, and Forms		1,851	
Travel		1,470	
Other Contracted Services		10,810	
Data Processing Supplies		2,169	
Equipment and Machinery Parts		11,812	
Food Supplies		705,739	
Office Supplies		806	
Uniforms		859	
USDA - Commodities		143,171	
Other Supplies and Materials		70,412	
In Service/Staff Development		1,904	
Refund to Applicant for Criminal Investigation		261	
Other Charges		22	
Food Service Equipment		51,081	
Total Food Service			\$ 1,809,791
Total Central Cafeteria Fund			1,809,791
Total Governmental Funds - Smith County School Department			\$ 25,796,716

## Exhibit K-9

Smith County, Tennessee  
Schedule of Detailed Revenues and Expenses  
Proprietary Fund  
For the Year Ended June 30, 2018

	Major Enterprise Fund
	Solid Waste Disposal
<hr/>	
<u>Revenues</u>	
<u>Operating Revenues</u>	
<u>Licenses and Permits</u>	
Other Permits	\$ 840
<u>Charges for Current Services</u>	
Tipping Fees	3,413,056
Surcharge - Waste Tire Disposal	4,028
<u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Lease/Rentals	100
Sale of Recycled Materials	27,146
Miscellaneous Refunds	18,634
Total Operating Revenues	<u>\$ 3,463,804</u>
<u>Nonoperating Revenues</u>	
<u>Other Local Revenues</u>	
<u>Nonrecurring Items</u>	
Sale of Equipment	\$ 28,601
Premiums on Debt Sold	66,673
Total Nonoperating Revenue	<u>\$ 95,274</u>
Total Revenues	<u><u>\$ 3,559,078</u></u>
 <u>Expenses</u>	
<u>Operating Expenses</u>	
<u>Waste Pickup</u>	
Overtime Pay	\$ 3,000
Other Salaries and Wages	62,000
Social Security	4,880
Medical Insurance	3,468
Communication	297
Maintenance and Repair Services - Equipment	23,919
Gasoline	38,042
<u>Convenience Centers</u>	
Overtime Pay	337
Other Salaries and Wages	154,549
Social Security	11,849
Communication	6,084
Maintenance and Repair Services - Buildings	2,476
Maintenance and Repair Services - Equipment	1,041
Rentals	2,000
Utilities	7,694
Other Supplies and Materials	1,702
Site Development	39,258
Other Equipment	22,422
<u>Other Waste Collection</u>	
Other Contracted Services	13,152

(Continued)

## Exhibit K-9

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

	Major Enterprise Fund Solid Waste Disposal
<u>Expenses (Cont.)</u>	
<u>Operating Expenses (Cont.)</u>	
<u>Landfill Operation and Maintenance</u>	
Supervisor/Director	\$ 46,115
Longevity Pay	3,367
Overtime Pay	40,908
Other Salaries and Wages	381,774
In-service Training	640
Social Security	34,693
Pensions	2,411
Medical Insurance	23,842
Advertising	765
Communication	4,269
Contracts with Private Agencies	107,178
Engineering Services	70,441
Maintenance and Repair Services - Buildings	919
Maintenance and Repair Services - Equipment	176,584
Medical and Dental Services	665
Rentals	95,515
Other Contracted Services	187,520
Gasoline	250,826
Office Supplies	1,348
Uniforms	1,318
Utilities	14,109
Other Supplies and Materials	80,572
Building and Contents Insurance	1,050
Liability Insurance	1,248
Refunds	141
Trustee's Commission	36,528
Vehicle and Equipment Insurance	8,475
Workers' Compensation Insurance	31,546
Depreciation	473,078
Landfill Closure/Postclosure Care Costs	568,374
Building Construction	5,723
Data Processing Equipment	2,644
Motor Vehicles	8,000
Site Development	213,340
Total Operating Expenses	<u>\$ 3,274,096</u>
<u>Nonoperating Expenses</u>	
Interest on Notes	\$ 84,748
Underwriter's Discount	15,916
Other Debt Issuance Charges	44,975
Interest on Other Loans	78,891
Total Nonoperating Expenses	<u>\$ 224,530</u>
Total Expenses	<u><u>\$ 3,498,626</u></u>

Exhibit K-10

Smith County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2018

	Cities - Sales Tax Fund
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 1,522,554</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,507,328
Trustee's Commission	<u>15,226</u>
Total Cash Disbursements	<u>\$ 1,522,554</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2017	<u>0</u>
Cash Balance, June 30, 2018	<u><u>\$ 0</u></u>

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## **SINGLE AUDIT SECTION**

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**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, 2018, and the related notes to the financial statements, which collectively comprise Smith County's basic financial statements, and have issued our report thereon dated January 8, 2019.

**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: 2018-001 and 2018-002.

### **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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item: 2018-003.

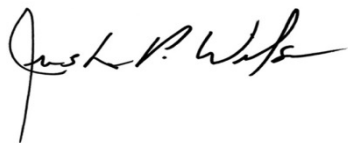
### **Smith County's Response to the Findings**

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

### **Purpose of this Report**

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

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 8, 2019

JPW/kp



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**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 the Uniform Guidance**

**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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2018.

### **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 the Uniform Guidance, 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.

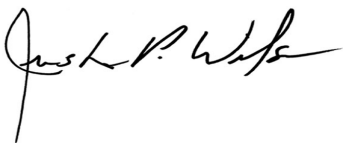
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2018, and the related notes to the financial statements, which collectively comprise Smith County's basic financial statements. We issued our report thereon dated January 8, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 8, 2019

JPW/kp

Smith County, Tennessee, and the Smith County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2)  
For the Year Ended June 30, 2018

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: (4)			
School Breakfast Program	10.553	N/A	\$ 344,600
National School Lunch Program	10.555	N/A	800,710 (5)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	148,705 (5)
Total U.S. Department of Agriculture			<u>\$ 1,294,015</u>
U.S. Department of the Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program	12.U01	N/A	<u>\$ 526</u> (8)
U.S. Department of Interior:			
Direct Program:			
Payments-in-lieu-of-Taxes	15.226	N/A	<u>\$ 23,623</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(6)	<u>\$ 9,974</u>
National Endowment for the Humanities:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	N/A	<u>\$ 1,221</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 663,861
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	N/A	533,924
Special Education - Preschool Grants	84.173	N/A	21,872
Career and Technical Education - Basic Grants to States	84.048	N/A	43,881
Twenty-first Century Community Learning Centers	84.287	N/A	417,869
Title V Rural Education	84.358	N/A	47,603
Supporting Effective Instruction State Grants	84.367	N/A	103,966
Title IV Student Support and Academic Enrichment Program	84.424	N/A	10,145
Total U.S. Department of Education			<u>\$ 1,843,121</u>
U.S. Department of Health and Human Services:			
Passed-through Upper Cumberland Development District:			
Aging Cluster:			
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	(3)	\$ 2,971
Passed-through State Department of Health:			
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235	(7)	29,217
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	(3)	69,754
Opioid STR	93.788	(3)	130,537
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(3)	84,539
Passed-through State Department of Education:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	G1601TBCCDF	76,087
Total U.S. Department of Health and Human Services			<u>\$ 393,105</u>
U.S. Department of Homeland Security:			
Direct Program:			
Assistance to Firefighters Grant	97.044	N/A	\$ 37,908
Passed-through State Department of Military:			
Hazard Mitigation Grant Program	97.039	DR-1909-0058	30,616
Emergency Management Performance Grants	97.042	(3)	14,850
Total U.S. Department of Homeland Security			<u>\$ 83,374</u>
Total Expenditures of Federal Awards			<u>\$ 3,648,959</u>

(Continued)

Smith County, Tennessee, and the Smith County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (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	(3)	\$ 6,509
Tennessee Certified Recovery Court Program Grant - State Department of Mental Health and Substance Abuse Services	N/A	(3)	57,791
Local Health Services Grant - State Department of Health	N/A	GG-18-55147-00	57,182
Project Diabetes Initiative Services - State Department of Health	N/A	GG1750023	5,254
State Supplement Juvenile Court Improvement Funds Grant - State Department of Children Services	N/A	(3)	9,000
Local Parks and Recreation Fund Grant - State Department of Environment and Conservation	N/A	(3)	7,712
Litter Program - State Department of Transportation	N/A	Z18LIT080	42,877
Hazard Mitigation Grant Program - State Department of Military	N/A	DR 1909-0058	5,102
Tourism Enhancement Grant - State Department of Economic and Community Development	N/A	(3)	7,461
Courtroom Security Grant - State Administrative Office of the Courts	N/A	(3)	30,346
Early Childhood Education - PreK - State Department of Education	N/A	(3)	413,245
ConnecTenn Grant - State Department of Education	N/A	(3)	7,898
Safe Schools Act - State Department of Education	N/A	(3)	17,110
Family Resource Center - State Department of Education	N/A	(3)	29,612
Coordinated School Health - State Department of Education	N/A	(3)	100,000
CTE Equipment - State Department of Education	N/A	(3)	144,488
Read to be Ready - Coaching Network - State Department of Education	N/A	(3)	10,722
Total State Grants			<u>\$ 952,309</u>

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) Smith County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Child Nutrition Cluster total \$1,294,015; Special Education Cluster total \$555,796.
- (5) Total for CFDA No. 10.555 is \$949,415.
- (6) Z17THS298 - \$5,000; Z18THS284 - \$4,974.
- (7) GG-17-51890-00 - \$9,502; GG-18-56064-00 - \$19,715.
- (8) During the year ended June 30, 2018, Smith County received excess military equipment from the U.S. Department of Military valued at \$526.

Smith County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2018

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Smith County, Tennessee, for the year ended June 30, 2018.

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<b><u>OFFICE OF COUNTY MAYOR</u></b>					
2017	193	2017-001	The Solid Waste Disposal Fund had a deficit in unrestricted net position	N/A	Not Corrected - See Explanation on Corrective Action Plan
<b><u>OFFICE OF ROAD COMMISSIONER</u></b>					
2017	194	2017-002	The office had deficiencies in purchasing procedures	N/A	Corrected
<b><u>OFFICE OF DIRECTOR OF SCHOOLS</u></b>					
2017	195	2017-003	The Director of Schools was not paid in accordance with either the contract approved by the Board of Education or the budget approved by the County Commission	N/A	Corrected
2017	196	2017-004	Salaries exceeded appropriations	N/A	Corrected
<b><u>OFFICE OF COUNTY CLERK</u></b>					
2017	197	2017-005	The office did not review all software audit logs	N/A	Corrected
<b><u>OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK</u></b>					
2017	198	2017-006	The execution docket trial balance for Circuit Court did not reconcile with general ledger accounts	N/A	Corrected
2017	198	2017-007	Unclaimed funds were not reported and paid to the state	N/A	Corrected
<b><u>OFFICE OF CLERK AND MASTER</u></b>					
2017	199	2017-008	Duties were not segregated adequately	N/A	Corrected

***Prior-year Federal Awards Findings***

There were no prior-year federal award findings to report.

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**SMITH COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2018**

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

**Financial Statements:**

1. Our report on the financial statements of Smith County is unmodified.
2. Internal Control Over Financial Reporting:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

**Federal Awards:**

4. Internal Control Over Major Federal Programs:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
  - \* CFDA Numbers: 10.553 and 10.555      Nutrition Cluster: School Breakfast Program and National School Lunch Program
  - \* CFDA Numbers: 84.010      Title I Grants to Local Educational Agencies
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**



## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

### **OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS**

#### **FINDING 2018-001**

#### **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 \$3,329,496 in unrestricted net position at June 30, 2018. This deficit resulted from the recognition of a liability of \$5,072,766 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 is the result of management's failure to correct the finding reported in prior-year audit reports. Management's prior-year corrective action plan noted that this finding would not be corrected until the year ending June 30, 2020.

#### **RECOMMENDATION**

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

### **MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS**

I concur with this finding. The Solid Waste Disposal Fund is a proprietary fund that has a liability for the closure, postclosure, and monitoring costs for 30 years after this closure. 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. After the closure of the landfill, money left in the Solid Waste Fund will pay for the 30 year monitoring cost. If and when that money is depleted, the Smith County Tax Base will assume the costs of monitoring.

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## **OFFICE OF COUNTY MAYOR**

### **FINDING 2018-002**

#### **PERSONNEL DEFICIENCIES WERE NOTED AT THE SMITH COUNTY PUBLIC LIBRARY**

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

On August 30, 2018, the Comptroller's Office Division of Investigations issued an investigative report on the Smith County Public Library. This report disclosed that the library director was paid for time not worked, the full-time status of the library director was questionable, and the Library Board did not provide adequate oversight related to personnel policies and procedures. This report is available at [www.comptroller.tn.gov/ia](http://www.comptroller.tn.gov/ia). The library director's employment was terminated by the Library Board on August 31, 2017.

### **MANAGEMENT'S RESPONSE – COUNTY MAYOR**

I concur with this finding.

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## **OFFICE OF DIRECTOR OF SCHOOLS**

### **FINDING 2018-003**

#### **THE SCHOOL DEPARTMENT WAS ASSESSED A PENALTY OF \$37,180 BY THE INTERNAL REVENUE SERVICE FOR NONCOMPLIANCE WITH THE AFFORDABLE CARE ACT**

(Noncompliance Under *Government Auditing Standards*)

During the year, the School Department paid a penalty of \$37,180 to the Internal Revenue Service for failure to comply with the Affordable Care Act for 2015. The School Department provides health insurance coverage to its employees; however, this coverage was not in compliance with federal regulations for certain employees. This deficiency resulted from a lack of management oversight.

### **RECOMMENDATION**

The School Department should ensure the health insurance coverage provided to its employees complies with the Affordable Care Act.

### **MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS**

I concur with this finding.

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

There were no findings and questioned costs related to federal awards for the year ended June 30, 2018.

**Smith County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2018**

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

Finding Number	Title of Finding	Corrective Action Plan Page Number
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**OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS**

2018-001	The Solid Waste Disposal Fund had a deficit in unrestricted net position	205
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**OFFICE OF COUNTY MAYOR**

2018-002	Personnel deficiencies were noted at the Smith County Public Library	206
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**OFFICE OF DIRECTOR OF SCHOOLS**

2018-003	The School Department was assessed a penalty of \$37,180 by the Internal Revenue Service for noncompliance with the Affordable Care Act.	207
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***SMITH COUNTY FINANCE  
122 TURNER HIGH CIRCLE  
CARTHAGE, TN 37030  
(615) 588-1595***

**Corrective Action Plan**

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

**Response and Corrective Action Plan Prepared by:**  
Daisy Denton, Director of Accounts and Budgets

**Person Responsible for Implementing the Corrective Action:**  
Daisy Denton, Director of Accounts and Budgets and staff

**Anticipated Completion Date of Corrective Action:**  
Fiscal Year 2019-21

**Repeat Finding:**  
Yes

**Reason Corrective Action was Not Taken in the Prior Year:**  
This finding was not corrected because the costs are accrued for future years and reported in comparison to current assets and cash. Until the liability goes down or the balance in the solid waste fund goes up, this finding will continue.

**Planned Corrective Action:**  
As Smith County is able to close portions of the landfill, the deficit will be lowered over time. It is anticipated that the deficit could be completely gone by close of fiscal year 2021.

**Signature:**





## JEFF MASON

Smith County Mayor

122 Turner High Circle • Carthage, TN 37030

Phone: 615-735-2294 Fax: 615-735-8240



### Corrective Action Plan

**FINDING:** PERSONNEL DEFICIENCIES WERE NOTED AT THE SMITH COUNTY PUBLIC LIBRARY

**Response and Corrective Action Plan Prepared by:**  
Jeff Mason, County Mayor

**Person Responsible for Implementing the Corrective Action:**  
Jeff Mason, County Mayor

**Anticipated Completion Date of Corrective Action:**  
Completed fall 2018

**Repeat Finding:**  
No

**Reason Corrective Action was Not Taken in the Prior Year:**  
N/A

**Planned Corrective Action:**  
Time clock was installed to validate being at work and actual hours worked. Smith County Library Board was made aware so more stringent oversight could be accomplished.

Jeff Mason  
1-11-18

**SMITH COUNTY SCHOOLS**  
**126 Smith County Middle School Lane**  
**Carthage, Tennessee 37030**

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Barry H. Smith, Director of Schools  
(615) 735-9625  
(615) 735-8271 Fax

**FINDING:** THE SCHOOL DEPARTMENT WAS ASSESSED A  
PENALTY OF \$37,180 BY THE INTERNAL  
REVENUE SERVICE FOR NONCOMPLIANCE  
WITH THE AFFORDABLE CARE ACT

**Response and Corrective Action Plan Prepared by:**  
Barry Smith, Director of Schools

**Person Responsible for Implementing the Corrective Action:**  
Barry H. Smith, Director

**Anticipated Completion Date of Corrective Action:**  
Date July 1, 2020

**Repeat Finding:**  
No

**Reason Corrective Action was Not Taken in the Prior Year:**  
N/A

**Planned Corrective Action:**  
We will check with legal counsel and move forward with their  
recommendations.

Signature:

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## **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 for all departments. Smith County operates under the accounting and purchasing provisions of the Fiscal Control Acts of 1957. These acts provide for a central system of accounting, budgeting, and purchasing covering all funds administered by the county mayor and road commissioner but exclude the School Department. 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 that includes all departments 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.