



ANNUAL FINANCIAL REPORT

Smith County, Tennessee

For the Year Ended June 30, 2020

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF
LOCAL GOVERNMENT AUDIT

**ANNUAL FINANCIAL REPORT
SMITH COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2020**

***COMPTROLLER OF THE TREASURY
JASON E. MUMPOWER***

***DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

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Summary of Audit Findings

Annual Financial Report
Smith County, Tennessee
For the Year Ended June 30, 2020

Scope

We have audited the basic financial statements of Smith County as of and for the year ended June 30, 2020.

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 DIRECTOR OF SCHOOLS

- ◆ The school department was assessed a penalty of \$42,658 by the Internal Revenue Service for noncompliance with the Affordable Care Act.

OFFICE OF REGISTER OF DEEDS

- ◆ A cash overdraft of \$11,179 existed at June 30, 2020.

INTRODUCTORY SECTION

Smith County Officials

June 30, 2020

Officials

Jeff Mason, 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
Daisy Denton, Director of Accounts and Budgets

Board of County Commissioners

Jeff Mason, County Mayor, Chairman
Tommy Bane
Billy Bass
Ronald Cowan
Daniel Cripps
Dustin Dillehay
Roger Duke
Erika Ebel
Terry Givens
Shannon Greene
David Gross
Dennis Hackett
Charles Kent

Greta Kirby
Shannon Minchey
Joseph Nixon
Linda Nixon
Dalton Paschal
Bill Reece
Glen Reece
Ronald Shumake
Jason Stewart
Eddie Stout
James Winfree
Frank Woodard

Board of Education

Brian Smith, Chairman
David Apple
Scotty Lewis
Tommy Manning

Marty McCaleb
Robin Moore
Ricky Shoulders
Joe Taylor

Smith County Officials (Cont.)

Budget and Finance Committee

Joseph Nixon, Chairman
Billy Bass
Charles Kent
Colby McKinney
Shannon Minchey
Glen Reece
James Winfree
Frank Woodard

Audit Committee

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

FINANCIAL SECTION



JASON E. MUMPOWER
Comptroller

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, 2020, 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, 2020, 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.

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, schedules of county and school contributions, schedules 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, as listed in the table of contents, 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 Fund, combining and individual fund financial statements of the Smith County School Department (a discretely presented component unit), miscellaneous schedules and other information such as the introductory section 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 Fund, 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 Fund, 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.

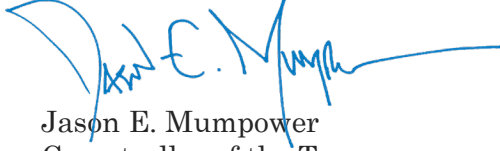
The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2021, 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,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 26, 2021

JEM/sl

BASIC FINANCIAL STATEMENTS

Exhibit A

Smith County, Tennessee
Statement of Net Position
June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Smith County School Department
<u>ASSETS</u>				
Cash	\$ 928	\$ 0	\$ 928	\$ 0
Equity in Pooled Cash and Investments	3,695,392	4,070,482	7,765,874	10,484,656
Accounts Receivable	361,830	316,802	678,632	55,008
Allowance for Uncollectibles	(123,033)	(1,934)	(124,967)	0
Due from Other Governments	981,116	0	981,116	389,591
Due from Other Funds	0	25,686	25,686	0
Due from Component Units	2,846,798	140	2,846,938	0
Property Taxes Receivable	7,751,452	0	7,751,452	3,780,681
Allowance for Uncollectible Property Taxes	(209,118)	0	(209,118)	(101,995)
Net Pension Asset - Agent Plan	1,479,941	84,314	1,564,255	777,795
Net Pension Asset - Teacher Retirement Plan	0	0	0	112,141
Net Pension Asset - Teacher Legacy Pension Plan	0	0	0	3,145,563
Restricted Assets:				
Amounts Accumulated for Pension Benefits	0	0	0	99,799
Capital Assets:				
Assets Not Depreciated:				
Land	2,261,687	2,106,484	4,368,171	1,764,538
Construction in Progress	0	2,533,805	2,533,805	0
Intangible Assets - Indefinite Life	1,009,865	0	1,009,865	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	12,266,979	40,412	12,307,391	21,927,296
Infrastructure	21,156,969	0	21,156,969	73,906
Other Capital Assets	1,850,640	1,387,345	3,237,985	1,426,502
Landfill Facilities and Development	0	3,606,991	3,606,991	0
Total Assets	\$ 55,331,446	\$ 14,170,527	\$ 69,501,973	\$ 43,935,481
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension Changes in Experience	\$ 94,385	\$ 5,377	\$ 99,762	\$ 207,404
Pension Changes in Assumptions	150,615	8,581	159,196	506,934
Pension Changes in Proportion	0	0	0	16,019
Pension Changes in Contributions after Measurement Date	369,799	26,321	396,120	1,361,257
OPEB Changes in Experience	2,769	0	2,769	208,362
OPEB Changes in Assumptions	16,894	0	16,894	45,602
OPEB Changes in Proportion	0	0	0	15,480
OPEB Contributions After Measurement Date	1,709	0	1,709	134,596
Total Deferred Outflows of Resources	\$ 636,171	\$ 40,279	\$ 676,450	\$ 2,495,654

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental	Business-type	Total	Smith County School Department
	Activities	Activities		
LIABILITIES				
Accounts Payable	\$ 106,958	\$ 161,515	\$ 268,473	\$ 105,460
Accrued Payroll	0	0	0	9,433
Payroll Deductions Payable	127,792	11,461	139,253	788,683
Cash Overdraft	11,179	0	11,179	0
Contracts Payable	0	188,664	188,664	0
Retainage Payable	0	274,487	274,487	0
Accrued Interest Payable	70,193	0	70,193	0
Due to Other Funds	25,686	0	25,686	0
Due to Primary Government	0	0	0	2,846,938
Due to State of Tennessee	4,593	0	4,593	0
Other Current Liabilities	821	0	821	0
Noncurrent Liabilities:				
Due Within One Year - Debt	1,373,916	693,753	2,067,669	0
Due Within One Year - Other	33,547	0	33,547	35,421
Due in More Than One Year - Debt	11,554,511	4,507,381	16,061,892	0
Due in More Than One Year - Other	214,260	15,893,911	16,108,171	2,427,254
Total Liabilities	\$ 13,523,456	\$ 21,731,172	\$ 35,254,628	\$ 6,213,189
DEFERRED INFLOWS OF RESOURCES				
Deferred Current Property Taxes	\$ 7,403,090	\$ 0	\$ 7,403,090	\$ 3,610,772
Pension Changes in Experience	358,041	20,398	378,439	2,129,120
Pension Changes in Investment Earnings	178,260	10,156	188,416	997,175
Pension Changes in Proportion	0	0	0	45,551
OPEB Changes in Experience	64,526	0	64,526	332,928
OPEB Changes in Assumptions	6,834	0	6,834	268,755
OPEB Changes in Proportion	0	0	0	60,663
Total Deferred Inflows of Resources	\$ 8,010,751	\$ 30,554	\$ 8,041,305	\$ 7,444,964
NET POSITION				
Net Investment in Capital Assets	\$ 28,464,511	\$ 4,473,903	\$ 32,938,414	\$ 25,192,242
Restricted for:				
General Government	16,191	0	16,191	0
Finance	29,777	0	29,777	0
Public Safety	120,958	0	120,958	0
Public Health and Welfare	76,082	0	76,082	0
Social, Cultural, and Recreational Services	22,154	0	22,154	0
Highway/Public Works	795,187	0	795,187	0
Capital Outlay	199,532	266,195	465,727	0
Debt Service	553,432	0	553,432	0
Education	0	0	0	782,297
Pensions	1,479,941	84,314	1,564,255	4,135,298
Unrestricted	2,675,645	(12,375,332)	(9,699,687)	2,663,145
Total Net Position	\$ 34,433,410	\$ (7,550,920)	\$ 26,882,490	\$ 32,772,982

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, 2020

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	Primary Government			Smith
					Governmental Activities	Business-type Activities	Total	County
								School Department
Primary Government:								
Governmental Activities:								
General Government	\$ 1,866,665	\$ 376,768	\$ 92,446	\$ 0	\$ (1,397,451)	\$ 0	\$ (1,397,451)	\$ 0
Finance	1,122,216	565,564	0	0	(556,652)	0	(556,652)	0
Administration of Justice	687,903	408,986	34,132	0	(244,785)	0	(244,785)	0
Public Safety	4,875,103	877,121	602,154	0	(3,395,828)	0	(3,395,828)	0
Public Health and Welfare	2,314,171	783,534	445,788	25,852	(1,058,997)	0	(1,058,997)	0
Social, Cultural, and Recreational Services	303,654	30,179	25,447	0	(248,028)	0	(248,028)	0
Agriculture and Natural Resources	117,320	0	0	0	(117,320)	0	(117,320)	0
Highways/Public Works	2,504,005	0	2,248,996	0	(255,009)	0	(255,009)	0
Interest on Long-term Debt	317,163	0	0	0	(317,163)	0	(317,163)	0
Total Governmental Activities	\$ 14,108,200	\$ 3,042,152	\$ 3,448,963	\$ 25,852	\$ (7,591,233)	\$ 0	\$ (7,591,233)	\$ 0
Business-type Activities:								
Solid Waste Disposal	\$ 5,991,076	\$ 4,463,346	\$ 1,124	\$ 0	\$ 0	\$ (1,526,606)	\$ (1,526,606)	\$ 0
Total Business-type Activities	\$ 5,991,076	\$ 4,463,346	\$ 1,124	\$ 0	\$ 0	\$ (1,526,606)	\$ (1,526,606)	\$ 0
Total Primary Government	\$ 20,099,276	\$ 7,505,498	\$ 3,450,087	\$ 25,852	\$ (7,591,233)	\$ (1,526,606)	\$ (9,117,839)	\$ 0
Component Unit:								
Smith County School Department	\$ 27,932,160	\$ 425,024	\$ 3,548,058	\$ 120,758	\$ 0	\$ 0	\$ 0	\$ (23,838,320)
Total Component Unit	\$ 27,932,160	\$ 425,024	\$ 3,548,058	\$ 120,758	\$ 0	\$ 0	\$ 0	\$ (23,838,320)

(Continued)

Exhibit B

Smith County, Tennessee
Statement of Activities (Cont.)

					Net (Expense) Revenue and Changes in Net Position			
Program Revenues								Component Unit
					Primary Government			Smith
					Governmental	Business-type		County
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Activities	Activities	Total	School Department
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 7,695,717	\$ 0	\$ 7,695,717	\$ 3,801,478
Property Taxes Levied for Debt Service					29,383	0	29,383	0
Local Option Sales Taxes					1,062,606	0	1,062,606	1,949,103
Wheel Tax					296,903	0	296,903	0
Litigation Taxes					93,264	0	93,264	0
Business Tax					159,024	0	159,024	0
Mineral Severance Tax					112,766	0	112,766	0
Wholesale Beer Tax					60,434	0	60,434	0
Other Local Taxes					164	0	164	180
Grants and Contributions Not Restricted to Specific Purposes					831,942	0	831,942	18,448,226
Unrestricted Investment Income					146,348	0	146,348	7,804
Miscellaneous					66,131	0	66,131	33,222
Total General Revenues					\$ 10,554,682	\$ 0	\$ 10,554,682	\$ 24,240,013
Insurance Recovery								
Transfers					\$ 4,390	\$ 1,217	\$ 5,607	\$ 47,390
					38,532	(38,532)	0	0
Change in Net Position								
Net Position, July 1, 2019					\$ 3,006,371	\$ (1,563,921)	\$ 1,442,450	\$ 449,083
					31,427,039	(5,986,999)	25,440,040	32,323,899
Net Position, June 30, 2020								
					\$ 34,433,410	\$ (7,550,920)	\$ 26,882,490	\$ 32,772,982

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, 2020

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 928	\$ 928
Equity in Pooled Cash and Investments	2,385,644	366,752	431,500	511,496	3,695,392
Accounts Receivable	345,303	0	0	16,527	361,830
Allowance for Uncollectibles	(123,033)	0	0	0	(123,033)
Due from Other Governments	484,738	496,378	0	0	981,116
Due from Other Funds	5,034	0	18,000	0	23,034
Property Taxes Receivable	6,125,126	316,817	1,098,298	211,211	7,751,452
Allowance for Uncollectible Property Taxes	(165,243)	(8,547)	(29,630)	(5,698)	(209,118)
Total Assets	\$ 9,057,569	\$ 1,171,400	\$ 1,518,168	\$ 734,464	\$ 12,481,601
<u>LIABILITIES</u>					
Accounts Payable	\$ 93,791	\$ 13,039	\$ 0	\$ 128	\$ 106,958
Payroll Deductions Payable	97,758	30,034	0	0	127,792
Cash Overdraft	0	0	0	11,179	11,179
Due to Other Funds	18,000	25,686	0	5,034	48,720
Due to State of Tennessee	0	4,593	0	0	4,593
Other Current Liabilities	539	282	0	0	821
Total Liabilities	\$ 210,088	\$ 73,634	\$ 0	\$ 16,341	\$ 300,063
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 5,849,853	\$ 302,579	\$ 1,048,939	\$ 201,719	\$ 7,403,090
Deferred Delinquent Property Taxes	103,691	5,363	18,593	3,794	131,441
Other Deferred/Unavailable Revenue	286,668	183,911	0	0	470,579
Total Deferred Inflows of Resources	\$ 6,240,212	\$ 491,853	\$ 1,067,532	\$ 205,513	\$ 8,005,110

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>					
Nonspendable:					
Endowments	\$ 0	\$ 0	\$ 0	\$ 22,154	\$ 22,154
Restricted:					
Restricted for General Government	16,191	0	0	0	16,191
Restricted for Finance	29,777	0	0	0	29,777
Restricted for Public Safety	2,945	0	0	118,013	120,958
Restricted for Public Health and Welfare	76,082	0	0	0	76,082
Restricted for Highways/Public Works	0	605,913	0	0	605,913
Restricted for Debt Service	0	0	450,636	150,602	601,238
Restricted for Capital Projects	0	0	0	199,532	199,532
Committed:					
Committed for Administration of Justice	90,751	0	0	0	90,751
Committed for Social, Cultural, and Recreational Services	0	0	0	22,309	22,309
Unassigned	2,391,523	0	0	0	2,391,523
Total Fund Balances	<u>\$ 2,607,269</u>	<u>\$ 605,913</u>	<u>\$ 450,636</u>	<u>\$ 512,610</u>	<u>\$ 4,176,428</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,057,569</u>	<u>\$ 1,171,400</u>	<u>\$ 1,518,168</u>	<u>\$ 734,464</u>	<u>\$ 12,481,601</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, 2020

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	4,176,428
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,261,687	
Add: intangible assets - indefinite life		1,009,865	
Add: buildings and improvements net of accumulated depreciation		12,266,979	
Add: infrastructure net of accumulated depreciation		21,156,969	
Add: other capital assets net of accumulated depreciation		<u>1,850,640</u>	38,546,140
(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	\$	(8,282,268)	
Less: notes payable		(805,278)	
Less: other loans payable		(3,825,208)	
Less: capital leases payable		(15,673)	
Add: debt to be contributed by the school department		2,846,798	
Less: compensated absences payable		(67,094)	
Less: net OPEB liability		(180,713)	
Less: accrued interest on bonds, notes, and other loans		<u>(70,193)</u>	(10,399,629)
(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 expense in future years.			
Add: deferred outflows of resources related to pensions	\$	614,799	
Less: deferred inflows of resources related to pensions		(536,301)	
Add: deferred outflows of resources related to OPEB		21,372	
Less: deferred inflows of resources related to OPEB		<u>(71,360)</u>	28,510
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			1,479,941
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>602,020</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>34,433,410</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, 2020

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>					
Local Taxes	\$ 7,488,146	\$ 440,327	\$ 1,462,314	\$ 219,987	\$ 9,610,774
Licenses and Permits	133,736	0	0	0	133,736
Fines, Forfeitures, and Penalties	83,189	0	4,102	31,356	118,647
Charges for Current Services	1,014,053	0	0	0	1,014,053
Other Local Revenues	263,996	12,012	101,963	1,065	379,036
Fees Received From County Officials	972,411	0	0	0	972,411
State of Tennessee	1,590,139	2,079,882	0	0	3,670,021
Federal Government	454,954	116,421	0	0	571,375
Other Governments and Citizens Groups	591,525	0	0	0	591,525
Total Revenues	\$ 12,592,149	\$ 2,648,642	\$ 1,568,379	\$ 252,408	\$ 17,061,578
<u>Expenditures</u>					
Current:					
General Government	\$ 1,243,236	\$ 0	\$ 0	\$ 0	\$ 1,243,236
Finance	946,745	0	0	0	946,745
Administration of Justice	694,328	0	0	0	694,328
Public Safety	4,427,905	0	0	20,821	4,448,726
Public Health and Welfare	2,087,101	0	0	0	2,087,101
Social, Cultural, and Recreational Services	230,128	0	0	0	230,128
Agriculture and Natural Resources	121,404	0	0	0	121,404
Other Operations	715,222	0	0	0	715,222
Highways	0	2,337,012	0	0	2,337,012
Debt Service:					
Principal on Debt	0	78,937	1,297,998	0	1,376,935
Interest on Debt	28,060	3,127	298,656	0	329,843
Other Debt Service	0	0	36,904	856	37,760

(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	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 4,092	\$ 4,092
Capital Projects - Donated	0	0	35,301	0	35,301
Total Expenditures	\$ 10,494,129	\$ 2,419,076	\$ 1,668,859	\$ 25,769	\$ 14,607,833
 Excess (Deficiency) of Revenues Over Expenditures	 \$ 2,098,020	 \$ 229,566	 \$ (100,480)	 \$ 226,639	 \$ 2,453,745
<u>Other Financing Sources (Uses)</u>					
Other Loans Issued	\$ 0	\$ 0	\$ 35,301	\$ 0	\$ 35,301
Insurance Recovery	4,390	0	0	0	4,390
Transfers In	120,593	0	5,695	0	126,288
Transfers Out	0	(87,756)	0	0	(87,756)
Total Other Financing Sources (Uses)	\$ 124,983	\$ (87,756)	\$ 40,996	\$ 0	\$ 78,223
 Net Change in Fund Balances	 \$ 2,223,003	 \$ 141,810	 \$ (59,484)	 \$ 226,639	 \$ 2,531,968
Fund Balance, July 1, 2019	384,266	464,103	510,120	285,971	1,644,460
 Fund Balance, June 30, 2020	 \$ 2,607,269	 \$ 605,913	 \$ 450,636	 \$ 512,610	 \$ 4,176,428

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, 2020

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)		\$ 2,531,968
(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	\$ 137,042	
Less: current-year depreciation expense	<u>(1,156,099)</u>	(1,019,057)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of capital assets disposed		(103,161)
(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, 2020	\$ 602,020	
Less: deferred delinquent property taxes and other deferred June 30, 2019	<u>(589,249)</u>	12,771
(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: other loan proceeds	\$ (35,301)	
Add: other loan proceeds contributed to the school department	35,301	
Add: principal payments on bonds	650,284	
Add: principal payments on notes	569,137	
Add: principal payments on other loans	143,910	
Add: principal payments on capital leases	<u>13,604</u>	1,376,935
(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	\$ 12,680	
Change in compensated absences payable	13,264	
Change in pension liability/asset	100,614	
Change in deferred outflows related to pensions	62,935	
Change in deferred inflows related to pensions	40,685	
Change in net OPEB liability	13,775	
Change in deferred outflows related to OPEB	6,000	
Change in deferred inflows related to OPEB	<u>(43,038)</u>	<u>206,915</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 3,006,371</u>

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

Exhibit C-5

Smith County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 7,488,146	\$ 6,913,590	\$ 7,040,591	\$ 447,555
Licenses and Permits	133,736	135,135	135,135	(1,399)
Fines, Forfeitures, and Penalties	83,189	97,371	97,371	(14,182)
Charges for Current Services	1,014,053	1,176,307	1,185,307	(171,254)
Other Local Revenues	263,996	379,875	150,064	113,932
Fees Received From County Officials	972,411	879,529	879,529	92,882
State of Tennessee	1,590,139	1,570,736	1,967,117	(376,978)
Federal Government	454,954	86,512	127,791	327,163
Other Governments and Citizens Groups	591,525	284,532	540,688	50,837
Total Revenues	\$ 12,592,149	\$ 11,523,587	\$ 12,123,593	\$ 468,556
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 23,790	\$ 25,363	\$ 25,363	\$ 1,573
Board of Equalization	2,150	2,150	2,150	0
County Mayor/Executive	147,691	147,743	147,413	(278)
County Attorney	22,064	25,000	25,000	2,936
Election Commission	192,751	213,036	205,836	13,085
Register of Deeds	171,579	176,677	176,677	5,098
Planning	12,088	13,265	13,265	1,177
Codes Compliance	87,863	118,485	118,485	30,622
County Buildings	583,260	647,670	645,470	62,210
<u>Finance</u>				
Accounting and Budgeting	260,343	262,182	264,924	4,581
Property Assessor's Office	193,283	192,384	193,934	651
Reappraisal Program	17,439	16,794	17,444	5
County Trustee's Office	186,528	187,770	188,650	2,122
County Clerk's Office	289,152	287,883	294,095	4,943
<u>Administration of Justice</u>				
Circuit Court	297,003	324,816	324,816	27,813
General Sessions Judge	157,222	170,968	170,763	13,541
Drug Court	74,540	70,000	96,230	21,690
Chancery Court	138,991	141,704	141,704	2,713
Judicial Commissioners	23,302	24,927	24,927	1,625
Other Administration of Justice	3,270	7,500	7,500	4,230
<u>Public Safety</u>				
Sheriff's Department	2,403,790	2,456,966	2,499,654	95,864
Traffic Control	715	900	900	185
Jail	364,809	418,214	384,838	20,029
Correctional Incentive Program Improvements	894,832	928,923	928,923	34,091
Juvenile Services	82,331	61,421	132,675	50,344
Fire Prevention and Control	167,094	195,541	199,041	31,947
Rescue Squad	30,000	30,000	30,000	0
Other Emergency Management	34,675	42,318	85,489	50,814
Inspection and Regulation	3,589	3,837	3,837	248
County Coroner/Medical Examiner	67,550	91,500	91,500	23,950
Public Safety Grants Program	59,280	53,602	106,731	47,451
Other Public Safety	319,240	316,721	330,121	10,881

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 25,743	\$ 29,296	\$ 29,296	\$ 3,553
Ambulance/Emergency Medical Services	1,600,999	1,634,309	1,639,809	38,810
Alcohol and Drug Programs	138,603	0	206,630	68,027
Other Local Health Services	71,895	90,126	90,284	18,389
Appropriation to State	12,952	12,952	12,952	0
General Welfare Assistance	73,558	73,862	73,862	304
Other Local Welfare Services	22,286	25,500	25,500	3,214
Waste Pickup	38,440	44,200	44,200	5,760
Other Public Health and Welfare	102,625	103,340	153,340	50,715
<u>Social, Cultural, and Recreational Services</u>				
Senior Citizens Assistance	60,731	68,295	68,295	7,564
Libraries	113,802	133,350	134,030	20,228
Parks and Fair Boards	32,437	63,400	46,622	14,185
Other Social, Cultural, and Recreational	23,158	3,000	66,753	43,595
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	79,321	83,912	83,912	4,591
Soil Conservation	11,000	11,000	11,000	0
Other Agriculture and Natural Resources	31,083	73,400	39,179	8,096
<u>Other Operations</u>				
Tourism	200	1,000	1,000	800
Industrial Development	55,460	7,791	65,012	9,552
Other Economic and Community Development	42,867	42,867	42,867	0
Veterans' Services	12,394	17,012	17,212	4,818
Other Charges	299,270	303,145	300,845	1,575
Employee Benefits	53,823	60,514	55,514	1,691
COVID-19 Grant #1	11,279	0	11,279	0
Miscellaneous	239,929	155,339	332,803	92,874
<u>Interest on Debt</u>				
General Government	28,060	48,300	28,061	1
Total Expenditures	\$ 10,494,129	\$ 10,742,170	\$ 11,458,612	\$ 964,483
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,098,020	\$ 781,417	\$ 664,981	\$ 1,433,039
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 4,390	\$ 0	\$ 39,671	\$ (35,281)
Transfers In	120,593	120,593	138,593	(18,000)
Total Other Financing Sources	\$ 124,983	\$ 120,593	\$ 178,264	\$ (53,281)
Net Change in Fund Balance	\$ 2,223,003	\$ 902,010	\$ 843,245	\$ 1,379,758
Fund Balance, July 1, 2019	384,266	135,888	135,888	248,378
Fund Balance, June 30, 2020	\$ 2,607,269	\$ 1,037,898	\$ 979,133	\$ 1,628,136

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 440,327	\$ 397,774	\$ 397,774	\$ 42,553
Other Local Revenues	12,012	17,000	17,660	(5,648)
State of Tennessee	2,079,882	2,878,997	2,878,997	(799,115)
Federal Government	116,421	0	0	116,421
Total Revenues	<u>\$ 2,648,642</u>	<u>\$ 3,293,771</u>	<u>\$ 3,294,431</u>	<u>\$ (645,789)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 212,530	\$ 181,390	\$ 225,297	\$ 12,767
Highway and Bridge Maintenance	1,298,114	1,454,861	1,374,454	76,340
Operation and Maintenance of Equipment	196,938	195,211	235,720	38,782
Other Charges	85,329	91,666	87,566	2,237
Employee Benefits	391,139	412,039	419,793	28,654
Capital Outlay	152,962	895,606	921,566	768,604
<u>Principal on Debt</u>				
Highways and Streets	78,937	66,500	80,104	1,167
<u>Interest on Debt</u>				
Highways and Streets	3,127	10,000	3,171	44
Total Expenditures	<u>\$ 2,419,076</u>	<u>\$ 3,307,273</u>	<u>\$ 3,347,671</u>	<u>\$ 928,595</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 229,566</u>	<u>\$ (13,502)</u>	<u>\$ (53,240)</u>	<u>\$ 282,806</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 111,100	\$ 111,100	\$ (111,100)
Insurance Recovery	0	0	16,837	(16,837)
Transfers Out	(87,756)	(82,061)	(87,756)	0
Total Other Financing Sources	<u>\$ (87,756)</u>	<u>\$ 29,039</u>	<u>\$ 40,181</u>	<u>\$ (127,937)</u>
Net Change in Fund Balance	\$ 141,810	\$ 15,537	\$ (13,059)	\$ 154,869
Fund Balance, July 1, 2019	464,103	166,739	166,739	297,364
Fund Balance, June 30, 2020	<u><u>\$ 605,913</u></u>	<u><u>\$ 182,276</u></u>	<u><u>\$ 153,680</u></u>	<u><u>\$ 452,233</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, 2020

	Business-type Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 4,070,482
Accounts Receivable	316,802
Allowance for Uncollectibles	(1,934)
Due from Component Units	140
Due from Other Funds	25,686
Total Current Assets	<u>\$ 4,411,176</u>
Noncurrent Assets:	
Net Pension Asset	\$ 84,314
Capital Assets:	
Assets Not Depreciated:	
Land	2,106,484
Construction in Progress	2,533,805
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	40,412
Other Capital Assets	1,387,345
Landfill Facilities and Development	3,606,991
Total Noncurrent Assets	<u>\$ 9,759,351</u>
Total Assets	<u>\$ 14,170,527</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources:	
Pension Changes in Experience	\$ 5,377
Pension Changes in Assumptions	8,581
Pension Contributions After Measurement Date	26,321
Total Deferred Outflows of Resources	<u>\$ 40,279</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 14,210,806</u>

(Continued)

Exhibit D-1

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

	Business-type Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 161,515
Payroll Deductions Payable	11,461
Contracts Payable	188,664
Retainage Payable	274,487
Capital Outlay Notes Payable	656,406
Other Loans Payable	37,347
Total Current Liabilities	<u>\$ 1,329,880</u>
Noncurrent Liabilities:	
Capital Outlay Notes Payable - Long-term	\$ 2,907,592
Other Loans Payable - Long-term	1,599,789
Accrued Liability for Landfill Closure/Postclosure Care Costs	15,893,911
Total Noncurrent Liabilities	<u>\$ 20,401,292</u>
Total Liabilities	<u>\$ 21,731,172</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows of Resources:	
Pension Changes in Experience	\$ 20,398
Pension Changes in Investment Earnings	10,156
Total Deferred Inflows of Resources	<u>\$ 30,554</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 4,473,903
Restricted for Capital Outlay	266,195
Restricted for Pensions	84,314
Unrestricted	<u>(12,375,332)</u>
Total Net Position	<u>\$ (7,550,920)</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, 2020

	Business-type Activities - Major Enterprise Fund
	Solid Waste Disposal Fund
<u>Operating Revenues</u>	
Licenses and Permits	\$ 300
Charges for Current Services	4,426,569
Other Local Revenues	36,477
State of Tennessee	1,124
Total Operating Revenues	<u>\$ 4,464,470</u>
<u>Operating Expenses</u>	
Waste Pickup	\$ 132,654
Convenience Centers	212,514
Other Waste Collection	15,966
Landfill Operations and Maintenance	4,727,358
Depreciation Expense	708,810
Total Operating Expenses	<u>\$ 5,797,302</u>
Operating Income (Loss)	<u>\$ (1,332,832)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Insurance Recovery	\$ 1,217
Interest on Notes	(123,250)
Interest on Other Loans	(70,524)
Total Nonoperating Revenues (Expenses)	<u>\$ (192,557)</u>
Income (Loss) Before Transfers	\$ (1,525,389)
Transfers In (Out)	<u>(38,532)</u>
Change in Net Position	\$ (1,563,921)
Net Position, July 1, 2019	<u>(5,986,999)</u>
Net Position, June 30, 2020	<u><u>\$ (7,550,920)</u></u>

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

Exhibit D-3

Smith County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2020

	Business-type Activities - Major Enterprise Fund
	Solid Waste Disposal Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 4,479,964
Payments to Suppliers	(814,661)
Payments to Employees	(860,100)
Other Payments	(85,351)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 2,719,852</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition and Construction of Capital Assets	\$ (1,996,171)
Principal Paid on Capital Outlay Notes	(780,977)
Principal Paid on Other Loan	(35,796)
Interest Paid on Capital Outlay Notes	(123,250)
Interest Paid on Other Loan	(70,524)
Insurance Recovery	1,217
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (3,005,501)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	<u>\$ (38,532)</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (38,532)</u>
Net Increase (Decrease) in Cash	\$ (324,181)
Cash, July 1, 2019	<u>4,394,663</u>
Cash, June 30, 2020	<u><u>\$ 4,070,482</u></u>

(Continued)

Exhibit D-3

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

	Business-type Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>Reconciliation of Operating Income (Loss)</u> to Net Cash Provided By (Used In) Operating Activities	
Operating Income (Loss)	\$ (1,332,832)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	708,810
Increase (Decrease) in Landfill Closure/postclosure Care Costs	2,932,625
(Increase) Decrease in Net Pension Asset	12,636
(Increase) Decrease in Deferred Outflows Related to Pensions	(6,196)
Increase (Decrease) in Deferred Inflows Related to Pensions	(10,001)
(Increase) Decrease in Accounts Receivable, Net	12,920
(Increase) Decrease in Due From Other Governments	2,645
(Increase) Decrease in Due From Component Units	(140)
Increase (Decrease) in Accounts Payable	(57,744)
Increase (Decrease) in Payroll Deductions	(6,022)
Increase (Decrease) in Contracts Payable	188,664
Increase (Decrease) in Retainage Payable	274,487
Net Cash Provided By (Used In) Operating Activities	<u>\$ 2,719,852</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, 2020

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 704,695
Due from Other Governments	<u>98,351</u>
Total Assets	<u><u>\$ 803,046</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 98,351
Due to Litigants, Heirs, and Others	<u>704,695</u>
Total Liabilities	<u><u>\$ 803,046</u></u>

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

SMITH COUNTY, TENNESSEE

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SMITH COUNTY, TENNESSEE
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SMITH COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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. Net debt issues totaling \$35,301 were contributed by the county to the school department during the year ended June 30, 2020.

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 proprietary fund and 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

Smith County reports the following major enterprise fund:

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

Additionally, Smith County reports the following fund types:

Capital Projects Fund – The General Capital Projects Fund is used to account for and report financial resources used for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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; the State Treasurer's Intermediate Term Investment Fund; 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. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, 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. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pool complied with accounting principles generally accepted in the United States of America.

Investments in the State Treasurer's Intermediate Term Investment Fund are reported at amortized cost using a floating net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions as prescribed for other

funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Intermediate Term Investment Fund complied with accounting principles generally accepted in the United States of America. Smith County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

All other investments are reported at fair value. 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 1.37 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.

Retainage payable in the primary government's proprietary fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the nonmajor governmental funds.

3. Restricted Assets

Restricted assets consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Smith County School Department's Teacher Retirement Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the school system in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of the Smith County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Smith County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the school department.

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 (\$25,000 for the school department) or more and an estimated useful life exceeding 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

5. **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for pension changes in experience, assumptions, and proportionate share of contributions; employer contributions made to the pension and other postemployment benefits (OPEB) plans after the measurement date; and OPEB changes in experience, assumptions, and proportionate share.

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, investment earnings, and proportionate share of contributions; OPEB changes in experience, assumptions, and changes in proportionate share; and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Compensated Absences

Primary Government

It is the county's policy not to allow employees to accumulate unused vacation days beyond year-end. There is no liability for unpaid accumulated sick leave since Smith County does not provide for payment when employees separate from service with the government. A liability for compensatory time is reported in government-wide financial statements.

Discretely Presented Smith County School Department

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

7. Long-term Debt and 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.

8. Net Position and Fund Balance

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2020, Smith County had \$2,846,798 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.

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, 2020, the discretely presented Smith County School Department reported the following significant encumbrances:

Funds	Amount
School Department:	
Major Fund:	
General Purpose School	\$ 368,952
Nonmajor Fund:	
School Federal Projects	1,721

B. Net Position Deficit

The Solid Waste Disposal Fund had a deficit of \$12,375,332 in unrestricted net position at June 30, 2020. This deficit resulted from the recognition of a liability of \$15,893,911 in the financial statements for costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements.

C. Cash Overdraft

The Register of Deeds had a cash overdraft of \$11,179 at June 30, 2020. This cash overdraft resulted from the issuance of checks exceeding cash on deposit.

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, the State Treasurer's

Intermediate Term Investment Fund, and in repurchase agreements. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the Intermediate Term Investment Fund are reported both by the pool and the county at amortized cost using a floating net asset value. 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 or nonpooled investments as of June 30, 2020.

TCRS Stabilization Trust

Legal Provisions. The Smith County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The school department has placed funds into the irrevocable trust as authorized by 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 trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the school department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Smith County School Department may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances. Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support

the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2020, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments where fair value is measured using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the

measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter’s NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2020, the Smith County School Department had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 30,937
Developed Market International Equity	N/A	N/A	13,972
Emerging Market International Equity	N/A	N/A	3,992
U.S. Fixed Income	N/A	N/A	19,960
Real Estate	N/A	N/A	9,980
Short-term Securities	N/A	N/A	998
NAV - Private Equity and Strategic Lending	N/A	N/A	19,960
Total			<u>\$ 99,799</u>

		Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
Investment by Fair Value Level	Fair Value 6-30-20				
U.S. Equity	\$ 30,937	\$ 30,937	\$ 0	\$ 0	0
Developed Market International Equity	13,972	13,972	0	0	0
Emerging Market International Equity	3,992	3,992	0	0	0
U.S. Fixed Income	19,960	0	19,960	0	0
Real Estate	9,980	0	0	9,980	0
Short-term Securities	998	0	998	0	0
Private Equity and Strategic Lending	19,960	0	0	0	19,960
Total	<u>\$ 99,799</u>	<u>\$ 48,901</u>	<u>\$ 20,958</u>	<u>\$ 9,980</u>	<u>19,960</u>

Risks and Uncertainties. The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Smith County School Department does not have the ability to limit trust investment

maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Smith County School Department does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Smith County School Department places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Smith County School Department to pay retirement benefits of the school department employees.

For further information concerning the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag19091.pdf>.

B. Capital Assets

Capital assets activity for the year ended June 30, 2020, was as follows:

Primary Government**Governmental Activities:**

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 2,315,687	\$ 0	\$ (54,000)	\$ 2,261,687
Intangible Assets - Indefinite Life	1,009,865	0	0	1,009,865
Total Capital Assets Not Depreciated	<u>\$ 3,325,552</u>	<u>\$ 0</u>	<u>\$ (54,000)</u>	<u>\$ 3,271,552</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 16,726,953	\$ 0	\$ 0	\$ 16,726,953
Infrastructure	29,426,087	0	0	29,426,087
Other Capital Assets	6,231,042	137,042	(346,167)	6,021,917
Total Capital Assets Depreciated	<u>\$ 52,384,082</u>	<u>\$ 137,042</u>	<u>\$ (346,167)</u>	<u>\$ 52,174,957</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,078,751	\$ 381,223	\$ 0	\$ 4,459,974
Infrastructure	8,038,665	230,453	0	8,269,118
Other Capital Assets	3,923,860	544,423	(297,006)	4,171,277
Total Accumulated Depreciation	<u>\$ 16,041,276</u>	<u>\$ 1,156,099</u>	<u>\$ (297,006)</u>	<u>\$ 16,900,369</u>
Total Capital Assets Depreciated, Net	<u>\$ 36,342,806</u>	<u>\$ (1,019,057)</u>	<u>\$ (49,161)</u>	<u>\$ 35,274,588</u>
Governmental Activities Capital Assets, Net	<u>\$ 39,668,358</u>	<u>\$ (1,019,057)</u>	<u>\$ (103,161)</u>	<u>\$ 38,546,140</u>

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

Governmental Activities:

General Government	\$ 55,723
Public Safety	460,426
Public Health and Welfare	242,158
Social, Cultural, and Recreational Services	76,375
Highways/Public Works	<u>321,417</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,156,099</u></u>

Business-type Activities:

	Balance 7-1-19	Increases	Balance 6-30-20
Capital Assets Not Depreciated:			
Land	\$ 2,052,484	\$ 54,000	\$ 2,106,484
Construction in Progress	828,886	1,704,919	<u>2,533,805</u>
Total Capital Assets Not Depreciated	<u>\$ 2,881,370</u>	<u>\$ 1,758,919</u>	<u>\$ 4,640,289</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 74,039	\$ 0	\$ 74,039
Other Capital Assets	3,056,061	237,252	3,293,313
Landfill Facilities and Development	5,899,539	0	<u>5,899,539</u>
Total Capital Assets Depreciated	<u>\$ 9,029,639</u>	<u>\$ 237,252</u>	<u>\$ 9,266,891</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 32,007	\$ 1,620	\$ 33,627
Other Capital Assets	1,423,193	482,775	1,905,968
Landfill Facilities and Development	2,068,133	224,415	<u>2,292,548</u>
Total Accumulated Depreciation	<u>\$ 3,523,333</u>	<u>\$ 708,810</u>	<u>\$ 4,232,143</u>
Total Capital Assets Depreciated, Net	<u>\$ 5,506,306</u>	<u>\$ (471,558)</u>	<u>\$ 5,034,748</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 8,387,676</u></u>	<u><u>\$ 1,287,361</u></u>	<u><u>\$ 9,675,037</u></u>

There were no decreases in capital assets to report during the year ended June 30, 2020.

Depreciation expense of \$708,810 was charged to the business-type activities.

Discretely Presented Smith County School Department

Governmental Activities:

	Balance 7-1-19	Increases	Balance 6-30-20
Capital Assets Not Depreciated:			
Land	\$ 1,764,538	\$ 0	\$ 1,764,538
Total Capital Assets Not Depreciated	\$ 1,764,538	\$ 0	\$ 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	3,366,671	195,956	3,562,627
Total Capital Assets Depreciated	\$ 42,521,425	\$ 195,956	\$ 42,717,381
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 16,309,108	\$ 789,350	\$ 17,098,458
Infrastructure	51,869	3,225	55,094
Other Capital Assets	1,948,593	187,532	2,136,125
Total Accumulated Depreciation	\$ 18,309,570	\$ 980,107	\$ 19,289,677
Total Capital Assets Depreciated, Net	\$ 24,211,855	\$ (784,151)	\$ 23,427,704
Governmental Activities Capital Assets, Net	\$ 25,976,393	\$ (784,151)	\$ 25,192,242

There were no decreases in capital assets to report during the year ended June 30, 2020.

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

Governmental Activities:

Instruction	\$ 774,789
Support Services	<u>205,318</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 980,107</u></u>

C. Construction Commitments

At June 30, 2020, the Solid Waste Disposal Fund had an uncompleted landfill expansion project and reported construction in progress of \$2,920,020. Funding for these future expenditures is expected to be from fund balance and future revenues.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2020, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 5,034
General Debt Service	General	18,000
Solid Waste Disposal	Highway/Public Works	25,686
Discretely Presented School		
Department:		
General Purpose School	Nonmajor governmental	33,650

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:		
Governmental Activities	Governmental Activities	\$ 2,846,798
Solid Waste Disposal Fund	General Purpose School Fund	140

The Due to Primary Government of \$2,846,798 is the balance of other loans issued by the county for the school department. The school department has agreed to contribute the funds annually to retire the other loans. These long-term obligations are reflected in governmental activities on the Statement of Net Position. The Due to Primary Government balance also includes amounts due to the primary government business-type activities from the school department for the solid waste disposal services (\$140).

Interfund Transfers:

Interfund transfers for the year ended June 30, 2020, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		Purpose
	General Fund	General Debt Service Fund	
Highway/Public Works Fund	\$ 0	\$ 5,695	Debt retirement
"	82,061	0	Accounting services
Solid Waste Disposal Fund	38,532	0	"
Total	<u>\$ 120,593</u>	<u>\$ 5,695</u>	

Discretely Presented Smith County School Department

	<u>Transfer In</u>	
	General	
	Purpose	
<u>Transfer Out</u>	School	
	Fund	Purpose
Nonmajor governmental funds	<u>\$ 25,361</u>	Indirect costs
Total	<u>\$ 25,361</u>	

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.

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.

The assets acquired through the capital lease are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Machinery and Equipment	\$ 65,000
Less: Accumulated Depreciation	<u>(31,417)</u>
Total Book Value	<u><u>\$ 33,583</u></u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2021	\$ 14,970
2022	<u>1,249</u>
Total Minimum Lease Payments	\$ 16,219
Less: Amount Representing Interest	<u>(546)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 15,673</u></u>

F. Long-term Debt

Primary Government

General Obligation Bonds - Smith County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds were issued for original terms of up to 40 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2020, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements - Smith County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes, and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes, and other loans outstanding were issued for original terms of up to six 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 notes, and other loans included in long-term debt as of June 30, 2020, will be retired from the Highway/Public Works and General Debt Service funds.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2020, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-20
General Obligation Bonds	3.88 to 4.5 %	7-16-58	\$ 2,350,000	\$ 1,752,268
General Obligation Bonds - Refunding	4.4	6-1-30	8,315,000	6,530,000
Direct Borrowing and Direct Placement:				
Capital Outlay Notes	1.66 to 3.35	6-30-23	1,662,339	805,278
Other Loans	variable	5-25-27	2,628,599	978,410
Other Loans	1	8-1-31	2,846,798	2,846,798
Capital Leases	5.91	7-21-21	65,300	15,673

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, 2020, the variable interest rate for each of these loans was .27 percent. Other fees based on the outstanding loan principal at June 30, 2020, 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, 2020, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2021	\$ 662,057	\$ 245,104	\$ 907,161
2022	680,447	230,015	910,462
2023	693,987	214,477	908,464
2024	712,682	197,055	909,737
2025	731,541	177,571	909,112
2026-2030	3,861,327	548,243	4,409,570
2031-2035	97,873	174,872	272,745
2036-2040	118,365	154,380	272,745
2041-2045	143,143	129,602	272,745
2046-2050	173,113	99,632	272,745
2051-2055	209,356	63,389	272,745
2056-2059	198,377	19,571	217,948
Total	\$ 8,282,268	\$ 2,253,911	\$ 10,536,179

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2021	\$ 400,541	\$ 17,630	\$ 418,171
2022	299,432	8,631	308,063
2023	105,305	3,241	108,546
Total	\$ 805,278	\$ 29,502	\$ 834,780

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Other Fees	Total
2021	\$ 296,888	\$ 20,856	\$ 7,714	\$ 325,458
2022	410,002	31,458	6,847	448,307
2023	418,688	28,482	5,944	453,114
2024	426,610	25,453	5,006	457,069
2025	400,774	22,398	4,037	427,209
2026-2030	1,556,642	68,149	3,845	1,628,636
2031-2032	315,604	5,474	0	321,078
Total	\$ 3,825,208	\$ 202,270	\$ 33,393	\$ 4,060,871

There is \$450,636 available in the General Debt Service Fund and \$150,602 available in the Education Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$432, based on the 2010 federal census. Total debt per capita, including bonds, notes, other loans, and capital leases totaled \$675, based on the 2010 federal census.

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2020, was as follows:

Governmental Activities:

	Bonds	Notes - Direct Placement	Other Loans - Direct Placement
Balance, July 1, 2019	\$ 8,932,552	\$ 1,374,415	\$ 3,933,817
Additions	0	0	35,301
Reductions	(650,284)	(569,137)	(143,910)
Balance, June 30, 2020	<u>\$ 8,282,268</u>	<u>\$ 805,278</u>	<u>\$ 3,825,208</u>
Balance Due Within One Year	<u>\$ 662,057</u>	<u>\$ 400,541</u>	<u>\$ 296,888</u>

	Capital Leases - Direct Placement
Balance, July 1, 2019	\$ 29,277
Additions	0
Reductions	(13,604)
Balance, June 30, 2020	<u>\$ 15,673</u>
Balance Due Within One Year	<u>\$ 14,430</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2020	\$ 12,928,427
Less: Due Within One Year - Debt	<u>(1,373,916)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 11,554,511</u>

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, 2020, the following outstanding bonds are considered defeased:

	<u>Amount</u>
2000 School Bonds	\$ 850,000
2001 School Bonds	900,000

Solid Waste Disposal (Enterprise) Fund

Direct Borrowing and Direct Placements - Capital outlay notes and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. 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, 2020, will be retired from the Solid Waste Disposal Fund.

Capital outlay notes and other loans outstanding as of June 30, 2020, for business-type activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-20</u>
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Direct Borrowings and Direct Placements:

Capital Outlay Notes	1.66 to 3.49 %	5-1-30	\$ 6,173,100	\$ 3,563,998
Other Loans	4.25	12-6-45	2,000,000	1,637,136

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, 2020, including interest payments, are presented in the following tables:

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2021	\$ 656,408	\$ 101,970	\$ 758,378
2022	621,341	82,018	703,359
2023	561,249	64,261	625,510
2024	230,000	51,750	281,750
2025	1,230,000	152,250	1,382,250
2026-2030	265,000	7,950	272,950
Total	<u>\$ 3,563,998</u>	<u>\$ 460,199</u>	<u>\$ 4,024,197</u>

Year Ending June 30	Other Loans - Direct Placement		
	Principal	Interest	Total
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
2026-2030	251,760	279,840	531,600
2031-2035	311,250	220,350	531,600
2036-2040	384,800	146,800	531,600
2041-2045	475,730	55,721	531,451
2046	9,956	58	10,014
Total	<u>\$ 1,637,136</u>	<u>\$ 1,030,729</u>	<u>\$ 2,667,865</u>

Total debt per capita, including notes and other loans totaled \$271, based on the 2010 federal census.

Changes in Long-term Debt

Long-term debt activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2020, was as follows:

Business-type Activities:

	Notes - Direct Placement	Other Loans - Direct Placement
Balance, July 1, 2019	\$ 4,344,975	\$ 1,672,932
Reductions	(780,977)	(35,796)
Balance, June 30, 2020	<u>\$ 3,563,998</u>	<u>\$ 1,637,136</u>
Balance Due Within One Year	<u>\$ 656,406</u>	<u>\$ 37,347</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, Debt - June 30, 2020	\$ 5,201,134
Less: Due Within One Year	<u>(693,753)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt- Exhibit A	<u>\$ 4,507,381</u>

G. Long-term Obligations

Primary Government

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2020, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2019	\$ 80,358	\$ 194,488
Additions	56,148	41,672
Reductions	(69,412)	(55,447)
Balance, June 30, 2020	<u>\$ 67,094</u>	<u>\$ 180,713</u>
Balance Due Within One Year	<u>\$ 33,547</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2020	\$ 247,807
Less: Balance Due Within One Year - Other	<u>(33,547)</u>

Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 214,260</u>
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Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds.

Solid Waste Disposal (Enterprise) Fund

Changes in Long-term Obligations

Long-term obligations activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2020, was as follows:

Business-type Activities:

	Closure/ Postclosure Care Costs
	<u></u>
Balance, July 1, 2019	\$ 12,961,286
Additions	<u>2,932,625</u>
Balance, June 30, 2020	<u>\$ 15,893,911</u>
Balance Due Within One Year	<u>\$ 0</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, 2020, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2019	\$ 124,503	\$ 2,379,731
Additions	44,326	441,151
Reductions	(97,986)	(429,050)
Balance, June 30, 2020	<u>\$ 70,843</u>	<u>\$ 2,391,832</u>
Balance Due Within One Year	<u>\$ 35,421</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2020	\$ 2,462,675
Less: Due Within One Year - Other	<u>(35,421)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 2,427,254</u>

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

H. 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 related to the jail is paid off. The other loan payable for the Head Start Facility and New Jail Facility reflected on Exhibit K-1 is divided into 49 percent for the Head Start facility and 51 percent for the jail. This loan was issued on October 31, 2007, and it matures on May 25, 2027. The other original loans issued for jail construction were refunded with a General Obligation Refunding Bond on August 20, 2015. This refunding bond matures on June 1, 2030.

I. 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, 2020, were \$87,945 and \$30,188, respectively. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

J. 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, 2020, was as follows:

	Balance		Balance	
	7-1-19	Issued	Paid	6-30-20
Tax Anticipation Notes	\$ 0	\$ 1,500,000	\$ (1,500,000)	\$ 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. 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.

C. 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. \$15,893,911 is reported as landfill closure and postclosure care liability at June 30, 2020. The liability at June 30, 2020, represents 84 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 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

D. 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, 2020 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

E. 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

F. 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 66.79 percent, the non-certified employees of the discretely presented school department comprise 33.21 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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	130
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	344
Active Employees	<u>347</u>
Total	<u><u>821</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, 2020, the employer contribution for Smith County was \$598,249 based on a rate of 5.87 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, 2019, 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, 2019, 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 3.44% 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, 2019, 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 asset 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 asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	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.

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, 2018	\$ 20,765,407	\$ 22,968,805	\$ (2,203,398)
Changes for the Year:			
Service Cost	\$ 847,823	\$ 0	\$ 847,823
Interest	1,533,745	0	1,533,745
Differences Between Expected and Actual Experience	186,709	0	186,709
Contributions-Employer	0	558,272	(558,272)
Contributions-Employees	0	465,279	(465,279)
Net Investment Income	0	1,713,137	(1,713,137)
Benefit Payments, Including Refunds of Employee Contributions	(916,240)	(916,240)	0
Administrative Expense	0	(29,759)	29,759
Net Changes	\$ 1,652,037	\$ 1,790,689	\$ (138,652)
Balance, June 30, 2019	\$ 22,417,444	\$ 24,759,494	\$ (2,342,050)

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government 66.79%	\$ 14,972,611	\$ 16,536,866	\$ (1,564,255)
School Department 33.21%	7,444,833	8,222,628	(777,795)
Total	\$ 22,417,444	\$ 24,759,494	\$ (2,342,050)

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 percent) or one percentage point higher (8.25 percent) than the current rate:

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

Net Pension Liability (Asset) \$ 647,128 \$ (2,342,050) \$ (4,803,656)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Expense. For the year ended June 30, 2020, Smith County recognized pension expense of \$276,713.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, 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	\$ 149,367	\$ 566,610
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	282,102
Changes in Assumptions	238,353	0
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	598,249	N/A
Total	<u>\$ 985,969</u>	<u>\$ 848,712</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2019,” 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	\$ 655,078	\$ 566,855
School Department	330,891	281,857
Total	<u>\$ 985,969</u>	<u>\$ 848,712</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
2021	\$ (132,571)
2022	(252,280)
2023	(35,736)
2024	(40,413)
2025	0
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 66.79 percent and the non-certified employees of the discretely presented school department comprise 33.21 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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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, 2020, to the Teacher Retirement Plan were \$53,509, which is 2.03 percent of covered payroll. In addition, employer contributions of \$51,985, which is 1.97 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, 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, 2020, the school department reported a liability (asset) of (\$112,141) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, 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, 2019, the school department's proportion was .198660 percent. The proportion as of June 30, 2018, was .163576 percent.

Pension Expense. For the year ended June 30, 2020, the school department recognized pension expense of \$34,354.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, 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	\$ 4,650	\$ 19,577
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	4,741
Changes in Assumptions	3,896	0
Changes in Proportion of Net Pension Liability (Asset)	4,824	15,314
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	53,509	N/A
Total	\$ 66,879	\$ 39,632

The school department's employer contributions of \$53,509, 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, 2021. 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
2021	\$ (3,217)
2022	(3,942)
2023	(2,612)
2024	(1,934)
2025	(1,741)
Thereafter	(12,814)

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, 2019, 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 3.44% 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, 2019, 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 asset 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 asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	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.

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 percent) or one percentage point higher (8.25 percent) than the current rate:

School Department's		Current	
Proportionate Share of	1%	Discount	1%
the Net Pension	Decrease	Rate	Increase
Liability (Asset)	6.25%	7.25%	8.25%

Net Pension Liability (Asset) \$ 35,531 \$ (112,141) \$ (221,297)

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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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, 2020, to the Teacher Legacy Pension Plan were \$1,105,620, which is 10.68 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, 2020, the school department reported a liability (asset) of (\$3,145,563) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, 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, 2019, the school department's proportion was .305935 percent. The proportion measured at June 30, 2018, was .292887 percent.

Pension Expense. For the year ended June 30, 2020, the school department recognized pension expense of \$411,427.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, 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	\$ 153,149	\$ 1,921,372
Changes in Assumptions	423,881	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	898,748
Changes in Proportion of Net Pension Liability (Asset)	11,195	30,237
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	1,105,620	N/A
Total	<u>\$ 1,693,845</u>	<u>\$ 2,850,357</u>

The school department's employer contributions of \$1,105,620 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, 2021. 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
2021	\$ (650,182)
2022	(907,797)
2023	(403,707)
2024	(300,446)
2025	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, 2019, 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 3.44% 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, 2019, 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 asset 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 asset 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.

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 percent) or one percentage point higher (8.25 percent) than the current rate:

School Department's		Current	
Proportionate Share of	1%	Discount	1%
the Net Pension	Decrease	Rate	Increase
Liability (Asset)	6.25%	7.25%	8.25%

Net Pension Liability (Asset) \$ 6,431,767 \$ (3,145,563) \$ (10,764,063)

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 \$133,848 and teachers contributed \$74,560 to this deferred compensation pension plan.

G. **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.

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 (TNMs), which provides supplemental medical insurance for retirees with Medicare. The primary government’s LGPs 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, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019, 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	2.2%
Salary Increases	Salary increases used in the July 1, 2018 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.51%
Healthcare Cost Trend Rates	LGP’s and LEP: Based on the Getzen Model, with trend starting at 6.03 for pre-65 retirees in the 2019 calendar year, and gradually decreasing over a 10 year period to an ultimate trend rate of 4.5%. TNMs: The premium subsidies provided to retirees are assumed to remain unchanged for the entire projection; therefore, trend rates are not applicable.
Retirees Share of Benefit Related Cost	Discussed under each plan

The discount rate was 3.51 percent, based on an average rating of AA/Aa as shown the Bond Buyer 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, 2019, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2019, valuations were the same as those employed in the July 1, 2019, 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 percent load for males and a -3 percent 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 percent load.

Changes in Assumptions. The discount rate changed from 3.62 percent as of the beginning of the measurement period to 3.51 percent as of the measurement date of June 30, 2019. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates. The trend rate applicable to the 2020 plan year was revised from 6.75 percent to 6.03 percent.

Local Government OPEB Plan (Primary Government)

Plan Description. Employees of Smith County are provided with pre-65 retiree health insurance benefits through the Local Government Plans (LGPs) 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 LGPs.

Benefits Provided. Smith County offers the LGPs 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 LGPs 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 LGPs. 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 LGPs, 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, 2019, 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	133	15	148
Total	133	15	148

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, 2020, the county paid \$1,709 (Smith County - \$1,095, highway dept - \$614) 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, 2018	\$ 136,728	\$ 57,760	\$ 194,488
Changes for the Year:			
Service Cost	\$ 18,806	\$ 5,704	\$ 24,510
Interest	5,615	2,275	7,890
Difference between Expected and Actuarial Experience	(27,122)	(26,240)	(53,362)
Changes in Assumption and Other Inputs	7,633	1,639	9,272
Benefit Payments	(827)	(1,258)	(2,085)
Net Changes	\$ 4,105	\$ (17,880)	\$ (13,775)
Balance June 30, 2019	\$ 140,833	\$ 39,880	\$ 180,713

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the county recognized OPEB expense of \$24,972 (Smith County - \$19,846, highway dept. - \$5,126). At June 30, 2020, 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 (DO - County \$0, Hwy \$2,769) (DI - County \$42,244, Hwy \$22,282)	\$ 2,769	\$ 64,526
Changes of Assumptions/Inputs (DI - County \$12,139, Hwy \$4,755) (DI - County \$5,853, Hwy \$981)	16,894	6,834
Net Difference Between Projected and Benefits Paid After the Measurement Date (DO - County \$1,095, Hwy \$614)	1,709	0
Total	\$ 21,372	\$ 71,360

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
2021	\$ (4,575)	\$ (2,853)	\$ (7,428)
2022	(4,575)	(2,853)	(7,428)
2023	(4,575)	(2,853)	(7,428)
2024	(4,575)	(2,802)	(7,377)
2025	(4,575)	(2,595)	(7,170)
Thereafter	(13,083)	(1,783)	(14,866)

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:

<u>Discount Rate</u>	1% Decrease 2.51%	Current Discount Rate 3.51%	1% Increase 4.51%
County	\$ 154,645	\$ 140,833	\$ 128,269
Hwy	42,848	39,880	37,101
Total OPEB Liability	<u>\$ 197,493</u>	<u>\$ 180,713</u>	<u>\$ 165,370</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:

	<u>Healthcare Cost Trend Rate</u>		Current	
	1%		Trend	
	Decrease		Rates	
	5.03 to 3.5%		6.03 to 4.5%	
			1%	
			Increase	
			7.03 to 5.5%	
County	\$	122,211	\$	140,833
Hwy		35,643		39,880
Total OPEB Liability	\$	157,854	\$	180,713
			\$	208,266

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 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 25 percent 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, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	17
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	<u>302</u>
Total	<u>319</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 \$134,596 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		<u>Total OPEB Liability</u>
	<u>Smith County School Dept</u>	<u>State of TN</u>	
	62.4247%	37.5753%	
Balance July 1, 2018	\$ 2,379,731	\$ 1,335,806	\$ 3,715,537
Changes for the Year:			
Service Cost	\$ 123,545	\$ 74,365	\$ 197,910
Interest	85,377	51,391	136,768
Difference between Expected and Actuarial Experience	232,229	139,786	372,015
Changes in Proportion	(60,318)	60,318	0
Changes in Assumption and Other Inputs	(198,273)	(119,346)	(317,619)
Benefit Payments	(170,459)	(102,605)	(273,064)
Net Changes	\$ 12,101	\$ 103,909	\$ 116,010
Balance June 30, 2019	\$ 2,391,832	\$ 1,439,715	\$ 3,831,547

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 \$106,711 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 62.4247 percent and the State of Tennessee's share was 37.5753 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department recognized OPEB expense of \$270,129, including the state's share of the expense. At June 30, 2020, 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	\$ 208,362	\$ 332,928
Changes of Assumptions/Inputs	45,602	268,755
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	15,480	60,663
Benefits Paid After the Measurement Date of June 30, 2019	134,596	0
Total	<u>\$ 404,040</u>	<u>\$ 662,346</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:

<u>Year Ending June 30</u>	<u>School Department</u>
2021	\$ (45,504)
2022	(45,504)
2023	(45,504)
2024	(45,504)
2025	(45,504)
Thereafter	(165,382)

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 Discount Rate
1% Decrease 2.51%	1% Increase 4.51%

Proportionate Share of the Collective Total OPEB Liability	\$ 2,587,710	\$ 2,391,832	\$ 2,207,041
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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>	Current Rates
1% Decrease 5.03 to 3.5%	1% Increase 6.03 to 4.5%

Proportionate Share of the Collective Total OPEB Liability	\$ 2,112,820	\$ 2,391,832	\$ 2,724,988
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H. 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.

I. 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.

J. Subsequent Events

On September 22, 2020, the county drew down the balance of the Energy Efficient Schools Initiative loan totaling \$316,302.

On November 20, 2020, Smith County issued capital outlay notes totaling \$858,933 to purchase a compactor for the landfill.

On December 15, 2020, Smith County issued \$8,920,000 in general obligation refunding bonds.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit F-1

Smith County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
Last Fiscal Year Ending June 30

	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service Cost	\$ 606,110	\$ 643,084	\$ 717,506	\$ 711,390	\$ 769,768	\$ 847,823
Interest	1,210,149	1,273,746	1,334,107	1,391,491	1,460,486	1,533,745
Differences Between Actual and Expected Experience	(151,864)	(348,936)	(427,979)	(181,695)	(412,425)	186,709
Changes in Assumptions	0	0	0	476,706	0	0
Benefit Payments, Including Refunds of Employee Contributions	(861,463)	(845,349)	(829,673)	(875,119)	(854,578)	(916,240)
Net Change in Total Pension Liability	\$ 802,932	\$ 722,545	\$ 793,961	\$ 1,522,773	\$ 963,251	\$ 1,652,037
Total Pension Liability, Beginning	15,959,945	16,762,877	17,485,422	18,279,383	19,802,156	20,765,407
Total Pension Liability, Ending (a)	\$ 16,762,877	\$ 17,485,422	\$ 18,279,383	\$ 19,802,156	\$ 20,765,407	\$ 22,417,444
Plan Fiduciary Net Position						
Contributions - Employer	\$ 536,853	\$ 541,749	\$ 566,282	\$ 588,687	\$ 523,354	\$ 558,272
Contributions - Employee	384,014	380,541	399,685	413,005	436,397	465,279
Net Investment Income	2,513,790	545,638	486,744	2,146,638	1,757,592	1,713,137
Benefit Payments, Including Refunds of Employee Contributions	(861,463)	(845,349)	(829,673)	(875,119)	(854,578)	(916,240)
Administrative Expense	(12,045)	(16,009)	(24,091)	(26,908)	(31,369)	(29,759)
Other	0	0	1,318	0	0	0
Net Change in Plan Fiduciary Net Position	\$ 2,561,149	\$ 606,570	\$ 600,265	\$ 2,246,303	\$ 1,831,396	\$ 1,790,689
Plan Fiduciary Net Position, Beginning	15,123,122	17,684,271	18,290,841	18,891,106	21,137,409	22,968,805
Plan Fiduciary Net Position, Ending (b)	\$ 17,684,271	\$ 18,290,841	\$ 18,891,106	\$ 21,137,409	\$ 22,968,805	\$ 24,759,494
Net Pension Liability (Asset), Ending (a - b)	\$ (921,394)	\$ (805,419)	\$ (611,723)	\$ (1,335,253)	\$ (2,203,398)	\$ (2,342,050)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	105.50%	104.61%	103.35%	106.74%	110.61%	110.45%
Covered Payroll	\$ 7,680,267	\$ 7,576,891	\$ 7,920,012	\$ 8,233,383	\$ 8,722,565	\$ 9,304,525
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(12.00)%	(10.63)%	(7.72)%	(16.22)%	(25.26)%	(25.17)%

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and 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	2019	2020
Actuarially Determined Contribution	\$ 536,853	\$ 541,749	\$ 566,282	\$ 588,687	\$ 523,354	\$ 436,383	\$ 598,249
Less Contributions in Relation to the Actuarially Determined Contribution	(536,853)	(541,749)	(566,282)	(588,687)	(523,354)	(558,272)	(598,249)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (121,889)	\$ 0
Covered Payroll	\$ 7,680,267	\$ 7,576,891	\$ 7,920,012	\$ 8,233,383	\$ 8,722,565	\$ 9,304,525	\$ 10,199,185
Contributions as a Percentage of Covered Payroll	6.99%	7.15%	7.15%	7.15%	6.00%	6.00%	5.87%

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented school department.

Exhibit F-3

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

	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 16,725	\$ 31,329	\$ 48,178	\$ 57,178	\$ 40,783	\$ 53,509
Less Contributions in Relation to the Contractually Required Contribution	(16,725)	(31,329)	(48,178)	(57,178)	(40,783)	(53,509)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 418,110	\$ 783,218	\$ 1,204,442	\$ 1,429,467	\$ 2,102,258	\$ 2,635,913
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.03%

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	2019	2020
Contractually Required Contribution	\$ 1,033,868	\$ 1,017,572	\$ 983,929	\$ 953,438	\$ 931,241	\$ 1,073,033	\$ 1,105,620
Less Contributions in Relation to the							
Contractually Required Contribution	(1,033,868)	(1,017,572)	(983,929)	(953,438)	(931,241)	(1,073,033)	(1,105,620)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 11,642,663	\$ 11,256,331	\$ 10,884,163	\$ 10,546,881	\$ 10,255,946	\$ 10,258,434	\$ 10,350,156
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.68%

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

	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Liability/Asset	0.197082%	0.178003%	0.183510%	0.163576%	0.198660%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (8,096)	\$ (18,531)	\$ (48,416)	\$ (74,186)	\$ (112,141)
Covered Payroll	\$ 418,110	\$ 783,218	\$ 1,204,442	\$ 1,429,467	\$ 2,102,258
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%	(5.19)%	(5.33)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%	123.07%

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

	2014	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Liability/Asset	0.296629%	0.300690%	0.301517%	0.298360%	0.292887%	0.305935%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (48,201)	\$ 123,173	\$ 1,884,316	\$ (97,620)	\$ (1,030,646)	\$ (3,145,563)
Covered Payroll	\$ 11,642,663	\$ 11,256,331	\$ 10,884,163	\$ 10,546,881	\$ 10,255,946	\$ 10,258,434
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)%	(10.05)%	(30.66)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%

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 - Local Government Plans
Primary Government
For the Fiscal Year Ended June 30

Smith County Plan

	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 16,767	\$ 15,225	\$ 18,806
Interest	4,013	5,268	5,615
Differences Between Actual and Expected Experience	0	(22,637)	(27,122)
Changes in Assumptions or Other Inputs	(8,163)	6,682	7,633
Benefit Payments	0	(1,109)	(827)
Net Change in Total OPEB Liability	\$ 12,617	\$ 3,429	\$ 4,105
Total OPEB Liability, Beginning	120,682	133,299	136,728
Total OPEB Liability, Ending	\$ 133,299	\$ 136,728	\$ 140,833
Covered Employee Payroll	\$ 4,520,106	\$ 5,985,243	\$ 6,119,619
Net OPEB Liability as a Percentage of Covered Employee Payroll	2.95%	2.28%	2.30%

Smith County Highway Plan

	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 4,455	\$ 4,325	\$ 5,704
Interest	1,293	1,706	2,275
Differences Between Actual and Expected Experience	0	3,777	(26,240)
Changes in Assumptions or Other Inputs	(1,755)	4,587	1,639
Benefit Payments	0	(455)	(1,258)
Net Change in Total OPEB Liability	\$ 3,993	\$ 13,940	\$ (17,880)
Total OPEB Liability, Beginning	39,827	43,820	57,760
Total OPEB Liability, Ending	\$ 43,820	\$ 57,760	\$ 39,880
Covered Employee Payroll	\$ 1,489,270	\$ 675,727	\$ 710,761
Net OPEB Liability as a Percentage of Covered Employee Payroll	2.94%	8.55%	5.61%

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

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%

(b) The assumed initial trend rate applicable to plan years was revised as follows:

Plan year 2019 - from 5.4% to 6.75%
Plan year 2020 - from 6.75% to 6.03%

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

	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 233,355	\$ 215,317	\$ 197,910
Interest	127,381	151,547	136,768
Differences Between Actual and Expected Experience	0	(653,174)	372,015
Changes in Assumptions or Other Inputs	(200,821)	89,468	(317,619)
Benefit Payments	(236,162)	(258,461)	(273,064)
Net Change in Total OPEB Liability	\$ (76,247)	\$ (455,303)	\$ 116,010
Total OPEB Liability, Beginning	4,247,087	4,170,840	3,715,537
Total OPEB Liability, Ending	<u>\$ 4,170,840</u>	<u>\$ 3,715,537</u>	<u>\$ 3,831,547</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 1,520,355	\$ 1,335,806	\$ 1,439,715
Employer Proportionate Share of the Total OPEB Liability	2,650,485	2,379,731	2,391,832
Covered Employee Payroll	\$ 14,567,311	\$ 15,407,917	\$ 16,354,874
Net OPEB Liability as a Percentage of Covered Employee Payroll	28.63%	24.11%	23.43%

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

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

2016 2.92%
2017 3.56%
2018 3.62%
2019 3.51%

(b) The assumed initial trend rate applicable to plan years was revised as follows:

Plan year 2019 - from 5.4% to 6.75%
Plan year 2020 - from 6.75% to 6.03%

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, 2020

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2020 were calculated based on the June 30, 2018, 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	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, 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	2.25%

Changes in Assumptions: In 2017, the following assumptions were changed: decreased the inflation rate from 3 percent to 2.5 percent; decreased the investment rate from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased the salary growth rate graded ranges from an average of 4.25 to an average of 4 percent; and modified mortality assumptions.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Debt Service Fund

The Education Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for school principal and interest.

Capital Projects Fund

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

Permanent Fund

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

Exhibit G-1

Smith County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund
	Drug Control	Constitutional Officers - Fees	Total	Education Debt Service	General Capital Projects
<u>ASSETS</u>					
Cash	\$ 0	\$ 928	\$ 928	\$ 0	\$ 0
Equity in Pooled Cash and Investments	116,899	0	116,899	150,602	199,532
Accounts Receivable	1,242	15,285	16,527	0	0
Property Taxes Receivable	0	0	0	6,687	204,524
Allowance for Uncollectible Property Taxes	0	0	0	(2,893)	(2,805)
Total Assets	\$ 118,141	\$ 16,213	\$ 134,354	\$ 154,396	\$ 401,251
<u>LIABILITIES</u>					
Accounts Payable	\$ 128	\$ 0	\$ 128	\$ 0	\$ 0
Cash Overdraft	0	11,179	11,179	0	0
Due to Other Funds	0	5,034	5,034	0	0
Total Liabilities	\$ 128	\$ 16,213	\$ 16,341	\$ 0	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 201,719
Deferred Delinquent Property Taxes	0	0	0	3,794	0
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$ 0	\$ 3,794	\$ 201,719
<u>FUND BALANCES</u>					
Nonspendable:					
Endowments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit G-1

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund
	Drug Control	Constitutional Officers - Fees	Total	Education Debt Service	General Capital Projects
<u>FUND BALANCES (Cont.)</u>					
Restricted:					
Restricted for Public Safety	\$ 118,013	\$ 0	\$ 118,013	\$ 0	\$ 0
Restricted for Debt Service	0	0	0	150,602	0
Restricted for Capital Projects	0	0	0	0	199,532
Committed:					
Committed for Social, Cultural, and Recreational Services	0	0	0	0	0
Total Fund Balances	<u>\$ 118,013</u>	<u>\$ 0</u>	<u>\$ 118,013</u>	<u>\$ 150,602</u>	<u>\$ 199,532</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 118,141</u>	<u>\$ 16,213</u>	<u>\$ 134,354</u>	<u>\$ 154,396</u>	<u>\$ 401,251</u>

(Continued)

Exhibit G-1

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

	Permanent Fund	Total Nonmajor Governmental Funds
	Endowment	
<u>ASSETS</u>		
Cash	\$ 0	\$ 928
Equity in Pooled Cash and Investments	44,463	511,496
Accounts Receivable	0	16,527
Property Taxes Receivable	0	211,211
Allowance for Uncollectible Property Taxes	0	(5,698)
Total Assets	\$ 44,463	\$ 734,464
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 128
Cash Overdraft	0	11,179
Due to Other Funds	0	5,034
Total Liabilities	\$ 0	\$ 16,341
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 0	\$ 201,719
Deferred Delinquent Property Taxes	0	3,794
Total Deferred Inflows of Resources	\$ 0	\$ 205,513
<u>FUND BALANCES</u>		
Nonspendable:		
Endowments	\$ 22,154	\$ 22,154

(Continued)

Exhibit G-1

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

	Permanent Fund	Total Nonmajor Governmental Funds
	Endowment	
<u>FUND BALANCES (Cont.)</u>		
Restricted:		
Restricted for Public Safety	\$ 0	\$ 118,013
Restricted for Debt Service	0	150,602
Restricted for Capital Projects	0	199,532
Committed:		
Committed for Social, Cultural, and Recreational Services	22,309	22,309
Total Fund Balances	<u>\$ 44,463</u>	<u>\$ 512,610</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 44,463</u>	<u>\$ 734,464</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, 2020

	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Drug Control	Education Debt Service	General Capital Projects	Endowment	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 16,363	\$ 203,624	\$ 0	\$ 219,987
Fines, Forfeitures, and Penalties	31,356	0	0	0	31,356
Other Local Revenues	0	0	0	1,065	1,065
Total Revenues	<u>\$ 31,356</u>	<u>\$ 16,363</u>	<u>\$ 203,624</u>	<u>\$ 1,065</u>	<u>\$ 252,408</u>
<u>Expenditures</u>					
Current:					
Public Safety	\$ 20,821	\$ 0	\$ 0	\$ 0	\$ 20,821
Debt Service:					
Other Debt Service	0	856	0	0	856
Capital Projects	0	0	4,092	0	4,092
Total Expenditures	<u>\$ 20,821</u>	<u>\$ 856</u>	<u>\$ 4,092</u>	<u>\$ 0</u>	<u>\$ 25,769</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 10,535</u>	<u>\$ 15,507</u>	<u>\$ 199,532</u>	<u>\$ 1,065</u>	<u>\$ 226,639</u>
Net Change in Fund Balances	\$ 10,535	\$ 15,507	\$ 199,532	\$ 1,065	\$ 226,639
Fund Balance, July 1, 2019	107,478	135,095	0	43,398	285,971
Fund Balance, June 30, 2020	<u><u>\$ 118,013</u></u>	<u><u>\$ 150,602</u></u>	<u><u>\$ 199,532</u></u>	<u><u>\$ 44,463</u></u>	<u><u>\$ 512,610</u></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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 31,356	\$ 20,800	\$ 28,107	\$ 3,249
Total Revenues	\$ 31,356	\$ 20,800	\$ 28,107	\$ 3,249
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 20,512	\$ 19,000	\$ 26,307	\$ 5,795
Drug Enforcement	309	500	500	191
Total Expenditures	\$ 20,821	\$ 19,500	\$ 26,807	\$ 5,986
Excess (Deficiency) of Revenues Over Expenditures	\$ 10,535	\$ 1,300	\$ 1,300	\$ 9,235
Net Change in Fund Balance	\$ 10,535	\$ 1,300	\$ 1,300	\$ 9,235
Fund Balance, July 1, 2019	107,478	99,374	99,374	8,104
Fund Balance, June 30, 2020	\$ 118,013	\$ 100,674	\$ 100,674	\$ 17,339

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 16,363	\$ 0	\$ 0	\$ 16,363
Total Revenues	\$ 16,363	\$ 0	\$ 0	\$ 16,363
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 0	\$ 280,700	\$ 280,700	\$ 280,700
<u>Other Debt Service</u>				
Education	856	0	1,000	144
Total Expenditures	\$ 856	\$ 280,700	\$ 281,700	\$ 280,844
Excess (Deficiency) of Revenues Over Expenditures	\$ 15,507	\$ (280,700)	\$ (281,700)	\$ 297,207
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 280,700	\$ 280,700	\$ (280,700)
Total Other Financing Sources	\$ 0	\$ 280,700	\$ 280,700	\$ (280,700)
Net Change in Fund Balance	\$ 15,507	\$ 0	\$ (1,000)	\$ 16,507
Fund Balance, July 1, 2019	135,095	228,719	228,719	(93,624)
Fund Balance, June 30, 2020	\$ 150,602	\$ 228,719	\$ 227,719	\$ (77,117)

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Capital Projects Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 203,624	\$ 195,989	\$ 200,195	\$ 3,429
Total Revenues	\$ 203,624	\$ 195,989	\$ 200,195	\$ 3,429
<u>Expenditures</u>				
<u>Capital Projects</u>				
Other General Government Projects	\$ 4,092	\$ 0	\$ 4,206	\$ 114
Total Expenditures	\$ 4,092	\$ 0	\$ 4,206	\$ 114
Excess (Deficiency) of Revenues Over Expenditures	\$ 199,532	\$ 195,989	\$ 195,989	\$ 3,543
Net Change in Fund Balance	\$ 199,532	\$ 195,989	\$ 195,989	\$ 3,543
Fund Balance, July 1, 2019	0	0	0	0
Fund Balance, June 30, 2020	\$ 199,532	\$ 195,989	\$ 195,989	\$ 3,543

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,462,314	\$ 1,405,442	\$ 1,405,442	\$ 56,872
Fines, Forfeitures, and Penalties	4,102	5,000	5,000	(898)
Other Local Revenues	101,963	106,250	106,250	(4,287)
Total Revenues	\$ 1,568,379	\$ 1,516,692	\$ 1,516,692	\$ 51,687
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 1,297,998	\$ 1,296,285	\$ 1,298,085	\$ 87
<u>Interest on Debt</u>				
General Government	298,656	317,800	299,632	976
<u>Other Debt Service</u>				
General Government	36,904	21,000	43,512	6,608
<u>Capital Projects - Donated</u>				
Capital Projects Donated to School Department	35,301	0	35,301	0
Total Expenditures	\$ 1,668,859	\$ 1,635,085	\$ 1,676,530	\$ 7,671
Excess (Deficiency) of Revenues Over Expenditures	\$ (100,480)	\$ (118,393)	\$ (159,838)	\$ 59,358
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 0	\$ 316,302	\$ (316,302)
Other Loans Issued	35,301	0	35,301	0
Transfers In	5,695	0	5,695	0
Transfers Out	0	0	(334,302)	334,302
Total Other Financing Sources	\$ 40,996	\$ 0	\$ 22,996	\$ 18,000
Net Change in Fund Balance	\$ (59,484)	\$ (118,393)	\$ (136,842)	\$ 77,358
Fund Balance, July 1, 2019	510,120	471,209	471,209	38,911
Fund Balance, June 30, 2020	\$ 450,636	\$ 352,816	\$ 334,367	\$ 116,269

Fiduciary Funds

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

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

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

Exhibit I-1

Smith County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2020

	Agency Funds		
	Cities - Sales Tax	Constitu - tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 704,695	\$ 704,695
Due from Other Governments	98,351	0	98,351
Total Assets	\$ 98,351	\$ 704,695	\$ 803,046
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 98,351	\$ 0	\$ 98,351
Due to Litigants, Heirs, and Others	0	704,695	704,695
Total Liabilities	\$ 98,351	\$ 704,695	\$ 803,046

Exhibit I-2

Smith County, Tennessee

Combining Statement of Changes in Assets and Liabilities - All Agency Funds

For the Year Ended June 30, 2020

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,054,911	\$ 1,054,911	\$ 0
Due from Other Governments	263,887	98,351	263,887	98,351
Total Assets	\$ 263,887	\$ 1,153,262	\$ 1,318,798	\$ 98,351
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 263,887	\$ 1,153,262	\$ 1,318,798	\$ 98,351
Total Liabilities	\$ 263,887	\$ 1,153,262	\$ 1,318,798	\$ 98,351
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 647,471	\$ 4,643,247	\$ 4,586,023	\$ 704,695
Total Assets	\$ 647,471	\$ 4,643,247	\$ 4,586,023	\$ 704,695
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 647,471	\$ 4,643,247	\$ 4,586,023	\$ 704,695
Total Liabilities	\$ 647,471	\$ 4,643,247	\$ 4,586,023	\$ 704,695
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 647,471	\$ 4,643,247	\$ 4,586,023	\$ 704,695
Equity in Pooled Cash and Investments	0	1,054,911	1,054,911	0
Due from Other Governments	263,887	98,351	263,887	98,351
Total Assets	\$ 911,358	\$ 5,796,509	\$ 5,904,821	\$ 803,046
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 647,471	\$ 4,643,247	\$ 4,586,023	\$ 704,695
Due to Other Taxing Units	263,887	1,153,262	1,318,798	98,351
Total Liabilities	\$ 911,358	\$ 5,796,509	\$ 5,904,821	\$ 803,046

Smith County School Department

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

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

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

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

Exhibit J-1

Smith County, Tennessee
Statement of Activities
Discretely Presented Smith County School Department
For the Year Ended June 30, 2020

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	\$ 16,448,987	\$ 23,827	\$ 1,289,885	\$ 0	\$ (15,135,275)
Support Services	8,817,628	76	138,102	120,758	(8,558,692)
Operation of Non-instructional Services	2,665,545	401,121	2,120,071	0	(144,353)
Total Governmental Activities	\$ 27,932,160	\$ 425,024	\$ 3,548,058	\$ 120,758	\$ (23,838,320)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 3,801,478
Local Option Sales Taxes					1,949,103
Other Local Taxes					180
Grants and Contributions Not Restricted for Specific Programs					18,448,226
Unrestricted Investment Income					7,804
Miscellaneous					33,222
Total General Revenues					\$ 24,240,013
Insurance Recovery					\$ 47,390
Change in Net Position					\$ 449,083
Net Position, July 1, 2019					32,323,899
Net Position, June 30, 2020					\$ 32,772,982

Exhibit J-2

Smith County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Smith County School Department
June 30, 2020

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 9,801,650	\$ 683,006	\$ 10,484,656
Accounts Receivable	0	55,008	55,008
Due from Other Governments	355,941	33,650	389,591
Due from Other Funds	33,650	0	33,650
Property Taxes Receivable	3,780,681	0	3,780,681
Allowance for Uncollectible Property Taxes	(101,995)	0	(101,995)
Restricted Assets	99,799	0	99,799
Total Assets	<u>\$ 13,969,726</u>	<u>\$ 771,664</u>	<u>\$ 14,741,390</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 105,443	\$ 17	\$ 105,460
Accrued Payroll	0	9,433	9,433
Payroll Deductions Payable	756,478	32,205	788,683
Due to Other Funds	0	33,650	33,650
Due to Primary Government	140	0	140
Total Liabilities	<u>\$ 862,061</u>	<u>\$ 75,305</u>	<u>\$ 937,366</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,610,772	\$ 0	\$ 3,610,772
Deferred Delinquent Property Taxes	64,002	0	64,002
Other Deferred/Unavailable Revenue	179,032	0	179,032
Total Deferred Inflows of Resources	<u>\$ 3,853,806</u>	<u>\$ 0</u>	<u>\$ 3,853,806</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 245,938	\$ 536,359	\$ 782,297
Restricted for Hybrid Retirement Stabilization Funds	99,799	0	99,799
Committed:			
Committed for Education	370,510	160,000	530,510
Assigned:			
Assigned for Education	368,952	0	368,952
Unassigned	8,168,660	0	8,168,660
Total Fund Balances	<u>\$ 9,253,859</u>	<u>\$ 696,359</u>	<u>\$ 9,950,218</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,969,726</u>	<u>\$ 771,664</u>	<u>\$ 14,741,390</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, 2020

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)		\$	9,950,218
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.			
Add: land	\$	1,764,538	
Add: buildings and improvements net of accumulated depreciation		21,927,296	
Add: infrastructure net of accumulated depreciation		73,906	
Add: other capital assets net of accumulated depreciation		<u>1,426,502</u>	25,192,242
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due to the primary government debt for other loans	\$	(2,846,798)	
Less: compensated absences payable		(70,843)	
Less: net OPEB liability		<u>(2,391,832)</u>	(5,309,473)
(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 and OPEB expense in future years.			
Add: deferred outflows of resources related to pensions	\$	2,091,614	
Less: deferred inflows of resources related to pensions		(3,171,846)	
Add: deferred outflows of resources related to OPEB		404,040	
Less: deferred inflows of resources related to OPEB		<u>(662,346)</u>	(1,338,538)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	777,795	
Add: net pension asset - teacher retirement plan		112,141	
Add: net pension asset - teacher legacy pension plan		<u>3,145,563</u>	4,035,499
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>243,034</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>32,772,982</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, 2020

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 5,921,127	\$ 0	\$ 5,921,127
Licenses and Permits	1,539	0	1,539
Charges for Current Services	23,636	401,312	424,948
Other Local Revenues	73,862	20,540	94,402
State of Tennessee	18,447,628	16,690	18,464,318
Federal Government	18,118	3,569,651	3,587,769
Other Governments and Citizens Groups	35,301	0	35,301
Total Revenues	\$ 24,521,211	\$ 4,008,193	\$ 28,529,404
<u>Expenditures</u>			
Current:			
Instruction	\$ 14,565,442	\$ 1,482,841	\$ 16,048,283
Support Services	8,695,161	379,856	9,075,017
Operation of Non-Instructional Services	466,269	2,217,852	2,684,121
Capital Outlay	311,358	0	311,358
Total Expenditures	\$ 24,038,230	\$ 4,080,549	\$ 28,118,779
Excess (Deficiency) of Revenues Over Expenditures	\$ 482,981	\$ (72,356)	\$ 410,625
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 47,390	\$ 0	\$ 47,390
Transfers In	25,361	0	25,361
Transfers Out	0	(25,361)	(25,361)
Total Other Financing Sources (Uses)	\$ 72,751	\$ (25,361)	\$ 47,390
Net Change in Fund Balances	\$ 555,732	\$ (97,717)	\$ 458,015
Fund Balance, July 1, 2019	8,698,127	794,076	9,492,203
Fund Balance, June 30, 2020	\$ 9,253,859	\$ 696,359	\$ 9,950,218

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, 2020

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)	\$	458,015	
(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	\$	195,956	
Less: current-year depreciation expense		(980,107)	(784,151)
(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, 2020	\$	243,034	
Less: deferred delinquent property taxes and other deferred June 30, 2019		(285,151)	(42,117)
(3) The contributions of long-term debt (e.g., bonds, notes, other loans, leases) by the primary government provide current financial resources to governmental funds, while the contributions by the school department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Less: other loan proceeds contributed from the primary government			(35,301)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in compensated absences payable	\$	53,660	
Change in net pension asset - agent plan		50,673	
Change in net pension asset - teacher retirement plan		37,955	
Change in net pension asset - teacher legacy pension plan		2,114,917	
Change in deferred outflows related to pensions		(162,760)	
Change in deferred inflows related to pensions		(1,212,986)	
Change in net OPEB liability		(12,101)	
Change in deferred outflows related to OPEB		160,638	
Change in deferred inflows related to OPEB		(177,359)	852,637
Change in net position of governmental activities (Exhibit B)	\$		<u>449,083</u>

Exhibit J-6

Smith County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Smith County School Department
June 30, 2020

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 204,857	\$ 478,149	\$ 683,006
Accounts Receivable	0	55,008	55,008
Due from Other Governments	33,650	0	33,650
Total Assets	<u>\$ 238,507</u>	<u>\$ 533,157</u>	<u>\$ 771,664</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 17	\$ 0	\$ 17
Accrued Payroll	0	9,433	9,433
Payroll Deductions Payable	31,879	326	32,205
Due to Other Funds	33,650	0	33,650
Total Liabilities	<u>\$ 65,546</u>	<u>\$ 9,759</u>	<u>\$ 75,305</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 12,961	\$ 523,398	\$ 536,359
Committed:			
Committed for Education	160,000	0	160,000
Total Fund Balances	<u>\$ 172,961</u>	<u>\$ 523,398</u>	<u>\$ 696,359</u>
Total Liabilities and Fund Balances	<u>\$ 238,507</u>	<u>\$ 533,157</u>	<u>\$ 771,664</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, 2020

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 401,312	\$ 401,312
Other Local Revenues	18,000	2,540	20,540
State of Tennessee	0	16,690	16,690
Federal Government	2,226,692	1,342,959	3,569,651
Total Revenues	<u>\$ 2,244,692</u>	<u>\$ 1,763,501</u>	<u>\$ 4,008,193</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,482,841	\$ 0	\$ 1,482,841
Support Services	379,856	0	379,856
Operation of Non-Instructional Services	353,990	1,863,862	2,217,852
Total Expenditures	<u>\$ 2,216,687</u>	<u>\$ 1,863,862</u>	<u>\$ 4,080,549</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 28,005</u>	<u>\$ (100,361)</u>	<u>\$ (72,356)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (25,361)	\$ 0	\$ (25,361)
Total Other Financing Sources (Uses)	<u>\$ (25,361)</u>	<u>\$ 0</u>	<u>\$ (25,361)</u>
Net Change in Fund Balances	\$ 2,644	\$ (100,361)	\$ (97,717)
Fund Balance, July 1, 2019	170,317	623,759	794,076
Fund Balance, June 30, 2020	<u>\$ 172,961</u>	<u>\$ 523,398</u>	<u>\$ 696,359</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, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 5,921,127	\$ 0	\$ 0	\$ 5,921,127	\$ 5,575,722	\$ 5,566,101	\$ 355,026
Licenses and Permits	1,539	0	0	1,539	1,600	1,600	(61)
Charges for Current Services	23,636	0	0	23,636	33,000	33,000	(9,364)
Other Local Revenues	73,862	0	0	73,862	47,650	47,650	26,212
State of Tennessee	18,447,628	0	0	18,447,628	17,892,848	18,682,652	(235,024)
Federal Government	18,118	0	0	18,118	30,000	30,000	(11,882)
Other Governments and Citizens Groups	35,301	0	0	35,301	0	35,301	0
Total Revenues	\$ 24,521,211	\$ 0	\$ 0	\$ 24,521,211	\$ 23,580,820	\$ 24,396,304	\$ 124,907
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 12,049,523	\$ (209,054)	\$ 366,247	\$ 12,206,716	\$ 13,572,100	\$ 13,441,165	\$ 1,234,449
Alternative Instruction Program	72,770	0	0	72,770	77,650	77,650	4,880
Special Education Program	1,487,441	(347)	0	1,487,094	1,607,000	1,607,000	119,906
Career and Technical Education Program	955,708	0	0	955,708	1,082,500	1,082,500	126,792
<u>Support Services</u>							
Attendance	170,425	0	0	170,425	178,700	195,691	25,266
Health Services	287,274	0	0	287,274	264,400	304,000	16,726
Other Student Support	644,854	0	0	644,854	663,750	662,796	17,942
Regular Instruction Program	747,113	0	0	747,113	682,000	786,099	38,986
Special Education Program	170,069	(200)	0	169,869	231,310	231,310	61,441
Career and Technical Education Program	27,450	0	0	27,450	32,100	32,100	4,650
Technology	206,441	(5,375)	0	201,066	235,750	235,750	34,684
Other Programs	118,133	0	0	118,133	0	118,133	0
Board of Education	524,847	0	230	525,077	625,645	643,971	118,894
Director of Schools	197,092	0	0	197,092	214,650	214,650	17,558
Office of the Principal	1,755,211	0	0	1,755,211	1,696,500	1,812,700	57,489
Fiscal Services	414,276	0	0	414,276	441,800	449,391	35,115
Operation of Plant	1,569,809	0	600	1,570,409	1,742,400	1,753,664	183,255

(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 7/1/2019	Add: Encumbrances 6/30/2020	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	\$ 689,279	\$ (500)	\$ 1,160	\$ 689,939	\$ 631,100	\$ 761,200	\$ 71,261
Transportation	1,172,888	0	0	1,172,888	1,507,000	1,507,000	334,112
<u>Operation of Non-Instructional Services</u>							
Community Services	62,436	0	0	62,436	70,450	70,450	8,014
Early Childhood Education	403,833	(472)	715	404,076	503,750	490,050	85,974
<u>Capital Outlay</u>							
Regular Capital Outlay	311,358	0	0	311,358	244,000	653,603	342,245
<u>Principal on Debt</u>							
Education	0	0	0	0	250,000	250,000	250,000
<u>Interest on Debt</u>							
Education	0	0	0	0	30,700	30,700	30,700
Total Expenditures	\$ 24,038,230	\$ (215,948)	\$ 368,952	\$ 24,191,234	\$ 26,585,255	\$ 27,411,573	\$ 3,220,339
Excess (Deficiency) of Revenues Over Expenditures	\$ 482,981	\$ 215,948	\$ (368,952)	\$ 329,977	\$ (3,004,435)	\$ (3,015,269)	\$ 3,345,246
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 47,390	\$ 0	\$ 0	\$ 47,390	\$ 0	\$ 50,178	\$ (2,788)
Transfers In	25,361	0	0	25,361	10,000	10,000	15,361
City General Fund Transfer	0	0	0	0	15,500	15,500	(15,500)
Total Other Financing Sources	\$ 72,751	\$ 0	\$ 0	\$ 72,751	\$ 25,500	\$ 75,678	\$ (2,927)
Net Change in Fund Balance	\$ 555,732	\$ 215,948	\$ (368,952)	\$ 402,728	\$ (2,978,935)	\$ (2,939,591)	\$ 3,342,319
Fund Balance, July 1, 2019	8,698,127	(215,948)	0	8,482,179	7,116,491	7,116,491	1,365,688
Fund Balance, June 30, 2020	\$ 9,253,859	\$ 0	\$ (368,952)	\$ 8,884,907	\$ 4,137,556	\$ 4,176,900	\$ 4,708,007

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, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Other Local Revenues	\$ 18,000	\$ 0	\$ 0	\$ 18,000	\$ 0	\$ 0	\$ 18,000
Federal Government	2,226,692	0	0	2,226,692	2,863,274	2,896,924	(670,232)
Total Revenues	\$ 2,244,692	\$ 0	\$ 0	\$ 2,244,692	\$ 2,863,274	\$ 2,896,924	\$ (652,232)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 705,757	\$ (2,654)	\$ 0	\$ 703,103	\$ 738,782	\$ 738,782	\$ 35,679
Special Education Program	711,182	0	1,721	712,903	918,644	918,644	205,741
Career and Technical Education Program	41,805	0	0	41,805	26,973	42,773	968
COVID-19 Expenditures	24,097	0	0	24,097	0	24,097	0
<u>Support Services</u>							
Other Student Support	10,315	0	0	10,315	68,973	54,068	43,753
Regular Instruction Program	190,649	0	0	190,649	376,904	376,904	186,255
Special Education Program	137,059	0	0	137,059	192,004	192,004	54,945
Career and Technical Education Program	1,105	0	0	1,105	2,000	1,105	0
Transportation	38,820	0	0	38,820	73,000	73,000	34,180
COVID-19 Expenditures	1,908	0	0	1,908	0	1,908	0
<u>Operation of Non-Instructional Services</u>							
Community Services	346,345	0	0	346,345	435,999	435,999	89,654
COVID-19 Expenditures	7,645	0	0	7,645	0	7,645	0
Total Expenditures	\$ 2,216,687	\$ (2,654)	\$ 1,721	\$ 2,215,754	\$ 2,833,279	\$ 2,866,929	\$ 651,175
Excess (Deficiency) of Revenues Over Expenditures	\$ 28,005	\$ 2,654	\$ (1,721)	\$ 28,938	\$ 29,995	\$ 29,995	\$ (1,057)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (25,361)	\$ 0	\$ 0	\$ (25,361)	\$ (29,995)	\$ (29,995)	\$ 4,634
Total Other Financing Sources	\$ (25,361)	\$ 0	\$ 0	\$ (25,361)	\$ (29,995)	\$ (29,995)	\$ 4,634

(Continued)

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 (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 2,644	\$ 2,654	\$ (1,721)	\$ 3,577	\$ 0	\$ 0	\$ 3,577
Fund Balance, July 1, 2019	170,317	(2,654)	0	167,663	0	0	167,663
Fund Balance, June 30, 2020	\$ 172,961	\$ 0	\$ (1,721)	\$ 171,240	\$ 0	\$ 0	\$ 171,240

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 401,312	\$ 585,500	\$ 585,500	\$ (184,188)
Other Local Revenues	2,540	12,000	12,000	(9,460)
State of Tennessee	16,690	24,000	24,000	(7,310)
Federal Government	1,342,959	1,498,000	1,498,000	(155,041)
Total Revenues	<u>\$ 1,763,501</u>	<u>\$ 2,119,500</u>	<u>\$ 2,119,500</u>	<u>\$ (355,999)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,863,862	\$ 2,119,500	\$ 2,119,500	\$ 255,638
Total Expenditures	<u>\$ 1,863,862</u>	<u>\$ 2,119,500</u>	<u>\$ 2,119,500</u>	<u>\$ 255,638</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (100,361)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (100,361)</u>
Net Change in Fund Balance	\$ (100,361)	\$ 0	\$ 0	\$ (100,361)
Fund Balance, July 1, 2019	<u>623,759</u>	<u>619,108</u>	<u>619,108</u>	<u>4,651</u>
Fund Balance, June 30, 2020	<u><u>\$ 523,398</u></u>	<u><u>\$ 619,108</u></u>	<u><u>\$ 619,108</u></u>	<u><u>\$ (95,710)</u></u>

MISCELLANEOUS SCHEDULES

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, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-19	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-20
<u>GOVERNMENTAL ACTIVITIES</u>								
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Fire Trucks	\$ 1,250,000	4.5 %	6-17-09	6-17-29	\$ 727,552	\$ 0	\$ 63,360	\$ 664,192
Baker Industrial Park	1,100,000	3.88	7-16-18	7-16-58	1,100,000	0	11,924	1,088,076
General Obligation Refunding Bonds, Series 2015C	8,315,000	4.40	8-20-15	6-1-30	7,105,000	0	575,000	6,530,000
Total Bonds Payable					<u>\$ 8,932,552</u>	<u>\$ 0</u>	<u>\$ 650,284</u>	<u>\$ 8,282,268</u>
<u>NOTES PAYABLE</u>								
<u>Payable through Highway/Public Works Fund</u>								
Road Materials	232,000	1.71	8-9-16	8-9-20	\$ 116,000	\$ 0	\$ 58,000	\$ 58,000
Loader	22,000	1.98	1-22-18	1-22-21	14,667	0	7,333	7,334
Total Payable through Highway/Public Works Fund					<u>\$ 130,667</u>	<u>\$ 0</u>	<u>\$ 65,333</u>	<u>\$ 65,334</u>
<u>Payable through General Debt Service Fund</u>								
EMS Stations	112,500	3.64	7-9-10	7-9-19	\$ 12,500	\$ 0	\$ 12,500	\$ 0
Road Material - Flood Damage	250,000	1.79	8-26-16	8-26-22	166,666	0	41,667	124,999
Patrol Cars	191,000	1.53	10-4-16	10-4-19	47,866	0	47,866	0
Trucks - Maintenance and EMA	60,000	1.53	10-24-16	10-24-19	20,000	0	20,000	0
Ambulance Remount	99,815	2.14	2-9-17	2-9-20	33,271	0	33,271	0
Soccer Field Lighting	115,000	2.14	2-9-17	2-9-20	38,334	0	38,334	0
Ambulance Power Cots	56,688	1.66	5-17-17	5-11-23	37,792	0	9,448	28,344
Dump Trucks	503,796	2.15	9-5-17	6-30-23	306,090	0	83,966	222,124
Ambulance Remount	99,755	2.15	5-14-18	5-14-21	83,129	0	49,878	33,251
Patrol Cars	191,000	2.87	10-22-18	10-22-21	191,000	0	64,492	126,508
Ambulance and CPR Devices	159,100	2.87	10-22-18	10-22-21	159,100	0	53,033	106,067
Ambulance	108,000	3.23	4-12-19	4-12-22	108,000	0	36,000	72,000
Patrol Cars	40,000	3.35	4-22-19	4-22-22	40,000	0	13,349	26,651
Total Payable through General Debt Service Fund					<u>\$ 1,243,748</u>	<u>\$ 0</u>	<u>\$ 503,804</u>	<u>\$ 739,944</u>
Total Notes Payable					<u>\$ 1,374,415</u>	<u>\$ 0</u>	<u>\$ 569,137</u>	<u>\$ 805,278</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 7-1-19	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-20
<u>GOVERNMENTAL ACTIVITIES (CONT.)</u>								
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Career/Agriculture Center Construction	\$ 1,250,000	variable %	12-7-05	5-25-25	\$ 407,000	\$ 0	\$ 69,000	\$ 338,000
Head Start Facility and New Jail Facility	1,378,599	variable	10-31-07	5-25-27	715,320	0	74,910	640,410
Total Payable through General Debt Service Fund					<u>\$ 1,122,320</u>	<u>\$ 0</u>	<u>\$ 143,910</u>	<u>\$ 978,410</u>
<u>Contributions Due to the School Department from the</u> <u>General Purpose School Fund to the General Debt</u> <u>Service Fund</u>								
Energy Efficient Schools Initiative	3,163,100	(1) 1.00	10-8-18	8-1-31	\$ 2,811,497	\$ 35,301	\$ 0	\$ 2,846,798
Total Other Loans Payable					<u>\$ 3,933,817</u>	<u>\$ 35,301</u>	<u>\$ 143,910</u>	<u>\$ 3,825,208</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	\$ 29,277	\$ 0	\$ 13,604	\$ 15,673
Total Capital Leases Payable					<u>\$ 29,277</u>	<u>\$ 0</u>	<u>\$ 13,604</u>	<u>\$ 15,673</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 7-1-19	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-20
<u>BUSINESS-TYPE ACTIVITIES</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through Solid Waste Disposal Fund</u>								
Landfill Expansion	\$ 2,280,990	3.49	% 7-19-13	7-19-22	\$ 1,013,774	\$ 0	\$ 253,443	\$ 760,331
Dozer and Off-Road Truck	400,000	2.01	4-30-15	4-30-21	106,732	0	66,667	40,065
Landfill Tract III - Phases 1 and 2	496,830	1.66	3-16-17	3-16-23	331,220	0	82,805	248,415
Track Loader	310,531	2.14	3-16-17	3-16-20	102,969	0	102,969	0
Landfill Site Development Tract III Phases 1 and 2	2,800,000	2.70	5-4-18	5-1-30	2,595,000	0	210,000	2,385,000
Excavator	195,280	2.87	10-22-18	10-22-21	195,280	0	65,093	130,187
Total Notes Payable					<u>\$ 4,344,975</u>	<u>\$ 0</u>	<u>\$ 780,977</u>	<u>\$ 3,563,998</u>
<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	<u>\$ 1,672,932</u>	<u>\$ 0</u>	<u>\$ 35,796</u>	<u>\$ 1,637,136</u>

(1) Total amount approved was \$3,163,100, of which \$316,302 remains available as of June 30, 2020.

Exhibit K-2

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

GOVERNMENTAL ACTIVITIES

Year Ending June 30	Bonds		
	Principal	Interest	Total
2021	\$ 662,057	\$ 245,104	\$ 907,161
2022	680,447	230,015	910,462
2023	693,987	214,477	908,464
2024	712,682	197,055	909,737
2025	731,541	177,571	909,112
2026	750,570	157,542	908,112
2027	769,778	135,321	905,099
2028	799,171	110,828	909,999
2029	789,369	85,392	874,761
2030	752,439	59,160	811,599
2031	18,115	36,434	54,549
2032	18,817	35,732	54,549
2033	19,546	35,003	54,549
2034	20,304	34,245	54,549
2035	21,091	33,458	54,549
2036	21,908	32,641	54,549
2037	22,757	31,792	54,549
2038	23,639	30,910	54,549
2039	24,555	29,994	54,549
2040	25,506	29,043	54,549
2041	26,494	28,055	54,549
2042	27,521	27,028	54,549
2043	28,587	25,962	54,549
2044	29,695	24,854	54,549
2045	30,846	23,703	54,549
2046	32,041	22,508	54,549
2047	33,283	21,266	54,549
2048	34,573	19,976	54,549
2049	35,912	18,637	54,549
2050	37,304	17,245	54,549
2051	38,749	15,800	54,549
2052	40,251	14,298	54,549
2053	41,811	12,738	54,549
2054	43,431	11,118	54,549
2055	45,114	9,435	54,549
2056	46,862	7,687	54,549
2057	48,678	5,871	54,549
2058	50,564	3,985	54,549
2059	52,273	2,028	54,301
Total	\$ 8,282,268	\$ 2,253,911	\$ 10,536,179

(Continued)

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2021	\$ 400,541	\$ 17,630	\$ 418,171
2022	299,432	8,631	308,063
2023	105,305	3,241	108,546
Total	\$ 805,278	\$ 29,502	\$ 834,780

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2021	\$ 296,888	\$ 20,856	\$ 7,714	\$ 325,458
2022	410,002	31,458	6,847	448,307
2023	418,688	28,482	5,944	453,114
2024	426,610	25,453	5,006	457,069
2025	400,774	22,398	4,037	427,209
2026	365,182	19,396	2,214	386,792
2027	372,856	16,461	1,631	390,948
2028	270,144	13,488	0	283,632
2029	272,856	10,776	0	283,632
2030	275,604	8,028	0	283,632
2031	278,364	5,268	0	283,632
2032	37,240	206	0	37,446
Total	\$ 3,825,208	\$ 202,270	\$ 33,393	\$ 4,060,871

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2021	\$ 14,430	\$ 540	\$ 14,970
2022	1,243	6	1,249
Total	\$ 15,673	\$ 546	\$ 16,219

(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
2021	\$ 656,406	\$ 101,970	\$ 758,376
2022	621,343	82,018	703,361
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	<u>\$ 3,563,998</u>	<u>\$ 460,199</u>	<u>\$ 4,024,197</u>

Year Ending June 30	Other Loans		
	Principal	Interest	Total
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
2038	76,822	29,498	106,320

(Continued)

Exhibit K-2

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

Year Ending June 30	Other Loans (Cont.)		
	Principal	Interest	Total
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	2,786	106,171
2046	9,956	58	10,014
Total	\$ 1,637,136	\$ 1,030,729	\$ 2,667,865

Exhibit K-3

Smith County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Smith County School Department
For the Year Ended June 30, 2020

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
Highway/Public Works	General Debt Service	Debt retirement	\$ 5,695
Highway/Public Works	General	Accounting services	82,061
Solid Waste Disposal	"	"	<u>38,532</u>
Total Transfers Primary Government			<u>\$ 126,288</u>
<u>DISCRETELY PRESENTED SMITH COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 25,361</u>
Total Transfers Discretely Presented Smith County School Department			<u>\$ 25,361</u>

Smith County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Smith County School Department
For the Year Ended June 30, 2020

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 85,435	\$ 100,000	Cincinnati Insurance Company
Road Commissioner	Section 8-24-102, <i>TCA</i>	81,368	100,000	"
Director of Schools	State Board of Education and Smith County Board of Education	150,243 (1)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	73,971	1,032,384	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	73,971	50,000	"
Director of Accounts and Budgets	County Commission	72,069 (2)	100,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	73,971	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	73,971	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	73,971 (3)	150,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	73,971	100,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	81,368 (4)	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 career ladder supplement of \$1,000.

(2) Does not include CCFO salary supplement of \$1,191, compensatory pay of \$390, or longevity of \$250.

(3) Does not include special commissioner fees of \$15,128.

(4) Does not include a law enforcement training supplement of \$800.

Exhibit K-5

Smith County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2020

	Special Revenue Funds			Debt Service Funds		Capital Projects Fund
	General	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 5,922,450	\$ 0	\$ 306,081	\$ 1,061,615	\$ 0	\$ 204,259
Discount on Property Taxes	(40,898)	0	(2,112)	(7,335)	0	(1,409)
Trustee's Collections - Prior Year	87,038	0	7,385	19,593	8,566	0
Circuit Clerk/Clerk and Master Collections - Prior Years	67,258	0	5,706	15,140	6,620	0
Interest and Penalty	19,969	0	1,318	4,128	1,177	276
Payments in-Lieu-of Taxes - T.V.A.	1,327	0	179	238	0	46
Payments in-Lieu-of Taxes - Other	13,163	0	678	2,349	0	452
<u>County Local Option Taxes</u>						
Local Option Sales Tax	1,024,764	0	0	0	0	0
Wheel Tax	0	0	0	296,903	0	0
Litigation Tax - General	38,091	0	0	16,304	0	0
Litigation Tax - Special Purpose	3,379	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	1,539	0	0	33,951	0	0
Business Tax	159,024	0	0	0	0	0
Mineral Severance Tax	0	0	112,766	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	130,444	0	8,326	19,428	0	0
Wholesale Beer Tax	60,434	0	0	0	0	0
Other Statutory Local Taxes	164	0	0	0	0	0
Total Local Taxes	\$ 7,488,146	\$ 0	\$ 440,327	\$ 1,462,314	\$ 16,363	\$ 203,624
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 44,096	\$ 0	\$ 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		Capital Projects Fund
	General	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 475	\$ 0	\$ 0	\$ 0	\$ 0	0
Building Permits	66,005	0	0	0	0	0
Other Permits	23,160	0	0	0	0	0
Total Licenses and Permits	\$ 133,736	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 96	\$ 0	\$ 0	\$ 0	\$ 0	0
Jail Fees	0	0	0	767	0	0
Data Entry Fee - Circuit Court	1,096	0	0	0	0	0
Victims Assistance Assessments	3,068	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	1,351	0	0	0	0	0
Game and Fish Fines	180	0	0	0	0	0
Drug Control Fines	4,334	2,131	0	0	0	0
Drug Court Fees	5,453	13,649	0	0	0	0
DUI Treatment Fines	1,540	0	0	0	0	0
Data Entry Fee - General Sessions Court	9,530	0	0	0	0	0
Courtroom Security Fee	40,402	0	0	0	0	0
Victims Assistance Assessments	9,218	0	0	0	0	0
<u>Juvenile Court</u>						
DUI Treatment Fines	0	1,270	0	0	0	0
Data Entry Fee - Juvenile Court	106	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	1,510	0	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		Capital Projects Fund
	General	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Chancery Court (Cont.)</u>						
Data Entry Fee - Chancery Court	\$ 610	\$ 0	\$ 0	\$ 0	\$ 0	0
Courtroom Security Fee	0	0	0	3,335	0	0
<u>Judicial District Drug Program</u>						
Courtroom Security Fee	900	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	14,306	0	0	0	0
Other Fines, Forfeitures, and Penalties	3,795	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 83,189	\$ 31,356	\$ 0	\$ 4,102	\$ 0	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 846,587	\$ 0	\$ 0	\$ 0	\$ 0	0
Other General Service Charges	2,170	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	11,854	0	0	0	0	0
Copy Fees	498	0	0	0	0	0
Telephone Commissions	80,234	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	608	0	0	0	0	0
Data Processing Fee - Register	7,148	0	0	0	0	0
Data Processing Fee - Sheriff	1,825	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	4,200	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	1,075	0	0	0	0	0
<u>Education Charges</u>						
Tuition - Other	57,284	0	0	0	0	0
TBI Criminal Background Fee	555	0	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		Capital Projects Fund
	General	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects
<u>Charges for Current Services (Cont.)</u>						
<u>Education Charges (Cont.)</u>						
Other Charges for Services	\$ 15	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Charges for Current Services	\$ 1,014,053	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 145,283	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	26,645	0	0	100,963	0	0
Commissary Sales	9,994	0	0	0	0	0
Sale of Recycled Materials	0	0	3,223	0	0	0
Miscellaneous Refunds	57,764	0	617	1,000	0	0
<u>Nonrecurring Items</u>						
Sale of Equipment	9,450	0	0	0	0	0
Damages Recovered from Individuals	330	0	0	0	0	0
Contributions and Gifts	14,530	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	8,172	0	0	0
Total Other Local Revenues	\$ 263,996	\$ 0	\$ 12,012	\$ 101,963	\$ 0	\$ 0
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
Circuit Court Clerk	\$ 216	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Sessions Court Clerk	668	0	0	0	0	0
<u>Fees In-Lieu-of Salary</u>						
County Clerk	174,762	0	0	0	0	0
Circuit Court Clerk	51,604	0	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		Capital Projects Fund
	General	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects
<u>Fees Received From County Officials (Cont.)</u>						
<u>Fees In-Lieu-of Salary (Cont.)</u>						
General Sessions Court Clerk	\$ 143,391	\$ 0	\$ 0	\$ 0	\$ 0	0
Clerk and Master	55,277	0	0	0	0	0
Register	104,673	0	0	0	0	0
Sheriff	46,285	0	0	0	0	0
Trustee	395,535	0	0	0	0	0
Total Fees Received From County Officials	\$ 972,411	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	0
Aging Programs	7,745	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	24,200	0	0	0	0	0
Drug Control Grants	58,008	0	0	0	0	0
<u>Public Works Grants</u>						
Litter Program	35,396	0	0	0	0	0
<u>Other State Revenues</u>						
Flood Control	6,913	0	0	0	0	0
Income Tax	12,278	0	0	0	0	0
Vehicle Certificate of Title Fees	6,759	0	0	0	0	0
Alcoholic Beverage Tax	52,218	0	0	0	0	0
State Revenue Sharing - T.V.A.	524,664	0	0	0	0	0
State Revenue Sharing - Telecommunications	49,264	0	0	0	0	0
Contracted Prisoner Boarding	694,483	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	2,066,053	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		Capital Projects Fund
	General	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Petroleum Special Tax	\$ 0	\$ 0	\$ 13,829	\$ 0	\$ 0	\$ 0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	18,590	0	0	0	0	0
Other State Revenues	75,457	0	0	0	0	0
Total State of Tennessee	<u>\$ 1,590,139</u>	<u>\$ 0</u>	<u>\$ 2,079,882</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Federal Government</u>						
<u>Federal Through State</u>						
COVID-19 Grant #1	\$ 11,279	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Federal through State	388,999	0	116,421	0	0	0
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	25,224	0	0	0	0	0
Other Direct Federal Revenue	29,452	0	0	0	0	0
Total Federal Government	<u>\$ 454,954</u>	<u>\$ 0</u>	<u>\$ 116,421</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 559,236	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Citizens Groups</u>						
Donations	7,034	0	0	0	0	0
<u>Other</u>						
Other	25,255	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 591,525</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 12,592,149</u>	<u>\$ 31,356</u>	<u>\$ 2,648,642</u>	<u>\$ 1,568,379</u>	<u>\$ 16,363</u>	<u>\$ 203,624</u>

(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	\$ 7,494,405
Discount on Property Taxes	0	(51,754)
Trustee's Collections - Prior Year	0	122,582
Circuit Clerk/Clerk and Master Collections - Prior Years	0	94,724
Interest and Penalty	0	26,868
Payments in-Lieu-of Taxes - T.V.A.	0	1,790
Payments in-Lieu-of Taxes - Other	0	16,642
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	1,024,764
Wheel Tax	0	296,903
Litigation Tax - General	0	54,395
Litigation Tax - Special Purpose	0	3,379
Litigation Tax - Jail, Workhouse, or Courthouse	0	35,490
Business Tax	0	159,024
Mineral Severance Tax	0	112,766
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	158,198
Wholesale Beer Tax	0	60,434
Other Statutory Local Taxes	0	164
Total Local Taxes	\$ 0	\$ 9,610,774
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Cable TV Franchise	\$ 0	\$ 44,096

(Continued)

Exhibit K-5

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

	Permanent Fund	
	Endowment	Total
<u>Licenses and Permits (Cont.)</u>		
<u>Permits</u>		
Beer Permits	\$ 0	\$ 475
Building Permits	0	66,005
Other Permits	0	23,160
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 133,736</u>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 96
Jail Fees	0	767
Data Entry Fee - Circuit Court	0	1,096
Victims Assistance Assessments	0	3,068
<u>General Sessions Court</u>		
Fines	0	1,351
Game and Fish Fines	0	180
Drug Control Fines	0	6,465
Drug Court Fees	0	19,102
DUI Treatment Fines	0	1,540
Data Entry Fee - General Sessions Court	0	9,530
Courtroom Security Fee	0	40,402
Victims Assistance Assessments	0	9,218
<u>Juvenile Court</u>		
DUI Treatment Fines	0	1,270
Data Entry Fee - Juvenile Court	0	106
<u>Chancery Court</u>		
Officers Costs	0	1,510

(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>Chancery Court (Cont.)</u>		
Data Entry Fee - Chancery Court	\$ 0	\$ 610
Courtroom Security Fee	0	3,335
<u>Judicial District Drug Program</u>		
Courtroom Security Fee	0	900
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	14,306
Other Fines, Forfeitures, and Penalties	0	3,795
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 118,647</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Patient Charges	\$ 0	\$ 846,587
Other General Service Charges	0	2,170
<u>Fees</u>		
Recreation Fees	0	11,854
Copy Fees	0	498
Telephone Commissions	0	80,234
Special Commissioner Fees/Special Master Fees	0	608
Data Processing Fee - Register	0	7,148
Data Processing Fee - Sheriff	0	1,825
Sexual Offender Registration Fee - Sheriff	0	4,200
Vehicle Insurance Coverage and Reinstatement Fees	0	1,075
<u>Education Charges</u>		
Tuition - Other	0	57,284
TBI Criminal Background Fee	0	555

(Continued)

Exhibit K-5

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

	Permanent Fund	
	Endowment	Total
<u>Charges for Current Services (Cont.)</u>		
<u>Education Charges (Cont.)</u>		
Other Charges for Services	\$ 0	\$ 15
Total Charges for Current Services	\$ 0	\$ 1,014,053
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 1,065	\$ 146,348
Lease/Rentals	0	127,608
Commissary Sales	0	9,994
Sale of Recycled Materials	0	3,223
Miscellaneous Refunds	0	59,381
<u>Nonrecurring Items</u>		
Sale of Equipment	0	9,450
Damages Recovered from Individuals	0	330
Contributions and Gifts	0	14,530
<u>Other Local Revenues</u>		
Other Local Revenues	0	8,172
Total Other Local Revenues	\$ 1,065	\$ 379,036
<u>Fees Received From County Officials</u>		
<u>Excess Fees</u>		
Circuit Court Clerk	\$ 0	\$ 216
General Sessions Court Clerk	0	668
<u>Fees In-Lieu-of Salary</u>		
County Clerk	0	174,762
Circuit Court Clerk	0	51,604

(Continued)

Exhibit K-5

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

	Permanent Fund	
	Endowment	Total
<u>Fees Received From County Officials (Cont.)</u>		
<u>Fees In-Lieu-of Salary (Cont.)</u>		
General Sessions Court Clerk	\$ 0	\$ 143,391
Clerk and Master	0	55,277
Register	0	104,673
Sheriff	0	46,285
Trustee	0	395,535
Total Fees Received From County Officials	\$ 0	\$ 972,411
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 9,000
Aging Programs	0	7,745
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	24,200
Drug Control Grants	0	58,008
<u>Public Works Grants</u>		
Litter Program	0	35,396
<u>Other State Revenues</u>		
Flood Control	0	6,913
Income Tax	0	12,278
Vehicle Certificate of Title Fees	0	6,759
Alcoholic Beverage Tax	0	52,218
State Revenue Sharing - T.V.A.	0	524,664
State Revenue Sharing - Telecommunications	0	49,264
Contracted Prisoner Boarding	0	694,483
Gasoline and Motor Fuel Tax	0	2,066,053

(Continued)

Exhibit K-5

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

	Permanent Fund	
	Endowment	Total
<u>State of Tennessee (Cont.)</u>		
<u>Other State Revenues (Cont.)</u>		
Petroleum Special Tax	\$ 0	\$ 13,829
Registrar's Salary Supplement	0	15,164
Other State Grants	0	18,590
Other State Revenues	0	75,457
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 3,670,021</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
COVID-19 Grant #1	\$ 0	\$ 11,279
Other Federal through State	0	505,420
<u>Direct Federal Revenue</u>		
Police Service (Lake Area)	0	25,224
Other Direct Federal Revenue	0	29,452
Total Federal Government	<u>\$ 0</u>	<u>\$ 571,375</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 0	\$ 559,236
<u>Citizens Groups</u>		
Donations	0	7,034
<u>Other</u>		
Other	0	25,255
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 591,525</u>
Total	<u>\$ 1,065</u>	<u>\$ 17,061,578</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, 2020

	<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	\$ 3,652,614	\$ 0	\$ 0	\$ 3,652,614
Discount on Property Taxes	(25,243)	0	0	(25,243)
Trustee's Collections - Prior Year	88,121	0	0	88,121
Circuit Clerk/Clerk and Master Collections - Prior Years	71,653	0	0	71,653
Interest and Penalty	17,051	0	0	17,051
Payments in-Lieu-of Taxes - T.V.A.	819	0	0	819
Payments in-Lieu-of Taxes - Other	8,087	0	0	8,087
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,988,502	0	0	1,988,502
Mineral Severance Tax	180	0	0	180
<u>Statutory Local Taxes</u>				
Bank Excise Tax	119,343	0	0	119,343
Total Local Taxes	<u>\$ 5,921,127</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,921,127</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,539	\$ 0	\$ 0	\$ 1,539
Total Licenses and Permits	<u>\$ 1,539</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,539</u>
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 308,409	\$ 308,409
Lunch Payments - Adults	0	0	46,956	46,956
A la Carte Sales	0	0	45,756	45,756

(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>				
Receipts from Individual Schools	\$ 23,636	\$ 0	\$ 191	\$ 23,827
Total Charges for Current Services	\$ 23,636	\$ 0	\$ 401,312	\$ 424,948
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 5,340	\$ 0	\$ 2,464	\$ 7,804
Lease/Rentals	601	0	0	601
Sale of Recycled Materials	0	0	76	76
Miscellaneous Refunds	28,090	18,000	0	46,090
<u>Nonrecurring Items</u>				
Sale of Equipment	4,531	0	0	4,531
Contributions and Gifts	35,200	0	0	35,200
<u>Other Local Revenues</u>				
Other Local Revenues	100	0	0	100
Total Other Local Revenues	\$ 73,862	\$ 18,000	\$ 2,540	\$ 94,402
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 118,133	\$ 0	\$ 0	\$ 118,133
<u>State Education Funds</u>				
Basic Education Program	17,493,558	0	0	17,493,558
Early Childhood Education	392,470	0	0	392,470
School Food Service	0	0	16,690	16,690
Driver Education	14,546	0	0	14,546

(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>				
Other State Education Funds	\$ 250,369	\$ 0	\$ 0	\$ 250,369
Career Ladder Program	38,552	0	0	38,552
<u>Other State Revenues</u>				
Other State Grants	140,000	0	0	140,000
Total State of Tennessee	\$ 18,447,628	\$ 0	\$ 16,690	\$ 18,464,318
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 799,339	\$ 799,339
USDA - Commodities	0	0	101,975	101,975
Breakfast	0	0	415,191	415,191
USDA - Other	0	0	26,454	26,454
Vocational Education - Basic Grants to States	0	49,255	0	49,255
Title I Grants to Local Education Agencies	0	754,279	0	754,279
Special Education - Grants to States	18,118	853,795	0	871,913
Special Education Preschool Grants	0	20,376	0	20,376
Rural Education	0	8,414	0	8,414
Eisenhower Professional Development State Grants	0	126,599	0	126,599
COVID-19 Grant #1	0	33,650	0	33,650
Other Federal through State	0	380,324	0	380,324
Total Federal Government	\$ 18,118	\$ 2,226,692	\$ 1,342,959	\$ 3,587,769

(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>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 35,301	\$ 0	\$ 0	\$ 35,301
Total Other Governments and Citizens Groups	<u>\$ 35,301</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 35,301</u>
Total	<u>\$ 24,521,211</u>	<u>\$ 2,244,692</u>	<u>\$ 1,763,501</u>	<u>\$ 28,529,404</u>

Exhibit K-7

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2020

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	6,125	
Other Per Diem and Fees		5,450	
Social Security		885	
Audit Services		7,283	
Communication		2,081	
Dues and Memberships		1,966	
Total County Commission			\$ 23,790

Board of Equalization

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

County Mayor/Executive

County Official/Administrative Officer	\$	85,435	
Secretary(ies)		25,958	
Overtime Pay		427	
Social Security		8,495	
Pensions		6,709	
Medical Insurance		7,440	
Communication		4,801	
Dues and Memberships		1,350	
Operating Lease Payments		2,701	
Travel		1,305	
Office Supplies		2,645	
Premiums on Corporate Surety Bonds		425	
Total County Mayor/Executive			147,691

County Attorney

County Official/Administrative Officer	\$	22,064	
Total County Attorney			22,064

Election Commission

County Official/Administrative Officer	\$	66,574	
Clerical Personnel		31,066	
Custodial Personnel		3,720	
Part-time Personnel		8,822	
Overtime Pay		956	
Election Commission		5,100	
Election Workers		9,765	
Social Security		8,048	
Pensions		5,916	
Medical Insurance		3,768	
Advertising		2,780	
Communication		4,163	
Data Processing Services		8,527	
Maintenance Agreements		15,252	
Postal Charges		1,465	

(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.)

Printing, Stationery, and Forms	\$	2,752	
Rentals		650	
Travel		248	
Office Supplies		4,150	
Other Supplies and Materials		2,098	
Data Processing Equipment		5,094	
Office Equipment		1,837	
Total Election Commission			\$ 192,751

Register of Deeds

County Official/Administrative Officer	\$	73,971	
Deputy(ies)		61,018	
Data Processing Personnel		6,475	
Social Security		10,014	
Pensions		8,099	
Medical Insurance		3,768	
Communication		3,288	
Dues and Memberships		560	
Operating Lease Payments		7	
Office Supplies		4,079	
Premiums on Corporate Surety Bonds		300	
Total Register of Deeds			171,579

Planning

Other Per Diem and Fees	\$	1,325	
Social Security		13	
Dues and Memberships		10,750	
Total Planning			12,088

Codes Compliance

County Official/Administrative Officer	\$	44,000	
Deputy(ies)		3,426	
Social Security		3,628	
Pensions		2,640	
Advertising		279	
Communication		1,865	
Contracts with Government Agencies		22,555	
Contracts with Private Agencies		400	
Maintenance and Repair Services - Vehicles		329	
Postal Charges		137	
Printing, Stationery, and Forms		221	
Gasoline		227	
Office Supplies		391	
Road Signs		5,648	
Refunds		750	
Office Equipment		1,367	
Total Codes Compliance			87,863

(Continued)

Exhibit K-7

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

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

Deputy(ies)	\$	146,058	
Overtime Pay		4,756	
Social Security		10,428	
Pensions		8,757	
Medical Insurance		12,874	
Communication		21,262	
Maintenance and Repair Services - Buildings		98,051	
Maintenance and Repair Services - Equipment		7,168	
Maintenance and Repair Services - Vehicles		2,578	
Rentals		6,430	
Custodial Supplies		3,142	
Gasoline		4,514	
Uniforms		525	
Utilities		254,612	
Other Supplies and Materials		2,105	
Total County Buildings			\$ 583,260

FinanceAccounting and Budgeting

Supervisor/Director	\$	72,069	
Accountants/Bookkeepers		115,885	
Salary Supplements		2,391	
Overtime Pay		1,400	
In-service Training		3,395	
Social Security		13,125	
Pensions		11,361	
Medical Insurance		11,304	
Advertising		240	
Communication		1,154	
Dues and Memberships		25	
Operating Lease Payments		2,701	
Maintenance and Repair Services - Office Equipment		120	
Postal Charges		2,200	
Printing, Stationery, and Forms		937	
Travel		682	
Office Supplies		4,473	
Premiums on Corporate Surety Bonds		528	
Data Processing Equipment		13,941	
Office Equipment		2,412	
Total Accounting and Budgeting			260,343

Property Assessor's Office

County Official/Administrative Officer	\$	73,971	
Deputy(ies)		61,018	
Social Security		10,096	
Pensions		8,099	
Medical Insurance		3,768	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Finance (Cont.)Property Assessor's Office (Cont.)

Advertising	\$	132	
Communication		4,138	
Contracts with Government Agencies		7,773	
Dues and Memberships		1,350	
Postal Charges		1,914	
Travel		5,325	
Other Contracted Services		13,175	
Office Supplies		2,374	
Premiums on Corporate Surety Bonds		150	
Total Property Assessor's Office			\$ 193,283

Reappraisal Program

Deputy(ies)	\$	16,200	
Social Security		1,239	
Total Reappraisal Program			17,439

County Trustee's Office

County Official/Administrative Officer	\$	73,971	
Deputy(ies)		61,018	
Salary Supplements		4,000	
In-service Training		550	
Social Security		9,776	
Pensions		8,099	
Medical Insurance		3,768	
Communication		3,143	
Dues and Memberships		680	
Legal Notices, Recording, and Court Costs		171	
Postal Charges		5,600	
Other Contracted Services		7,101	
Office Supplies		1,706	
Premiums on Corporate Surety Bonds		1,777	
Data Processing Equipment		5,168	
Total County Trustee's Office			186,528

County Clerk's Office

County Official/Administrative Officer	\$	73,971	
Deputy(ies)		121,454	
Salary Supplements		8,000	
Part-time Personnel		9,433	
Overtime Pay		1,424	
Social Security		15,714	
Pensions		11,585	
Medical Insurance		10,990	
Advertising		73	
Communication		5,241	
Dues and Memberships		660	
Operating Lease Payments		923	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Finance (Cont.)County Clerk's Office (Cont.)

Postal Charges	\$	5,856	
Printing, Stationery, and Forms		281	
Office Supplies		1,558	
Premiums on Corporate Surety Bonds		650	
Data Processing Equipment		21,339	
Total County Clerk's Office			\$ 289,152

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	73,971	
Deputy(ies)		143,290	
Overtime Pay		4,959	
Jury and Witness Expense		6,775	
Social Security		16,445	
Pensions		13,144	
Medical Insurance		7,379	
Communication		3,440	
Dues and Memberships		560	
Postal Charges		1,650	
Office Supplies		10,411	
Premiums on Corporate Surety Bonds		575	
Data Processing Equipment		14,404	
Total Circuit Court			297,003

General Sessions Judge

Judge(s)	\$	104,866	
Part-time Personnel		22,899	
Overtime Pay		123	
In-service Training		647	
Social Security		9,783	
Pensions		6,292	
Communication		1,062	
Dues and Memberships		528	
Travel		180	
Other Contracted Services		5,162	
Food Supplies		4,532	
Office Supplies		102	
Other Supplies and Materials		1,046	
Total General Sessions Judge			157,222

Drug Court

Supervisor/Director	\$	32,570	
Accountants/Bookkeepers		1,500	
Part-time Personnel		13,063	
Social Security		3,606	
Pensions		2,044	
Communication		1,584	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Administration of Justice (Cont.)Drug Court (Cont.)

Contracts with Private Agencies	\$	455	
Travel		4,131	
Other Contracted Services		12,990	
Drugs and Medical Supplies		1,992	
Office Supplies		605	
Total Drug Court			\$ 74,540

Chancery Court

County Official/Administrative Officer	\$	73,971	
Deputy(ies)		30,544	
Social Security		7,634	
Pensions		6,271	
Medical Insurance		7,536	
Communication		1,720	
Dues and Memberships		560	
Operating Lease Payments		157	
Library Books/Media		46	
Office Supplies		1,947	
Premiums on Corporate Surety Bonds		575	
Data Processing Equipment		5,304	
Office Equipment		2,726	
Total Chancery Court			138,991

Judicial Commissioners

County Official/Administrative Officer	\$	18,894	
Other Salaries and Wages		2,625	
Social Security		1,642	
Pensions		18	
Communication		123	
Total Judicial Commissioners			23,302

Other Administration of Justice

Contracts with Private Agencies	\$	3,270	
Total Other Administration of Justice			3,270

Public SafetySheriff's Department

County Official/Administrative Officer	\$	81,368	
Deputy(ies)		372,834	
Detective(s)		82,645	
Captain(s)		54,205	
Lieutenant(s)		92,429	
Sergeant(s)		238,640	
Paraprofessionals		38,085	
Salary Supplements		139,600	
Dispatchers/Radio Operators		134,382	
Guards		107,342	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Public Safety (Cont.)Sheriff's Department (Cont.)

Clerical Personnel	\$	34,528	
Attendants		37,327	
Custodial Personnel		25,735	
Maintenance Personnel		32,054	
School Resource Officer		279,069	
Overtime Pay		95,152	
Other Salaries and Wages		25,616	
In-service Training		8,908	
Social Security		137,215	
Pensions		103,611	
Medical Insurance		95,253	
Communication		29,214	
Dues and Memberships		1,500	
Operating Lease Payments		4,535	
Maintenance and Repair Services - Office Equipment		1,015	
Maintenance and Repair Services - Vehicles		37,267	
Medical and Dental Services		1,967	
Travel		616	
Veterinary Services		1,000	
Gasoline		76,583	
Office Supplies		13,840	
Uniforms		15,121	
Other Supplies and Materials		2,594	
Premiums on Corporate Surety Bonds		600	
Other Charges		630	
Law Enforcement Equipment		960	
Other Equipment		350	
Total Sheriff's Department			\$ 2,403,790

Traffic Control

Traffic Control Equipment	\$	715	
Total Traffic Control			715

Jail

Cafeteria Personnel	\$	29,709	
Overtime Pay		1,737	
Social Security		2,385	
Pensions		1,887	
Medical and Dental Services		156,553	
Custodial Supplies		16,675	
Food Supplies		140,374	
Other Supplies and Materials		15,489	
Total Jail			364,809

Correctional Incentive Program Improvements

Supervisor/Director	\$	42,292	
Deputy(ies)		682,988	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Public Safety (Cont.)Correctional Incentive Program Improvements (Cont.)

Overtime Pay	\$	22,700	
Social Security		54,131	
Pensions		38,824	
Medical Insurance		53,897	
Total Correctional Incentive Program Improvements			\$ 894,832

Juvenile Services

Youth Service Officer(s)	\$	53,580	
Part-time Personnel		8,794	
In-service Training		381	
Social Security		4,750	
Pensions		1,893	
Communication		1,112	
Fiscal Agent Charges		4,000	
Other Contracted Services		6,398	
Office Supplies		1,423	
Total Juvenile Services			82,331

Fire Prevention and Control

Deputy(ies)	\$	13,939	
In-service Training		1,365	
Social Security		1,066	
Advertising		12	
Contributions		3,500	
Maintenance and Repair Services - Equipment		1,658	
Maintenance and Repair Services - Vehicles		22,837	
Rentals		18,300	
Other Contracted Services		65,310	
Gasoline		2,935	
Office Supplies		642	
Utilities		12,263	
Other Supplies and Materials		6,581	
Other Equipment		16,686	
Total Fire Prevention and Control			167,094

Rescue Squad

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

Other Emergency Management

Supervisor/Director	\$	18,666	
Social Security		1,428	
Communication		4,484	
Maintenance and Repair Services - Vehicles		367	
Gasoline		1,792	
Office Supplies		191	
Uniforms		228	

(Continued)

Exhibit K-7

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

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

Utilities	\$	677	
Other Supplies and Materials		120	
Other Equipment		6,722	
Total Other Emergency Management			\$ 34,675

Inspection and Regulation

Supervisor/Director	\$	3,200	
Social Security		245	
Pensions		144	
Total Inspection and Regulation			3,589

County Coroner/Medical Examiner

Other Contracted Services	\$	67,550	
Total County Coroner/Medical Examiner			67,550

Public Safety Grants Program

Advertising	\$	7,177	
Communication		386	
Printing, Stationery, and Forms		4,455	
Travel		2,593	
Other Contracted Services		32,879	
Instructional Supplies and Materials		2,282	
Office Supplies		9,508	
Total Public Safety Grants Program			59,280

Other Public Safety

Deputy(ies)	\$	16,160	
Salary Supplements		3,899	
Dispatchers/Radio Operators		215,607	
Longevity Pay		6,340	
Overtime Pay		24,519	
Social Security		18,588	
Pensions		15,758	
Medical Insurance		18,369	
Total Other Public Safety			319,240

Public Health and WelfareLocal Health Center

Communication	\$	4,384	
Dues and Memberships		200	
Maintenance and Repair Services - Buildings		1,171	
Custodial Supplies		638	
Drugs and Medical Supplies		985	
Food Supplies		145	
Office Supplies		758	
Uniforms		494	
Utilities		16,186	
Other Supplies and Materials		782	
Total Local Health Center			25,743

(Continued)

Exhibit K-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Ambulance/Emergency Medical Services

Medical Personnel	\$	666,484	
Longevity Pay		6,554	
Overtime Pay		336,567	
In-service Training		3,779	
Social Security		73,456	
Pensions		58,419	
Medical Insurance		46,001	
Communication		19,216	
Contracts with Private Agencies		11,471	
Operating Lease Payments		2,854	
Licenses		2,395	
Maintenance and Repair Services - Equipment		8,638	
Maintenance and Repair Services - Vehicles		35,131	
Medical and Dental Services		1,006	
Other Contracted Services		7,412	
Custodial Supplies		1,777	
Drugs and Medical Supplies		83,535	
Gasoline		33,405	
Office Supplies		999	
Uniforms		14,181	
Utilities		18,125	
Other Supplies and Materials		11,842	
Building and Contents Insurance		5,614	
Liability Insurance		1,311	
Premiums on Corporate Surety Bonds		258	
Refunds		5,937	
Vehicle and Equipment Insurance		14,029	
Workers' Compensation Insurance		83,632	
Fines, Assessments, and Penalties		31,356	
Building Improvements		7,380	
Data Processing Equipment		1,060	
Other Equipment		7,175	
Total Ambulance/Emergency Medical Services			\$ 1,600,999

Alcohol and Drug Programs

Accountants/Bookkeepers	\$	2,770	
Social Security		212	
Advertising		63,378	
Communication		1,004	
Printing, Stationery, and Forms		4,966	
Travel		7,208	
Other Contracted Services		54,034	
Office Supplies		3,925	
Liability Insurance		1,106	
Total Alcohol and Drug Programs			138,603

(Continued)

Exhibit K-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Other Local Health Services

Supervisor/Director	\$	32,500	
Other Salaries and Wages		6,909	
Social Security		2,698	
Pensions		1,950	
Medical Insurance		3,768	
Advertising		54	
Communication		2,438	
Contributions		8,833	
Rentals		858	
Instructional Supplies and Materials		68	
Office Supplies		272	
Utilities		7,311	
Other Supplies and Materials		149	
Other Equipment		4,087	
Total Other Local Health Services			\$ 71,895

Appropriation to State

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

General Welfare Assistance

Accountants/Bookkeepers	\$	738	
Social Security		56	
Advertising		15,900	
Communication		734	
Printing, Stationery, and Forms		7,777	
Travel		2,115	
Other Contracted Services		42,008	
Office Supplies		3,990	
Liability Insurance		240	
Total General Welfare Assistance			73,558

Other Local Welfare Services

Contributions	\$	22,286	
Total Other Local Welfare Services			22,286

Waste Pickup

Supervisor/Director	\$	21,271	
Social Security		1,627	
Pensions		793	
Maintenance and Repair Services - Vehicles		2,015	
Gasoline		3,678	
Instructional Supplies and Materials		8,093	
Other Supplies and Materials		963	
Total Waste Pickup			38,440

(Continued)

Exhibit K-7

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

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

Accountants/Bookkeepers	\$	370	
Part-time Personnel		14,848	
Other Salaries and Wages		22,102	
Social Security		2,855	
Handling Charges and Administrative Costs		30	
Pensions		642	
Advertising		1,200	
Communication		939	
Maintenance and Repair Services - Equipment		1,593	
Postal Charges		826	
Printing, Stationery, and Forms		4,056	
Rentals		1,317	
Travel		6,485	
Other Contracted Services		19,093	
Office Supplies		6,535	
Other Supplies and Materials		124	
Liability Insurance		1,194	
Building Improvements		18,416	
Total Other Public Health and Welfare			\$ 102,625

Social, Cultural, and Recreational ServicesSenior Citizens Assistance

Supervisor/Director	\$	32,085	
Other Salaries and Wages		7,524	
Social Security		2,662	
Pensions		1,925	
Medical Insurance		3,768	
Communication		257	
Financial Advisory Services		1,811	
Travel		504	
Utilities		9,339	
Other Supplies and Materials		856	
Total Senior Citizens Assistance			60,731

Libraries

County Official/Administrative Officer	\$	36,000	
Other Salaries and Wages		32,331	
Social Security		5,227	
Pensions		2,160	
Communication		5,245	
Data Processing Services		1,490	
Dues and Memberships		125	
Operating Lease Payments		250	
Maintenance and Repair Services - Office Equipment		207	
Postal Charges		110	
Travel		79	
Custodial Supplies		480	

(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.)Libraries (Cont.)

Library Books/Media	\$	18,306	
Office Supplies		964	
Utilities		3,067	
Other Supplies and Materials		2,484	
Data Processing Equipment		3,790	
Office Equipment		1,487	
Total Libraries			\$ 113,802

Parks and Fair Boards

Communication	\$	202	
Contracts with Government Agencies		8,400	
Travel		1,401	
Other Supplies and Materials		4,108	
Building Improvements		18,326	
Total Parks and Fair Boards			32,437

Other Social, Cultural, and Recreational

Other Supplies and Materials	\$	705	
Site Development		22,453	
Total Other Social, Cultural, and Recreational			23,158

Agriculture and Natural ResourcesAgricultural Extension Service

Assistant(s)	\$	3,603	
Salary Supplements		30,912	
Secretary(ies)		8,664	
Longevity Pay		1,024	
Other Salaries and Wages		677	
Social Security		3,231	
Pensions		6,445	
Medical Insurance		10,235	
Unemployment Compensation		10	
Communication		3,474	
Rentals		10,080	
Other Supplies and Materials		869	
Workers' Compensation Insurance		97	
Total Agricultural Extension Service			79,321

Soil Conservation

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

Other Agriculture and Natural Resources

Maintenance and Repair Services - Buildings	\$	2,339	
Custodial Supplies		737	
Utilities		27,157	
Refunds		850	
Total Other Agriculture and Natural Resources			31,083

(Continued)

Exhibit K-7

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

General Fund (Cont.)Other OperationsTourism

Maintenance Agreements	\$ 200	
Total Tourism		\$ 200

Industrial Development

Other Contracted Services	\$ 53,085	
Other Charges	2,375	
Total Industrial Development		55,460

Other Economic and Community Development

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

Veterans' Services

Supervisor/Director	\$ 10,032	
Social Security	767	
Communication	767	
Data Processing Services	449	
Travel	215	
Office Supplies	164	
Total Veterans' Services		12,394

Other Charges

Building and Contents Insurance	\$ 51,048	
Liability Insurance	113,358	
Vehicle and Equipment Insurance	57,001	
Workers' Compensation Insurance	77,863	
Total Other Charges		299,270

Employee Benefits

Longevity Pay	\$ 37,861	
Social Security	2,896	
Pensions	2,272	
Life Insurance	6,276	
Unemployment Compensation	4,518	
Total Employee Benefits		53,823

COVID-19 Grant #1

Other Charges	\$ 11,279	
Total COVID-19 Grant #1		11,279

Miscellaneous

Bank Charges	\$ 40	
Dues and Memberships	3,008	
Other Contracted Services	34,151	
Other Supplies and Materials	227	
Indirect Cost	1,000	
Trustee's Commission	156,223	
Tax Relief Program	45,280	
Total Miscellaneous		239,929

(Continued)

Exhibit K-7

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

General Fund (Cont.)Interest on DebtGeneral Government

Interest on Notes	\$ 28,060	
Total General Government		\$ 28,060

Total General Fund \$ 10,494,129

Drug Control FundPublic SafetySheriff's Department

Instructional Supplies and Materials	\$ 1,638	
Other Charges	9,248	
Law Enforcement Equipment	9,626	
Total Sheriff's Department		\$ 20,512

Drug Enforcement

Trustee's Commission	\$ 309	
Total Drug Enforcement		309

Total Drug Control Fund 20,821

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$ 81,368	
Accountants/Bookkeepers	40,373	
Overtime Pay	6,150	
Other Salaries and Wages	32,199	
Advertising	923	
Communication	7,177	
Dues and Memberships	5,186	
Maintenance and Repair Services - Buildings	28,379	
Medical and Dental Services	90	
Postal Charges	220	
Travel	632	
Electricity	3,928	
Natural Gas	1,422	
Office Supplies	3,054	
Water and Sewer	426	
Premiums on Corporate Surety Bonds	375	
Office Equipment	628	
Total Administration		\$ 212,530

Highway and Bridge Maintenance

Foremen	\$ 71,237	
Equipment Operators	94,719	
Truck Drivers	129,449	
Laborers	178,847	
Overtime Pay	28,100	

(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.)

Rentals	\$	73,177	
Other Contracted Services		98,821	
Asphalt - Cold Mix		369,599	
Asphalt - Hot Mix		11,479	
Concrete		1,712	
Crushed Stone		169,807	
Riprap		928	
Other Road Materials		29,060	
Pipe		37,736	
Road Signs		2,064	
Wood Products		1,379	
Total Highway and Bridge Maintenance			\$ 1,298,114

Operation and Maintenance of Equipment

Mechanic(s)	\$	36,317	
Overtime Pay		6,277	
Maintenance and Repair Services - Equipment		1,395	
Custodial Supplies		108	
Diesel Fuel		46,930	
Equipment and Machinery Parts		49,305	
Garage Supplies		2,141	
Gasoline		15,553	
Lubricants		7,015	
Small Tools		4,920	
Tires and Tubes		14,326	
Uniforms		4,645	
Vehicle Parts		7,071	
Other Supplies and Materials		935	
Total Operation and Maintenance of Equipment			196,938

Other Charges

Building and Contents Insurance	\$	5,175	
Liability Insurance		5,038	
Trustee's Commission		28,481	
Vehicle and Equipment Insurance		9,007	
Workers' Compensation Insurance		37,628	
Total Other Charges			85,329

Employee Benefits

Longevity Pay	\$	17,747	
Social Security		54,547	
Pensions		40,488	
Employee and Dependent Insurance		267,885	
Unemployment Compensation		10,472	
Total Employee Benefits			391,139

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Capital Outlay

Bridge Construction	\$	500	
Motor Vehicles		137,059	
State Aid Projects		15,403	
Total Capital Outlay			\$ 152,962

Principal on DebtHighways and Streets

Principal on Notes	\$	65,333	
Principal on Capital Leases		13,604	
Total Highways and Streets			78,937

Interest on DebtHighways and Streets

Interest on Notes	\$	1,761	
Interest on Capital Leases		1,366	
Total Highways and Streets			3,127

Total Highway/Public Works Fund \$ 2,419,076

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Bonds	\$	650,284	
Principal on Notes		503,804	
Principal on Other Loans		143,910	
Total General Government			\$ 1,297,998

Interest on DebtGeneral Government

Interest on Bonds	\$	258,378	
Interest on Notes		25,918	
Interest on Other Loans		14,360	
Total General Government			298,656

Other Debt ServiceGeneral Government

Financial Advisory Services	\$	1,500	
Trustee's Commission		26,441	
Other Debt Service		8,963	
Total General Government			36,904

Capital Projects - DonatedCapital Projects Donated to School Department

Contributions	\$	35,301	
Total Capital Projects Donated to School Department			35,301

Total General Debt Service Fund 1,668,859

(Continued)

Exhibit K-7

Smith County, TennesseeSchedule of Detailed Expenditures -All Governmental Fund Types (Cont.)Education Debt Service FundOther Debt ServiceEducation

Trustee's Commission

\$ 856

Total Education

\$ 856

Total Education Debt Service Fund

\$ 856

General Capital Projects FundCapital ProjectsOther General Government Projects

Trustee's Commission

\$ 4,092

Total Other General Government Projects

\$ 4,092

Total General Capital Projects Fund

4,092

Total Governmental Funds - Primary Government

\$ 14,607,833

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, 2020

General Purpose School FundInstructionRegular Instruction Program

Teachers	\$ 7,552,806	
Career Ladder Program	34,825	
Educational Assistants	535,304	
Bonus Payments	33,800	
Other Salaries and Wages	43,227	
Certified Substitute Teachers	70,897	
Non-certified Substitute Teachers	97,435	
Social Security	484,024	
Pensions	674,885	
Medical Insurance	1,624,908	
Local Retirement	95,507	
Employer Medicare	114,002	
Retirement - Hybrid Stabilization	1	
Maintenance and Repair Services - Equipment	29,514	
Tuition	2,952	
Other Contracted Services	14,781	
Instructional Supplies and Materials	104,105	
Textbooks - Bound	402,869	
Other Supplies and Materials	6,157	
Fines, Assessments, and Penalties	42,658	
Fee Waivers	14,487	
Other Charges	1,186	
Regular Instruction Equipment	69,193	
Total Regular Instruction Program		\$ 12,049,523

Alternative Instruction Program

Teachers	\$ 52,811	
Social Security	2,881	
Pensions	5,614	
Medical Insurance	10,790	
Employer Medicare	674	
Total Alternative Instruction Program		72,770

Special Education Program

Teachers	\$ 919,173	
Career Ladder Program	4,000	
Homebound Teachers	24,885	
Educational Assistants	97,439	
Speech Pathologist	47,820	
Bonus Payments	3,200	
Other Salaries and Wages	5,323	
Certified Substitute Teachers	207	
Non-certified Substitute Teachers	59	
Social Security	65,238	
Pensions	94,585	
Medical Insurance	184,078	

(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.)

Local Retirement	\$	10,194	
Employer Medicare		15,257	
Contracts with Private Agencies		3,460	
Evaluation and Testing		5,018	
Maintenance and Repair Services - Equipment		80	
Other Contracted Services		276	
Instructional Supplies and Materials		1,054	
Other Supplies and Materials		3,759	
Other Charges		88	
Special Education Equipment		2,248	
Total Special Education Program			\$ 1,487,441

Career and Technical Education Program

Teachers	\$	685,639	
Career Ladder Program		1,000	
Bonus Payments		2,250	
Certified Substitute Teachers		2,703	
Non-certified Substitute Teachers		738	
Social Security		40,266	
Pensions		54,409	
Medical Insurance		143,843	
Local Retirement		10,989	
Employer Medicare		9,418	
Instructional Supplies and Materials		4,453	
Total Career and Technical Education Program			955,708

Support Services

Attendance

Supervisor/Director	\$	63,491	
Social Workers		43,106	
Social Security		6,195	
Pensions		11,331	
Medical Insurance		18,518	
Employer Medicare		1,449	
Travel		66	
Other Contracted Services		23,834	
Other Supplies and Materials		212	
In Service/Staff Development		614	
Attendance Equipment		1,609	
Total Attendance			170,425

Health Services

Supervisor/Director	\$	53,013	
Medical Personnel		119,508	
Other Salaries and Wages		17,388	
Social Security		10,943	

(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.)

Pensions	\$	14,979	
Medical Insurance		36,988	
Local Retirement		2,566	
Employer Medicare		2,559	
Travel		6,746	
Drugs and Medical Supplies		191	
Other Supplies and Materials		13,610	
In Service/Staff Development		1,568	
Health Equipment		7,215	
Total Health Services			\$ 287,274

Other Student Support

Guidance Personnel	\$	277,451	
Other Salaries and Wages		6,356	
Social Security		16,337	
Pensions		30,169	
Medical Insurance		52,826	
Employer Medicare		3,821	
Contracts with Government Agencies		236,759	
Evaluation and Testing		2,752	
Other Supplies and Materials		7,973	
Other Charges		3,020	
Other Equipment		7,390	
Total Other Student Support			644,854

Regular Instruction Program

Supervisor/Director	\$	166,885	
Career Ladder Program		2,000	
Librarians		241,391	
Other Salaries and Wages		134,789	
Social Security		26,532	
Pensions		42,507	
Medical Insurance		63,662	
Local Retirement		3,145	
Employer Medicare		7,550	
Travel		3,200	
Other Contracted Services		37,165	
Library Books/Media		2,250	
Other Supplies and Materials		2,271	
In Service/Staff Development		11,718	
Other Charges		200	
Other Equipment		1,848	
Total Regular Instruction Program			747,113

Special Education Program

Career Ladder Program	\$	700	
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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.)

Special Education Program (Cont.)

Psychological Personnel	\$	76,417	
Assessment Personnel		46,145	
Social Security		6,821	
Pensions		13,103	
Medical Insurance		21,567	
Employer Medicare		1,595	
Communication		468	
Postal Charges		53	
Travel		797	
Other Supplies and Materials		1,338	
In Service/Staff Development		1,065	
Total Special Education Program			\$ 170,069

Career and Technical Education Program

Supervisor/Director	\$	20,511	
Social Security		1,135	
Pensions		2,180	
Medical Insurance		3,010	
Employer Medicare		265	
In Service/Staff Development		349	
Total Career and Technical Education Program			27,450

Technology

Supervisor/Director	\$	53,045	
Instructional Computer Personnel		66,030	
Social Security		6,557	
Pensions		6,891	
Medical Insurance		22,572	
Employer Medicare		1,595	
Internet Connectivity		42,629	
Travel		1,791	
Other Supplies and Materials		2,766	
In Service/Staff Development		406	
Other Equipment		2,159	
Total Technology			206,441

Other Programs

On-behalf Payments to OPEB	\$	118,133	
Total Other Programs			118,133

Board of Education

Secretary to Board	\$	1,200	
Board and Committee Members Fees		12,120	
Social Security		822	
Pensions		128	
Medical Insurance		528	

(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	\$	6,554	
Employer Medicare		192	
Audit Services		7,500	
Contracts with Government Agencies		2,996	
Contracts with Private Agencies		7,939	
Dues and Memberships		14,385	
Legal Services		79,017	
Other Contracted Services		47,814	
Other Supplies and Materials		25	
Liability Insurance		132,393	
Premiums on Corporate Surety Bonds		320	
Trustee's Commission		124,128	
Workers' Compensation Insurance		68,883	
Criminal Investigation of Applicants - TBI		457	
Refund to Applicant for Criminal Investigation		4,269	
Other Charges		13,177	
Total Board of Education			\$ 524,847

Director of Schools

County Official/Administrative Officer	\$	150,243	
Career Ladder Program		1,000	
Social Security		8,087	
Pensions		16,079	
Employer Medicare		1,891	
Communication		11,981	
Dues and Memberships		2,347	
Travel		3,267	
In Service/Staff Development		589	
Other Charges		1,608	
Total Director of Schools			197,092

Office of the Principal

Principals	\$	638,048	
Career Ladder Program		3,000	
Accountants/Bookkeepers		103,962	
Assistant Principals		459,778	
Clerical Personnel		158,072	
Social Security		79,875	
Pensions		122,246	
Medical Insurance		159,573	
Local Retirement		5,867	
Employer Medicare		18,680	
Communication		1,872	
Other Charges		3,313	
Administration Equipment		925	
Total Office of the Principal			1,755,211

(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.)

Fiscal Services

Supervisor/Director	\$	36,355	
Accountants/Bookkeepers		168,270	
Clerical Personnel		87,044	
Other Salaries and Wages		1,000	
Social Security		12,965	
Pensions		13,702	
Medical Insurance		43,612	
Employer Medicare		3,945	
Data Processing Services		15,899	
Maintenance and Repair Services - Office Equipment		2,849	
Travel		240	
Office Supplies		7,977	
In Service/Staff Development		10,548	
Other Charges		15	
Administration Equipment		9,855	
Total Fiscal Services	\$		414,276

Operation of Plant

Custodial Personnel	\$	367,066	
Other Salaries and Wages		23,244	
Social Security		23,751	
Pensions		20,061	
Medical Insurance		1,043	
Employer Medicare		5,555	
Contracts with Government Agencies		6,255	
Contracts with Private Agencies		121,182	
Maintenance and Repair Services - Equipment		9,702	
Pest Control		975	
Other Contracted Services		30,739	
Custodial Supplies		57,247	
Electricity		622,260	
Natural Gas		69,071	
Water and Sewer		57,921	
Other Supplies and Materials		9,881	
Building and Contents Insurance		72,000	
Other Charges		298	
Plant Operation Equipment		71,558	
Total Operation of Plant			1,569,809

Maintenance of Plant

Supervisor/Director	\$	68,168	
Maintenance Personnel		219,466	
Other Salaries and Wages		38,210	
Social Security		20,084	
Pensions		24,333	
Medical Insurance		46,216	

(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.)

Local Retirement	\$	162	
Employer Medicare		4,697	
Contracts with Private Agencies		15,814	
Laundry Service		6,686	
Maintenance and Repair Services - Buildings		31,900	
Maintenance and Repair Services - Equipment		53,745	
Other Contracted Services		11,782	
Other Supplies and Materials		61,768	
Maintenance Equipment		86,248	
Total Maintenance of Plant			\$ 689,279

Transportation

Supervisor/Director	\$	51,182	
Mechanic(s)		114,360	
Bus Drivers		363,593	
Educational Assistants		99,445	
Other Salaries and Wages		10,922	
Social Security		38,551	
Pensions		28,372	
Medical Insurance		34,524	
Employer Medicare		9,229	
Contracts with Government Agencies		209	
Contracts with Private Agencies		9,913	
Laundry Service		3,590	
Maintenance and Repair Services - Equipment		586	
Maintenance and Repair Services - Vehicles		840	
Medical and Dental Services		4,386	
Towing Services		850	
Diesel Fuel		60,587	
Garage Supplies		1,032	
Gasoline		13,504	
Lubricants		2,285	
Tires and Tubes		15,331	
Vehicle Parts		55,456	
Gravel and Chert		2,079	
Other Supplies and Materials		2,505	
Vehicle and Equipment Insurance		38,662	
Other Charges		854	
Administration Equipment		1,958	
Transportation Equipment		208,083	
Total Transportation			1,172,888

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	43,106	
Social Security		2,302	

(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 (Cont.)

Pensions	\$	4,582	
Medical Insurance		11,292	
Employer Medicare		538	
Travel		118	
Other Supplies and Materials		443	
In Service/Staff Development		55	
Total Community Services			\$ 62,436

Early Childhood Education

Supervisor/Director	\$	16,095	
Teachers		195,044	
Career Ladder Program		1,000	
Educational Assistants		70,136	
Social Security		16,456	
Pensions		26,720	
Medical Insurance		43,641	
Employer Medicare		3,849	
Instructional Supplies and Materials		5,512	
Other Supplies and Materials		16,148	
In Service/Staff Development		1,276	
Other Charges		3,044	
Regular Instruction Equipment		4,912	
Total Early Childhood Education			403,833

Capital OutlayRegular Capital Outlay

Building Improvements	\$	254,988	
Other Capital Outlay		56,370	
Total Regular Capital Outlay			311,358

Total General Purpose School Fund \$ 24,038,230

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$	340,380	
Educational Assistants		71,536	
Social Security		24,845	
Pensions		38,471	
Medical Insurance		45,234	
Employer Medicare		5,810	
Maintenance and Repair Services - Equipment		8,025	
Other Contracted Services		65,708	
Instructional Supplies and Materials		15,766	
Software		9,888	
Regular Instruction Equipment		80,094	
Total Regular Instruction Program			\$ 705,757

(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.)

Instruction (Cont.)

Special Education Program

Educational Assistants	\$	462,544	
Speech Pathologist		52,424	
Social Security		31,701	
Pensions		30,805	
Medical Insurance		7,524	
Employer Medicare		7,414	
Contracts with Private Agencies		87,305	
Instructional Supplies and Materials		11,547	
Other Supplies and Materials		11,030	
Special Education Equipment		8,888	
Total Special Education Program			\$ 711,182

Career and Technical Education Program

Instructional Supplies and Materials	\$	12,808	
Other Supplies and Materials		350	
Other Charges		125	
Vocational Instruction Equipment		28,522	
Total Career and Technical Education Program			41,805

COVID-19 Expenditures

Other Charges	\$	21,196	
Other Equipment		2,901	
Total COVID-19 Expenditures			24,097

Support Services

Other Student Support

Bus Drivers	\$	382	
Social Security		9	
Pensions		9	
Employer Medicare		2	
Travel		2,100	
Other Contracted Services		2,000	
In Service/Staff Development		1,843	
Other Charges		3,970	
Total Other Student Support			10,315

Regular Instruction Program

Supervisor/Director	\$	35,927	
Other Salaries and Wages		59,084	
Social Security		5,014	
Pensions		10,100	
Medical Insurance		22,662	
Employer Medicare		1,173	
Travel		277	
Other Supplies and Materials		247	
In Service/Staff Development		35,607	
Other Charges		20,558	
Total Regular Instruction Program			190,649

(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.)

Special Education Program

Assessment Personnel	\$	66,263	
Secretary(ies)		24,024	
Social Security		5,046	
Pensions		8,485	
Medical Insurance		19,984	
Employer Medicare		1,180	
Travel		1,575	
Other Supplies and Materials		2,627	
In Service/Staff Development		7,875	
Total Special Education Program			\$ 137,059

Career and Technical Education Program

In Service/Staff Development	\$	1,105	
Total Career and Technical Education Program			1,105

Transportation

Bus Drivers	\$	24,129	
Other Salaries and Wages		3,519	
Social Security		1,711	
Pensions		1,659	
Employer Medicare		400	
Transportation Equipment		7,402	
Total Transportation			38,820

COVID-19 Expenditures

Other Contracted Services	\$	954	
Other Equipment		954	
Total COVID-19 Expenditures			1,908

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	135,555	
Teachers		112,330	
Educational Assistants		47,745	
Social Security		17,734	
Pensions		24,177	
Local Retirement		1,969	
Employer Medicare		4,287	
Maintenance and Repair Services - Equipment		150	
Travel		257	
Instructional Supplies and Materials		1,205	
Other Supplies and Materials		176	
In Service/Staff Development		760	
Total Community Services			346,345

(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.)Operation of Non-Instructional Services (Cont.)COVID-19 Expenditures

Custodial Supplies	\$	5,236	
Administration Equipment		<u>2,409</u>	
Total COVID-19 Expenditures			\$ 7,645

Total School Federal Projects Fund \$ 2,216,687

Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	62,492	
Accountants/Bookkeepers		43,753	
Clerical Personnel		25,598	
Cafeteria Personnel		603,476	
Other Salaries and Wages		168	
Social Security		44,865	
Pensions		37,370	
Medical Insurance		15,048	
Unemployment Compensation		393	
Local Retirement		3,384	
Employer Medicare		10,589	
Retirement - Hybrid Stabilization		1,373	
Communication		3,780	
Maintenance and Repair Services - Equipment		12,828	
Pest Control		1,944	
Printing, Stationery, and Forms		1,287	
Travel		1,084	
Other Contracted Services		19,391	
Data Processing Supplies		3,944	
Equipment and Machinery Parts		13,156	
Food Supplies		749,606	
Office Supplies		932	
Uniforms		680	
USDA - Commodities		101,975	
Other Supplies and Materials		77,096	
In Service/Staff Development		719	
Fines, Assessments, and Penalties		5,932	
Refund to Applicant for Criminal Investigation		457	
Food Service Equipment		<u>20,542</u>	
Total Food Service			\$ 1,863,862

Total Central Cafeteria Fund 1,863,862

Total Governmental Funds - Smith County School Department \$ 28,118,779

Exhibit K-9

Smith County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund
For the Year Ended June 30, 2020

	Major Enterprise Fund Solid Waste Disposal
<u>Revenues</u>	
<u>Operating Revenues</u>	
<u>Licenses and Permits</u>	
Other Permits	\$ 300
<u>Charges for Current Services</u>	
Tipping Fees	4,419,190
Surcharge - Waste Tire Disposal	7,379
<u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Lease/Rentals	10,155
Sale of Recycled Materials	23,344
Miscellaneous Refunds	2,978
<u>State of Tennessee</u>	
Solid Waste Grant	1,124
Total Operating Revenues	<u>\$ 4,464,470</u>
<u>Nonoperating Revenues</u>	
<u>Other Local Revenues</u>	
<u>Nonrecurring Items</u>	
Insurance Recovery	\$ 1,217
Total Nonoperating Revenue	<u>\$ 1,217</u>
Total Revenues	<u><u>\$ 4,465,687</u></u>
<u>Expenses</u>	
<u>Operating Expenses</u>	
<u>Waste Pickup</u>	
Overtime Pay	\$ 15,445
Other Salaries and Wages	71,842
Social Security	6,243
Medical Insurance	3,627
Communication	5,338
Maintenance and Repair Services - Equipment	242
Gasoline	29,917
<u>Convenience Centers</u>	
Overtime Pay	6
Other Salaries and Wages	157,866
Social Security	12,077
Communication	7,267
Maintenance and Repair Services - Buildings	8,358
Maintenance and Repair Services - Equipment	7,182
Medical and Dental Services	30
Rentals	3,000
Other Contracted Services	2,159
Crushed Stone	6,216
Utilities	8,353
<u>Other Waste Collection</u>	
Other Contracted Services	15,966

(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	\$ 52,308
Longevity Pay	2,104
Overtime Pay	67,780
Other Salaries and Wages	369,135
In-service Training	1,700
Social Security	36,036
Pensions	19,133
Medical Insurance	31,316
Advertising	194
Communication	5,773
Contracts with Private Agencies	127,848
Engineering Services	146,206
Maintenance and Repair Services - Buildings	6,463
Maintenance and Repair Services - Equipment	211,262
Medical and Dental Services	520
Rentals	87,398
Other Contracted Services	160,571
Gasoline	246,791
Office Supplies	1,657
Uniforms	1,175
Utilities	16,242
Other Supplies and Materials	118,255
Building and Contents Insurance	1,500
Liability Insurance	1,500
Trustee's Commission	44,456
Vehicle and Equipment Insurance	9,500
Workers' Compensation Insurance	27,875
Depreciation	708,810
Landfill Closure/Postclosure Care Costs	2,932,625
Other Charges	35
Total Operating Expenses	<u>\$ 5,797,302</u>
<u>Nonoperating Expenses</u>	
Interest on Notes	\$ 123,250
Interest on Other Loans	70,524
Total Nonoperating Expenses	<u>\$ 193,774</u>
Total Expenses	<u><u>\$ 5,991,076</u></u>

Smith County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2020

	Cities - Sales Tax Fund
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 1,054,911</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,044,362
Trustee's Commission	<u>10,549</u>
Total Cash Disbursements	<u>\$ 1,054,911</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2019	<u>0</u>
Cash Balance, June 30, 2020	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



JASON E. MUMPOWER
Comptroller

**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, 2020, and the related notes to the financial statements, which collectively comprise Smith County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated February 26, 2021.

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) as a basis for designing 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: 2020-001 and 2020-003.

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 financial statements. 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: 2020-002.

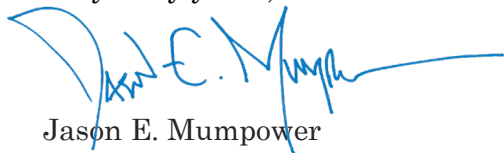
Smith County's Responses to the Findings

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

Purpose of this Report

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

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 26, 2021

JEM/sl



JASON E. MUMPOWER
Comptroller

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, 2020. 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, 2020.

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, 2020, and the related notes to the financial statements, which collectively comprise Smith County's basic financial statements. We issued our report thereon dated February 26, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 26, 2021

JEM/sl

Smith County, Tennessee, and the Smith County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (7) (8)
For the Year Ended June 30, 2020

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: (5)			
School Breakfast Program	10.553	N/A	\$ 294,255 (6)
COVID-19 - School Breakfast Program	10.553	N/A	120,935 (6)
National School Lunch Program	10.555	N/A	624,692 (6)
COVID-19 - National School Lunch Program	10.555	N/A	193,137 (6)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (5)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	101,975 (6)
National School Lunch Program - State Administrative Expenses	10.555	N/A	7,965 (6)
Total U.S. Department of Agriculture			<u>\$ 1,342,959</u>
U.S. Department of Interior:			
Direct Program:			
Payments In-Lieu-Of Taxes	15.226	N/A	<u>\$ 24,667</u>
U.S. Department of Justice:			
Passed-through State Department of Finance and Administration:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(4)	<u>\$ 25,132</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z19THS257	<u>\$ 3,570</u>
National Endowment for the Humanities:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(4)	<u>\$ 680</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 801,269
Special Education Cluster: (5)			
Special Education - Grants to States	84.027	N/A	876,453
Special Education - Preschool Grants	84.173	N/A	20,378
Career and Technical Education - Basic Grants to States	84.048	N/A	49,255
Twenty-First Century Community Learning Centers	84.287	N/A	360,307
Rural Education	84.358	N/A	8,414
Supporting Effective Instruction State Grant	84.367	N/A	79,074
Student Support and Academic Enrichment Program	84.424	N/A	20,553
COVID - 19 - Education Stabilization Fund	84.425D	N/A	33,650
Total U.S. Department of Education			<u>\$ 2,249,353</u>
Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
2020 HAVA Election Security Grants	90.404	(4)	<u>\$ 1,750</u>

(Continued)

Smith County, Tennessee, and the Smith County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (7) (8) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through Upper Cumberland Development District:			
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	(4)	\$ 1,600
Aging Cluster: (5)			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	(4)	9,068
Passed-through State Department of Health:			
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235	(4)	36,934
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	(4)	77,466
Opioid STR	93.788	(4)	140,209
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(4)	77,740
Passed-through State Department of Education:			
CCDF Cluster: (5)			
Child Care and Development Block Grant	93.575	(4)	2,465
Total U.S. Department of Health and Human Services			<u>\$ 345,482</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4427	\$ 116,421
Emergency Management Performance Grants	97.042	(4)	14,850
Total U.S. Department of Homeland Security			<u>\$ 131,271</u>
Total Expenditures of Federal Awards			<u>\$ 4,124,864</u>
Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
State Supplement Juvenile Court Improvement Funds - State Department of Children's Services	N/A	(4)	\$ 9,000
Aging Program - Upper Cumberland Development District	N/A	(4)	7,745
Local Health Services Grant - State Department of Health	N/A	(4)	44,740
Certified Recovery Court Program Grant - State Department of Mental Health and Substance Abuse Services	N/A	(4)	58,008
Litter Program - State Department of Transportation	N/A	(4)	35,396
Tourism Enhancement Grant - State Department of Economic and Community Development	N/A	(4)	10,123
ThreeStar Grant - State Department of Economic and Community Development	N/A	(4)	8,380
2020 HAVA Election Security Grants - State Match - Tennessee Secretary of State	N/A	(4)	87
Used Oil Grant - State Department of Environment and Conservation	N/A	(4)	1,124
Early Childhood Education - State Department of Education	N/A	(4)	392,470
Coordinated School Health - State Department of Education	N/A	(4)	100,000
Family Resource Center - State Department of Education	N/A	(4)	29,611
Safe Schools - State Department of Education	N/A	(4)	67,870
School Safety - State Department of Education	N/A	(4)	52,888
School Resource Officer - State Department of Education	N/A	(4)	140,000
Total State Grants			<u>\$ 957,442</u>

(Continued)

Smith County, Tennessee, and the Smith County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (7) (8) (Cont.)

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) No amounts (\$0) were passed-through to subrecipients.
(4) Information not available.
(5) Child Nutrition Cluster total \$1,342,959; Special Education Cluster total \$896,831; Aging Cluster total \$9,068; CCDF Cluster total \$2,465.
(6) Total for CFDA No. 10.553 is \$415,190. Total for CFDA No. 10.555 is \$927,769.
(7) For the year ended June 30, 2020, Smith County received donated PPE valued at \$11,279 (\$8,459 federal and \$2,820 state) from the Tennessee Department of Military. These donations were unaudited.

(8) CONSOLIDATED ADMINISTRATION

The following amounts were consolidated for administration purposes:

Program Title	Federal CFDA Number	Amount Provided to Consolidated Administration
Title I Grants to Local Educational Agencies	84.010	\$ 46,989
Supporting Effective Instruction State Grant	84.367	8,931
Student Support and Academic Enrichment Program	84.424	536
Total amounts consolidated for administration purposes		<u>\$ 56,456</u>

Smith County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2020

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, 2020.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<u>OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS</u>					
2019	208	2019-001	The Solid Waste Disposal Fund had a deficit in unrestricted net position.	N/A	Not Corrected - See Explanation on Corrective Action Plan
2019	208	2019-002	Highway/Public Works Fund appropriations exceeded estimated available funding.	N/A	Corrected
<u>OFFICE OF DIRECTOR OF SCHOOLS</u>					
2019	209	2019-003	The school department was assessed a penalty of \$35,100 by the Internal Revenue Service for noncompliance with the Affordable Care Act.	N/A	Not Corrected - See Explanation on Corrective Action Plan
<u>OFFICE OF REGISTER OF DEEDS</u>					
2019	210	2019-004	A cash overdraft of \$10,943 existed at June 30, 2019.	N/A	Not Corrected - See Explanation on Corrective Action Plan

Prior-year Federal Awards Findings

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

SMITH COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

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: 84.027 and 84.173 Special Education Cluster: Special Education - Grants to States and Special Education - Preschool Grants
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

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 2020-001

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 \$12,375,332 in unrestricted net position at June 30, 2020. This deficit resulted from the recognition of a liability of \$15,893,911 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.

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, post closure, and monitoring costs for 30 years after its closure. Smith County does some of the closure and post closure work ourselves to cut down on costs. The closure and post closure 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 Disposal Fund will pay for the 30-year monitoring cost. If that money is depleted, the Smith County Tax Base will assume the costs of monitoring.

The renegotiation of contracts, the completion of a new cell and the refunding of debt have made it possible to expect the deficit to be reduced and possibly eliminated altogether over the next seven to ten years.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2020-002

THE SCHOOL DEPARTMENT WAS ASSESSED A PENALTY OF \$42,658 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 \$42,658 to the Internal Revenue Service for failure to comply with the Affordable Care Act for 2017. 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 management decision and failure to correct the prior-year finding.

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.

OFFICE OF REGISTER OF DEEDS

FINDING 2020-003

A CASH OVERDRAFT OF \$11,179 EXISTED AT JUNE 30, 2020

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

The register of deeds had a cash overdraft of \$11,179 at June 30, 2020. Sound business practices dictate that disbursements be held within available funds. The cash overdraft resulted from the register remitting fees in excess of available funds in the previous audit period. The overdraft was noted on the official's bank reconciliations; however, it was not corrected. This deficiency is the result of management's failure to correct the finding reported in prior-year audit reports and management's failure to implement their corrective action plan.

RECOMMENDATION

The office should not issue checks in excess of cash on deposit.

MANAGEMENT'S RESPONSE – REGISTER OF DEEDS

I concur with this finding. This is a cash journal entry error. I have contacted BIS (our software vendor) to help me correct the error and it will be corrected as soon as possible.

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, 2020.

Smith County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2020

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

2020-001	The Solid Waste Disposal Fund had a deficit in unrestricted net position.	215
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OFFICE OF DIRECTOR OF SCHOOLS

2020-002	The school department was assessed a penalty of \$42,658 by the Internal Revenue Service for noncompliance with the Affordable Care Act.	216
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OFFICE OF REGISTER OF DEEDS

2020-003	A cash overdraft of \$11,179 existed at June 30, 2020.	217
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*Smith County Finance
122 Turner High Circle
Carthage, TN 37030
615-588-1595*

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 & Budgets

Anticipated Completion Date of Corrective Action:
2031

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:

Residents of Smith County do not fund any of the cost of the operation and maintenance of the landfill or its convenience sites located throughout the county, as they do not pay any fee for use and no portion of local tax dollars go into the solid waste fund. The entire operation and maintenance depends on the tipping fees collected from private businesses, contracts and out of county residents who use the landfill and sites.

The costs for the solid waste fund are accrued for future years and reported in comparison to current assets and cash. As Smith County is able to close portions of the landfill, the deficit will be reduced, but until then the finding will continue.

Planned Corrective Action:

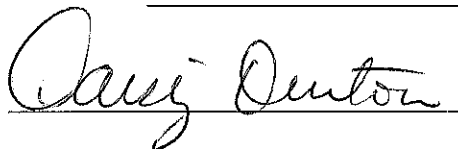
During FY 20-21, Smith County will complete construction of a new cell. When complete and operational, monthly revenue will exceed monthly operating cost.

Contracts that have been renegotiated will also yield an increase in revenue.

In December of 2020, Smith County refunded portions of bonded debt. This refunding reduced the terms of some of the long term bonded debt for the solid waste fund by seven years. All of these events together will allow the solid waste fund to build fund balance more quickly over the years, which will reduce the deficit in unrestricted net position.

If favorable revenue conditions continue for the solid waste fund the deficit could be eliminated completely within seven to ten years.

Signature:



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

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

Corrective Action Plan

**FINDING: THE SCHOOL DEPARTMENT WAS ASSESSED A
PENALTY OF \$42,658 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 Smith, Director of Schools

Anticipated Completion Date of Corrective Action:
Date: Immediately

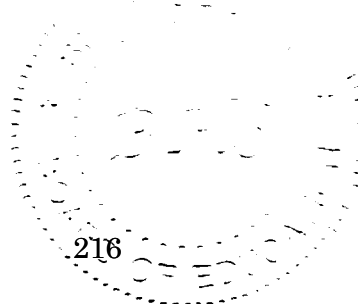
Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
It is more cost effective to pay the penalty than provide the insurance to non-certified employees.

Planned Corrective Action:
Seek counsel with our attorney

Signature: _____

BH Smith



Smith County Register of Deeds
122 Turner High Circle
Suite 113
Carthage , TN 37030

Corrective Action Plan

FINDING: A CASH OVERDRAFT OF \$11,179 EXISTED AT JUNE 30, 2020

Response and Corrective Action Plan Prepared by:
Jerri Lin Vaden – Smith County Register of Deeds

Person Responsible for Implementing the Corrective Action:
Jerri Lin Vaden – Smith County Register of Deeds

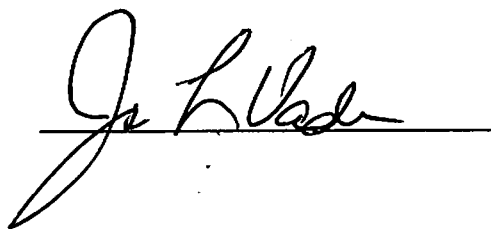
Anticipated Completion Date of Corrective Action:
04/01/2021

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
I contacted BIS in regards to helping correct the entry into the cash journal but did not get corrected by end of year

Planned Corrective Action:
Contact BIS to get corrected as soon as possible

Signature: _____

A handwritten signature in black ink, appearing to read 'J. Lin Vaden', is written over a horizontal line.

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.