



ANNUAL FINANCIAL REPORT

Smith County, Tennessee

For the Year Ended June 30, 2023

Jason E. Mumpower
Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT AUDIT**

ANNUAL FINANCIAL REPORT
SMITH COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2023

COMPTROLLER OF THE TREASURY
JASON E. MUMPOWER

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

JEFF BAILEY, CPA, CGFM, CFE
Audit Manager

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

SMITH COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6
<u>INTRODUCTORY SECTION</u>		7
Smith County Officials		8-9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-14
BASIC FINANCIAL STATEMENTS:		15
Government-wide Financial Statements:		
Statement of Net Position	A	16-17
Statement of Activities	B	18-19
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	20-21
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	22
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	23-24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	25
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	C-5	26-29
Other General Government Fund	C-6	30
Highway/Public Works Fund	C-7	31
Proprietary Fund:		
Statement of Net Position	D-1	32-33
Statement of Revenues, Expenses, and Changes in Net Position	D-2	34
Statement of Cash Flows	D-3	35
Fiduciary Funds:		
Statement of Net Position	E-1	36
Statement of Changes in Net Position	E-2	37
Index and Notes to the Financial Statements		38-100
REQUIRED SUPPLEMENTARY INFORMATION:		101
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	F-1	102
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	F-2	103
Schedule of Contributions Based on Participation in the Teacher Retirement Plan of TCRS – Discretely Presented Smith County School Department	F-3	104

	Exhibit	Page(s)
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Smith County School Department	F-4	105
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Retirement Plan of TCRS – Discretely Presented Smith County School Department	F-5	106
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Smith County School Department	F-6	107
Schedule of Changes in Total Other Postemployment Benefits Plan Liability and Related Ratios – Local Government Plans - Primary Government	F-7	108
Schedule of Changes in Total Other Postemployment Benefits Plan Liability and Related Ratios – Local Education Plan - Discretely Presented Smith County School Department	F-8	109
Notes to the Required Supplementary Information		110
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		111
Nonmajor Governmental Funds:		112-113
Combining Balance Sheet	G-1	114-117
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	118-119
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Drug Control Fund	G-3	120
General Capital Projects Fund	G-4	121
Highway Capital Projects Fund	G-5	122
Major Governmental Fund:		123
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	124
Fiduciary Funds:		125
Combining Statement of Net Position - Custodial Funds	I-1	126
Combining Statement of Changes in Net Position – Custodial Funds	I-2	127
Component Unit:		
Discretely Presented Smith County School Department:		128
Statement of Activities	J-1	129
Balance Sheet – Governmental Funds	J-2	130
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	J-3	131
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	132
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	133
Combining Balance Sheet – Nonmajor Governmental Funds	J-6	134
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	J-7	135
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-8	136-137
School Federal Projects Fund	J-9	138
Central Cafeteria Fund	J-10	139

	Exhibit	Page(s)
Miscellaneous Schedules:		140
Schedule of Changes in Long-term Bonds, Notes, and Other Loans	K-1	141
Schedule of Long-term Debt Requirements by Year	K-2	142-143
Schedule of Transfers – Primary Government and Discretely Presented Smith County School Department	K-3	144
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Smith County School Department	K-4	145
Schedule of Detailed Revenues – All Governmental Fund Types	K-5	146-157
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Smith County School Department	K-6	158-161
Schedule of Detailed Expenditures – All Governmental Fund Types	K-7	162-180
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Smith County School Department	K-8	181-192
Schedule of Detailed Revenues and Expenses – Proprietary Fund	K-9	193-194
 <u>SINGLE AUDIT SECTION</u>		 195
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		196-198
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 Uniform Guidance		199-202
Schedule of Expenditures of Federal Awards and State Grants		203-205
Summary Schedule of Prior-year Findings		206
Schedule of Findings and Questioned Costs		207-212
Management's Corrective Action Plan		213-216

Summary of Audit Findings

Annual Financial Report
Smith County, Tennessee
For the Year Ended June 30, 2023

Scope

We have audited the basic financial statements of Smith County as of and for the year ended June 30, 2023.

Results

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

Our audit resulted in four 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

- ◆ Deficiencies were noted in amounts reported as compensation for the director of schools to the Tennessee Consolidated Retirement System.
- ◆ The school department was assessed a penalty of \$59,509 by the Internal Revenue Service for noncompliance with the Affordable Care Act.
- ◆ Material audit adjustments were required for proper financial statement presentation.



INTRODUCTORY SECTION

Smith County Officials

June 30, 2023

Officials

Jeff Mason, County Mayor
Mickey Barrett, Road Commissioner
Barry Smith, Director of Schools
Julie Wright, Trustee
Terry Collins, Assessor of Property
Clifa Norris, County Clerk
Tommy Turner, Circuit and General Sessions Courts Clerk
Jessie Goad, 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	Greta Kirby
Billy Bass	Cordell Smith
Barry Cahoon	Matthew Inyart
Steven Lish	Danny Irizarry
Erika Ebel	Justin Mauldin
Terry Givens	Junior Fields
Ron Paschal	Eddie Stout
Helen Vose	Connor McDonald
Tim Bellar	Danny Huff
Charles Kent	Ed De La Rosa
Scotty Barrett	Lydia Gregory
Casey Elrod	Stephanie McCaleb

Board of Education

Ricky Shoulders, Chairman	Marty McCaleb
David Apple	Mark Jones
Scotty Lewis	Randy Glover
Tommy Manning	Joe Taylor

Smith County Officials (Cont.)

Budget and Finance Committee

Jeff Mason, County Mayor, Chairman
Charles Kent
Greta Kirby
Casey Elrod
Tim Bellar

Audit Committee

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

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 Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Other General Government, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Internal School Fund of the Smith County School Department (a discretely presented component unit), which represent 1.92 percent, 2.17 percent, and 4.15 percent, respectively, of the assets, net position, and revenues of the discretely presented component unit as of June 30, 2023. Those amounts were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Smith County School Department's Internal School Fund, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Smith County, Tennessee, and to meet our other ethical responsibilities, in accordance with the

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

Emphasis of Matter

We draw attention to Note I.D.9 which describes a restatement to the beginning Governmental Activities net position for the primary government (\$2,785,661) and school department component unit \$2,785,661 on the Government-Wide Statement of Activities. Our opinion was not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Smith County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Smith County's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Smith County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 (asset), and schedules of county and school changes in the total other postemployment benefits liability and related ratios, as listed under Required Supplementary Information in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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), and miscellaneous schedules are presented for purposes of additional analysis and are 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 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), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

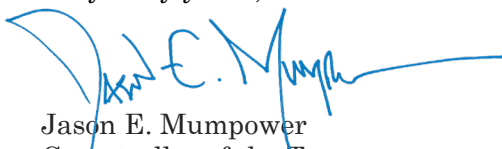
Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Requirements by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2024, 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

March 7, 2024

JEM/gc

BASIC FINANCIAL STATEMENTS

Exhibit A

Smith County, Tennessee
Statement of Net Position
June 30, 2023

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Smith County School Department
ASSETS				
Cash	\$ 484	\$ 0	\$ 484	\$ 867,940
Equity in Pooled Cash and Investments	11,605,851	4,605,144	16,210,995	10,608,637
Accounts Receivable	826,816	775,315	1,602,131	255,452
Allowance for Uncollectibles	(420,723)	(1,934)	(422,657)	0
Due from Other Governments	1,445,792	0	1,445,792	2,336,742
Internal Balances	365	(365)	0	0
Property Taxes Receivable	7,766,883	0	7,766,883	3,301,848
Allowance for Uncollectible Property Taxes	(80,548)	0	(80,548)	(39,523)
Net Pension Asset - Agent Plan	431,656	31,802	463,458	262,624
Net Pension Asset - Teacher Retirement Plan	0	0	0	62,150
Net Pension Asset - Teacher Legacy Pension Plan	0	0	0	3,654,431
Restricted Assets:				
Amounts Accumulated for Pension Benefits	0	0	0	301,121
Capital Assets:				
Assets Not Depreciated:				
Land	920,935	2,106,484	3,027,419	1,764,538
Intangible Assets - Indefinite Life	1,009,865	0	1,009,865	0
Construction in Progress	0	373,016	373,016	170,630
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	11,277,924	59,903	11,337,827	20,452,078
Infrastructure	20,465,608	0	20,465,608	64,231
Other Capital Assets	1,465,125	1,317,011	2,782,136	1,513,457
Landfill Facilities and Development	0	11,064,508	11,064,508	0
Total Assets	\$ 56,716,033	\$ 20,330,884	\$ 77,046,917	\$ 45,576,356
DEFERRED OUTFLOWS OF RESOURCES				
Pension Changes in Experience	\$ 425,821	\$ 31,372	\$ 457,193	\$ 863,612
Pension Changes in Assumptions	819,381	60,368	879,749	2,860,650
Pension Changes in Investment Earnings	51,194	3,772	54,966	113,226
Pension Changes in Proportion	0	0	0	96,264
Pension Contributions after Measurement Date	397,912	37,357	435,269	1,232,421
OPEB Changes in Experience	14,008	0	14,008	206,426
OPEB Changes in Proportion	0	0	0	72,339
OPEB Changes in Assumptions	23,896	0	23,896	613,290
OPEB Contributions After Measurement Date	5,944	0	5,944	108,584
Total Deferred Outflows of Resources	\$ 1,738,156	\$ 132,869	\$ 1,871,025	\$ 6,166,812

(Continued)

Exhibit A

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

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Smith County School Department
<u>LIABILITIES</u>				
Accounts Payable	\$ 740,811	\$ 85,232	\$ 826,043	\$ 11,354
Payroll Deductions Payable	98,373	8,847	107,220	847,723
Accrued Interest Payable	15,471	0	15,471	0
Due to State of Tennessee	17,934	0	17,934	0
Due to Litigants, Heirs, and Others	10,982	0	10,982	0
Other Current Liabilities	519	0	519	0
Noncurrent Liabilities:				
Due Within One Year - Debt	1,024,560	280,000	1,304,560	0
Due Within One Year - Other	34,315	0	34,315	14,770
Due in More Than One Year - Debt	7,496,055	2,855,000	10,351,055	0
Due in More Than One Year - Other	163,805	20,798,472	20,962,277	3,144,961
Total Liabilities	<u>\$ 9,602,825</u>	<u>\$ 24,027,551</u>	<u>\$ 33,630,376</u>	<u>\$ 4,018,808</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 7,526,664	\$ 0	\$ 7,526,664	\$ 3,172,163
Pension Changes in Experience	40,863	3,011	43,874	680,109
Pension Changes in Proportion	0	0	0	30,925
OPEB Changes in Experience	82,347	0	82,347	239,845
OPEB Changes in Assumptions	99,459	0	99,459	479,005
OPEB Changes in Proportion	0	0	0	206,120
Total Deferred Inflows of Resources	<u>\$ 7,749,333</u>	<u>\$ 3,011</u>	<u>\$ 7,752,344</u>	<u>\$ 4,808,167</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 31,675,796	\$ 11,785,922	\$ 43,461,718	\$ 23,964,934
Restricted for:				
General Government	1,489,309	0	1,489,309	0
Finance	87,659	0	87,659	0
Public Safety	278,473	0	278,473	0
Public Health and Welfare	326,072	0	326,072	0
Highway/Public Works	1,446,791	0	1,446,791	0
Capital Outlay	1,553,092	0	1,553,092	0
Debt Service	520,840	0	520,840	0
Education	0	0	0	2,103,090
Pensions	431,656	31,802	463,458	4,280,326
Unrestricted	<u>3,292,343</u>	<u>(15,384,533)</u>	<u>(12,092,190)</u>	<u>12,567,843</u>
Total Net Position	<u>\$ 41,102,031</u>	<u>\$ (3,566,809)</u>	<u>\$ 37,535,222</u>	<u>\$ 42,916,193</u>

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

Exhibit B

Smith County, Tennessee
 Statement of Activities
 For the Year Ended June 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Smith County School Department
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary Government:								
Governmental Activities:								
General Government	\$ 3,708,678	\$ 417,485	\$ 3,443,990	\$ 0	\$ 152,797	\$ 0	\$ 152,797	\$ 0
Finance	1,058,055	830,790	0	0	(227,265)	0	(227,265)	0
Administration of Justice	952,253	251,086	9,000	0	(692,167)	0	(692,167)	0
Public Safety	5,879,451	970,486	353,779	0	(4,555,186)	0	(4,555,186)	0
Public Health and Welfare	2,617,244	1,067,404	908,701	0	(641,139)	0	(641,139)	0
Social, Cultural, and Recreational Services	326,964	10,904	0	0	(316,060)	0	(316,060)	0
Agriculture and Natural Resources	160,747	13,700	0	0	(147,047)	0	(147,047)	0
Highways/Public Works	4,535,289	0	2,201,422	516,775	(1,817,092)	0	(1,817,092)	0
Interest on Long-term Debt	201,224	0	0	0	(201,224)	0	(201,224)	0
Total Governmental Activities	\$ 19,439,905	\$ 3,561,855	\$ 6,916,892	\$ 516,775	\$ (8,444,383)	\$ 0	\$ (8,444,383)	\$ 0
Business-type Activities:								
Solid Waste Disposal	\$ 8,522,351	\$ 7,427,831	\$ 0	\$ 0	\$ 0	\$ (1,094,520)	\$ (1,094,520)	\$ 0
Total Primary Government	\$ 27,962,256	\$ 10,989,686	\$ 6,916,892	\$ 516,775	\$ (8,444,383)	\$ (1,094,520)	\$ (9,538,903)	\$ 0
Component Unit:								
Smith County School Department	\$ 34,253,038	\$ 2,036,433	\$ 5,216,916	\$ 0	\$ 0	\$ 0	\$ 0	\$ (26,999,689)
Total Component Unit	\$ 34,253,038	\$ 2,036,433	\$ 5,216,916	\$ 0	\$ 0	\$ 0	\$ 0	\$ (26,999,689)

(Continued)

Exhibit B

Smith County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Smith County School Department
	Expenses	Charges	Operating	Capital	Primary Government		
		for	Grants	Grants	Governmental	Business-type	
	Services	and	and	Activities	Activities		
		Contributions	Contributions				
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 6,752,574	\$ 0	\$ 6,752,574	\$ 3,928,573
Property Taxes Levied for Debt Service				467,070	0	467,070	0
Local Option Sales Taxes				1,415,604	0	1,415,604	2,705,829
Wheel Tax				305,095	0	305,095	0
Litigation Taxes				103,322	0	103,322	0
Business Tax				240,074	0	240,074	0
Mineral Severance Tax				135,064	0	135,064	0
Wholesale Beer Tax				28,076	0	28,076	0
Bank Excise Tax				188,883	0	188,883	0
Other Local Taxes				0	0	0	19,090
Grants and Contributions Not Restricted to Specific Purposes				1,370,394	0	1,370,394	20,929,714
Unrestricted Investment Income				484,827	0	484,827	37,219
Miscellaneous				47,392	29,782	77,174	498,876
Total General Revenues				\$ 11,538,375	\$ 29,782	\$ 11,568,157	\$ 28,119,301
Transfers				\$ 100,000	\$ (100,000)	\$ 0	\$ 0
Change in Net Position				\$ 3,193,992	\$ (1,164,738)	\$ 2,029,254	\$ 1,119,612
Net Position, July 1, 2022				40,693,700	(2,402,071)	38,291,629	39,010,920
Restatement - See Note I.D.9.				(2,785,661)	0	(2,785,661)	2,785,661
Net Position, June 30, 2023				\$ 41,102,031	\$ (3,566,809)	\$ 37,535,222	\$ 42,916,193

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, 2023

	Major Funds				Nonmajor	Total
	Other	Highway /	General	Other	Governmental	
	General	Public	Debt	Governmental		
General	Fund	Works	Service	Funds	Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	484	\$ 484
Equity in Pooled Cash and Investments	6,797,806	1,483,643	1,099,212	278,968	1,946,222	11,605,851
Accounts Receivable	803,107	7,908	0	4,261	11,540	826,816
Allowance for Uncollectibles	(420,723)	0	0	0	0	(420,723)
Due from Other Governments	474,327	0	928,068	0	43,397	1,445,792
Due from Other Funds	365	0	0	70,908	0	71,273
Property Taxes Receivable	6,559,032	0	328,803	454,187	424,861	7,766,883
Allowance for Uncollectible Property Taxes	(65,960)	0	(3,600)	(6,314)	(4,674)	(80,548)
Total Assets	\$ 14,147,954	\$ 1,491,551	\$ 2,352,483	\$ 802,010	\$ 2,421,830	\$ 21,215,828
<u>LIABILITIES</u>						
Accounts Payable	\$ 142,302	\$ 44,083	\$ 548,726	\$ 0	\$ 5,700	\$ 740,811
Payroll Deductions Payable	76,989	0	21,384	0	0	98,373
Due to Other Funds	70,908	0	0	0	0	70,908
Due to State of Tennessee	0	0	17,934	0	0	17,934
Due to Litigants, Heirs, and Others	0	0	0	0	10,982	10,982
Other Current Liabilities	519	0	0	0	0	519
Total Liabilities	\$ 290,718	\$ 44,083	\$ 588,044	\$ 0	\$ 16,682	\$ 939,527
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 6,367,148	\$ 0	\$ 317,648	\$ 431,755	\$ 410,113	\$ 7,526,664
Deferred Delinquent Property Taxes	115,686	0	6,861	15,175	9,198	146,920
Other Deferred/Unavailable Revenue	365,348	0	182,429	0	0	547,777
Total Deferred Inflows of Resources	\$ 6,848,182	\$ 0	\$ 506,938	\$ 446,930	\$ 419,311	\$ 8,221,361

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor	Total
	General	Other General Government Fund	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>FUND BALANCES</u>						
Nonspendable:						
Endowments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,154	\$ 22,154
Restricted:						
Restricted for General Government	19,687	1,447,468	0	0	0	1,467,155
Restricted for Finance	87,659	0	0	0	0	87,659
Restricted for Public Safety	18,940	0	0	0	259,533	278,473
Restricted for Public Health and Welfare	82,566	0	0	0	0	82,566
Restricted for Highways/Public Works	0	0	1,257,501	0	0	1,257,501
Restricted for Debt Service	0	0	0	355,080	150,585	505,665
Restricted for Capital Projects	0	0	0	0	1,553,092	1,553,092
Committed:						
Committed for Social, Cultural, and Recreational Services	0	0	0	0	473	473
Committed for Other Purposes	10,039	0	0	0	0	10,039
Unassigned	6,790,163	0	0	0	0	6,790,163
Total Fund Balances	<u>\$ 7,009,054</u>	<u>\$ 1,447,468</u>	<u>\$ 1,257,501</u>	<u>\$ 355,080</u>	<u>\$ 1,985,837</u>	<u>\$ 12,054,940</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,147,954</u>	<u>\$ 1,491,551</u>	<u>\$ 2,352,483</u>	<u>\$ 802,010</u>	<u>\$ 2,421,830</u>	<u>\$ 21,215,828</u>

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

Smith County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2023

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)		\$ 12,054,940
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 920,935	
Add: intangible assets - indefinite life	1,009,865	
Add: buildings and improvements net of accumulated depreciation	11,277,924	
Add: infrastructure net of accumulated depreciation	20,465,608	
Add: other capital assets net of accumulated depreciation	<u>1,465,125</u>	35,139,457
(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	\$ (5,160,000)	
Less: other loans payable	(2,528,477)	
Less: unamortized premium on debt	(832,138)	
Less: compensated absences payable	(68,629)	
Less: net OPEB liability	(129,491)	
Less: accrued interest on debt	<u>(15,471)</u>	(8,734,206)
(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	\$ 1,694,308	
Less: deferred inflows of resources related to pensions	(40,863)	
Add: deferred outflows of resources related to OPEB	43,848	
Less: deferred inflows of resources related to OPEB	<u>(181,806)</u>	1,515,487
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		431,656
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>694,697</u>
Net position of governmental activities (Exhibit A)		<u>\$ 41,102,031</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, 2023

	Major Funds				Nonmajor	Total	
	General	Other General Government Fund	Highway / Public Works	General Debt Service	Other Govern- mental Funds		Governmental Funds
<u>Revenues</u>							
Local Taxes	\$ 6,820,607	\$ 0	\$ 476,568	\$ 837,252	\$ 1,491,106	\$ 9,625,533	
Licenses and Permits	168,130	0	0	0	0	168,130	
Fines, Forfeitures, and Penalties	81,069	0	0	3,453	48,505	133,027	
Charges for Current Services	1,513,864	0	0	0	23,538	1,537,402	
Other Local Revenues	775,163	28,530	1,488	100,963	14,423	920,567	
Fees Received From County Officials	1,013,303	0	0	0	0	1,013,303	
State of Tennessee	1,826,129	0	2,725,155	0	840	4,552,124	
Federal Government	730,424	3,285,316	0	0	52,969	4,068,709	
Other Governments and Citizens Groups	401,536	0	0	283,632	0	685,168	
Total Revenues	\$ 13,330,225	\$ 3,313,846	\$ 3,203,211	\$ 1,225,300	\$ 1,631,381	\$ 22,703,963	
<u>Expenditures</u>							
Current:							
General Government	\$ 1,479,799	\$ 50,241	\$ 0	\$ 0	\$ 0	\$ 1,530,040	
Finance	1,075,514	0	0	0	0	1,075,514	
Administration of Justice	929,444	0	0	0	23,538	952,982	
Public Safety	5,106,342	0	0	0	19,570	5,125,912	
Public Health and Welfare	2,708,612	0	0	0	0	2,708,612	
Social, Cultural, and Recreational Services	250,459	0	0	0	0	250,459	
Agriculture and Natural Resources	160,549	0	0	0	0	160,549	
Other Operations	1,262,617	560,550	0	0	0	1,823,167	
Highways	0	1,256,171	2,939,820	0	0	4,195,991	
Debt Service:							
Principal on Debt	0	0	0	2,064,342	0	2,064,342	
Interest on Debt	0	0	0	290,408	0	290,408	
Other Debt Service	0	0	0	14,874	0	14,874	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor	Total
	General	Other General Government Fund	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 419,359	\$ 419,359
Total Expenditures	\$ 12,973,336	\$ 1,866,962	\$ 2,939,820	\$ 2,369,624	\$ 462,467	\$ 20,612,209
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 356,889	\$ 1,446,884	\$ 263,391	\$ (1,144,324)	\$ 1,168,914	\$ 2,091,754
<u>Other Financing Sources (Uses)</u>						
Proceeds from Sale of Capital Assets	\$ 0	\$ 0	\$ 0	\$ 1,096,542	\$ 0	\$ 1,096,542
Insurance Recovery	0	0	16,879	0	0	16,879
Transfers In	193,083	0	0	0	0	193,083
Transfers Out	0	0	(93,083)	0	0	(93,083)
Total Other Financing Sources (Uses)	\$ 193,083	\$ 0	\$ (76,204)	\$ 1,096,542	\$ 0	\$ 1,213,421
<u>Net Change in Fund Balances</u>						
Fund Balance, July 1, 2022	\$ 6,459,082	\$ 1,446,884	\$ 187,187	\$ (47,782)	\$ 1,168,914	\$ 8,749,765
Fund Balance, June 30, 2023	\$ 7,009,054	\$ 1,447,468	\$ 1,257,501	\$ 355,080	\$ 1,985,837	\$ 12,054,940

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

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, 2023

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)		\$ 3,305,175
(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	\$ 307,161	
Less: current-year depreciation expense	<u>(1,071,813)</u>	(764,652)
(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		(1,351,712)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2022	\$ (837,963)	
Add: deferred delinquent property taxes and other deferred June 30, 2023	<u>694,697</u>	(143,266)
(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.		
Add: principal payments on bonds	\$ 1,807,158	
Add: principal payments on other loans	257,184	
Add: change in premium on debt issuances	<u>48,949</u>	2,113,291
(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 compensated absences payable	\$ 7,516	
Change in net OPEB liability	59,267	
Change in accrued interest payable	40,235	
Change in deferred outflows related to pensions	(46,411)	
Change in deferred inflows related to pensions	2,144,787	
Change in deferred outflows related to OPEB	(7,271)	
Change in deferred inflows related to OPEB	(50,064)	
Change in pension asset	<u>(2,112,903)</u>	<u>35,156</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 3,193,992</u>

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

Exhibit C-5

Smith County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2023

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 6,820,607	\$ 0	\$ 6,820,607	\$ 6,054,477	\$ 6,054,477	\$ 766,130
Licenses and Permits	168,130	0	168,130	130,761	130,761	37,369
Fines, Forfeitures, and Penalties	81,069	0	81,069	93,538	93,538	(12,469)
Charges for Current Services	1,513,864	0	1,513,864	1,076,803	1,114,976	398,888
Other Local Revenues	775,163	0	775,163	448,499	468,765	306,398
Fees Received From County Officials	1,013,303	0	1,013,303	1,000,194	1,000,194	13,109
State of Tennessee	1,826,129	0	1,826,129	2,129,791	2,448,106	(621,977)
Federal Government	730,424	0	730,424	255,516	569,605	160,819
Other Governments and Citizens Groups	401,536	0	401,536	307,142	307,142	94,394
Total Revenues	\$ 13,330,225	\$ 0	\$ 13,330,225	\$ 11,496,721	\$ 12,187,564	\$ 1,142,661
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 61,500	\$ 0	\$ 61,500	\$ 77,663	\$ 77,663	\$ 16,163
Board of Equalization	2,150	0	2,150	2,150	2,150	0
County Mayor/Executive	160,341	0	160,341	165,281	161,229	888
County Attorney	30,142	0	30,142	31,000	31,000	858
Election Commission	265,954	0	265,954	310,759	494,762	228,808
Register of Deeds	185,131	0	185,131	189,718	188,475	3,344
Planning	11,808	0	11,808	13,265	13,265	1,457
Codes Compliance	58,884	0	58,884	72,217	72,217	13,333
County Buildings	703,889	0	703,889	655,934	750,245	46,356
<u>Finance</u>						
Accounting and Budgeting	323,889	0	323,889	342,205	334,582	10,693
Property Assessor's Office	239,698	0	239,698	245,911	241,597	1,899
County Trustee's Office	199,573	0	199,573	216,847	218,860	19,287

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance (Cont.)</u>						
County Clerk's Office	\$ 312,354	\$ 0	\$ 312,354	\$ 320,852	\$ 316,703	\$ 4,349
<u>Administration of Justice</u>						
Circuit Court	334,799	0	334,799	356,072	349,164	14,365
General Sessions Judge	206,629	0	206,629	216,346	217,072	10,443
Drug Court	62,203	0	62,203	152,133	152,133	89,930
Chancery Court	171,554	0	171,554	164,527	192,075	20,521
Judicial Commissioners	40,687	0	40,687	43,353	43,353	2,666
Other Administration of Justice	900	0	900	7,500	7,500	6,600
Probation Services	112,672	0	112,672	116,654	115,298	2,626
<u>Public Safety</u>						
Sheriff's Department	2,603,325	0	2,603,325	2,811,186	2,675,991	72,666
Traffic Control	899	0	899	800	900	1
Jail	612,037	0	612,037	522,659	621,068	9,031
Correctional Incentive Program Improvements	1,058,387	0	1,058,387	1,107,258	1,072,789	14,402
Juvenile Services	41,071	0	41,071	45,354	45,354	4,283
Fire Prevention and Control	212,175	0	212,175	213,395	213,395	1,220
Rescue Squad	34,000	0	34,000	34,000	34,000	0
Other Emergency Management	76,013	0	76,013	74,559	81,077	5,064
Inspection and Regulation	3,637	0	3,637	3,837	3,837	200
County Coroner/Medical Examiner	87,700	0	87,700	91,500	99,000	11,300
Public Safety Grants Program	80,287	0	80,287	119,200	134,686	54,399
Other Public Safety	296,811	0	296,811	340,125	323,790	26,979
<u>Public Health and Welfare</u>						
Local Health Center	26,362	0	26,362	31,170	31,170	4,808
Ambulance/Emergency Medical Services	2,032,818	0	2,032,818	1,979,381	2,065,093	32,275

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Health and Welfare (Cont.)</u>						
Alcohol and Drug Programs	\$ 191,683	\$ 0	\$ 191,683	\$ 263,470	\$ 265,270	\$ 73,587
Other Local Health Services	55,085	0	55,085	88,767	61,637	6,552
Appropriation to State	12,952	0	12,952	12,952	12,952	0
General Welfare Assistance	81,189	0	81,189	73,862	81,248	59
Other Local Welfare Services	81,221	0	81,221	89,857	89,857	8,636
Waste Pickup	44,510	0	44,510	44,200	44,855	345
Other Public Health and Welfare	182,792	0	182,792	239,408	276,534	93,742
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	72,066	0	72,066	77,915	75,374	3,308
Libraries	145,685	0	145,685	156,177	156,177	10,492
Parks and Fair Boards	32,708	38	32,746	373,700	373,700	340,954
<u>Agriculture and Natural Resources</u>						
Agricultural Extension Service	92,591	0	92,591	95,441	95,441	2,850
Soil Conservation	11,000	0	11,000	11,000	11,000	0
Other Agriculture and Natural Resources	56,958	0	56,958	53,400	59,500	2,542
<u>Other Operations</u>						
Tourism	200	0	200	1,000	1,000	800
Industrial Development	1,050	0	1,050	10,416	10,416	9,366
Other Economic and Community Development	47,867	0	47,867	47,867	47,867	0
Veterans' Services	22,212	0	22,212	24,734	24,734	2,522
Other Charges	360,211	0	360,211	329,618	361,618	1,407
Employee Benefits	441,004	0	441,004	76,454	446,966	5,962
American Rescue Plan Act Grant A	48,325	0	48,325	50,000	50,000	1,675
Miscellaneous	341,748	0	341,748	526,409	868,180	526,432
Total Expenditures	\$ 12,973,336	\$ 38	\$ 12,973,374	\$ 13,721,458	\$ 14,795,819	\$ 1,822,445

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 356,889	\$ (38)	\$ 356,851	\$ (2,224,737)	\$ (2,608,255)	\$ 2,965,106
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 193,083	\$ 0	\$ 193,083	\$ 182,061	\$ 182,061	\$ 11,022
Total Other Financing Sources	\$ 193,083	\$ 0	\$ 193,083	\$ 182,061	\$ 182,061	\$ 11,022
Net Change in Fund Balance	\$ 549,972	\$ (38)	\$ 549,934	\$ (2,042,676)	\$ (2,426,194)	\$ 2,976,128
Fund Balance, July 1, 2022	6,459,082	0	6,459,082	5,882,902	5,882,902	576,180
Fund Balance, June 30, 2023	\$ 7,009,054	\$ (38)	\$ 7,009,016	\$ 3,840,226	\$ 3,456,708	\$ 3,552,308

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
Other General Government Fund
For the Year Ended June 30, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 28,530	\$ 0	\$ 0	\$ 28,530
Federal Government	3,285,316	1,957,630	1,957,630	1,327,686
Total Revenues	\$ 3,313,846	\$ 1,957,630	\$ 1,957,630	\$ 1,356,216
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 50,241	\$ 0	\$ 325,604	\$ 275,363
<u>Other Operations</u>				
American Rescue Plan Act Grant #3	560,200	560,200	560,200	0
American Rescue Plan Act Grant #4	350	700,000	700,000	699,650
American Rescue Plan Act Grant #5	0	150,000	150,000	150,000
<u>Highways</u>				
Highway and Bridge Maintenance	1,256,171	1,825,604	1,500,000	243,829
Total Expenditures	\$ 1,866,962	\$ 3,235,804	\$ 3,235,804	\$ 1,368,842
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,446,884	\$ (1,278,174)	\$ (1,278,174)	\$ 2,725,058
Net Change in Fund Balance	\$ 1,446,884	\$ (1,278,174)	\$ (1,278,174)	\$ 2,725,058
Fund Balance, July 1, 2022	584	1,278,207	1,278,207	(1,277,623)
Fund Balance, June 30, 2023	\$ 1,447,468	\$ 33	\$ 33	\$ 1,447,435

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

Exhibit C-7

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, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 476,568	\$ 435,052	\$ 443,393	\$ 33,175
Other Local Revenues	1,488	1,000	1,000	488
State of Tennessee	2,725,155	2,332,833	2,942,833	(217,678)
Total Revenues	<u>\$ 3,203,211</u>	<u>\$ 2,768,885</u>	<u>\$ 3,387,226</u>	<u>\$ (184,015)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 191,697	\$ 208,781	\$ 209,781	\$ 18,084
Highway and Bridge Maintenance	1,538,689	1,699,108	1,721,108	182,419
Operation and Maintenance of Equipment	230,774	259,699	307,907	77,133
Other Charges	97,194	107,700	107,700	10,506
Employee Benefits	341,271	460,200	460,200	118,929
Capital Outlay	540,195	249,390	859,390	319,195
Total Expenditures	<u>\$ 2,939,820</u>	<u>\$ 2,984,878</u>	<u>\$ 3,666,086</u>	<u>\$ 726,266</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 263,391</u>	<u>\$ (215,993)</u>	<u>\$ (278,860)</u>	<u>\$ 542,251</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 16,879	\$ 0	\$ 0	\$ 16,879
Transfers Out	(93,083)	(93,083)	(93,083)	0
Total Other Financing Sources	<u>\$ (76,204)</u>	<u>\$ (93,083)</u>	<u>\$ (93,083)</u>	<u>\$ 16,879</u>
Net Change in Fund Balance	\$ 187,187	\$ (309,076)	\$ (371,943)	\$ 559,130
Fund Balance, July 1, 2022	1,070,314	1,022,040	1,022,040	48,274
Fund Balance, June 30, 2023	<u>\$ 1,257,501</u>	<u>\$ 712,964</u>	<u>\$ 650,097</u>	<u>\$ 607,404</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, 2023

	Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 4,605,144
Accounts Receivable	775,315
Allowance for Uncollectibles	(1,934)
Total Current Assets	<hr/> \$ 5,378,525 <hr/>
Noncurrent Assets:	
Net Pension Asset	\$ 31,802
Capital Assets:	
Assets Not Depreciated:	
Land	2,106,484
Construction in Progress	373,016
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	59,903
Other Capital Assets	1,317,011
Landfill Facilities and Development	11,064,508
Total Noncurrent Assets	<hr/> \$ 14,952,724 <hr/>
Total Assets	<hr/> \$ 20,331,249 <hr/>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources:	
Pension Changes in Experience	\$ 31,372
Pension Changes in Assumptions	60,368
Pension Changes in Investment Earnings	3,772
Pension Contributions After Measurement Date	37,357
Total Deferred Outflows of Resources	<hr/> \$ 132,869 <hr/>
Total Assets and Deferred Outflows of Resources	<hr/> \$ 20,464,118 <hr/>

(Continued)

Exhibit D-1

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

	Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 85,232
Payroll Deductions Payable	8,847
Due to Other Funds	365
General Obligation Bonds Payable	50,000
Capital Outlay Notes Payable	230,000
Total Current Liabilities	<u>\$ 374,444</u>
Noncurrent Liabilities:	
Capital Outlay Bonds Payable - Long-term	\$ 1,360,000
Capital Outlay Notes Payable - Long-term	1,495,000
Accrued Liability for Landfill Closure/Postclosure Care Costs	20,798,472
Total Noncurrent Liabilities	<u>\$ 23,653,472</u>
Total Liabilities	<u>\$ 24,027,916</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows of Resources:	
Pension Changes in Experience	\$ 3,011
Total Deferred Inflows of Resources	<u>\$ 3,011</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 11,785,922
Restricted for Pensions	31,802
Unrestricted	<u>(15,384,533)</u>
Total Net Position	<u>\$ (3,566,809)</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, 2023

	Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>Operating Revenues</u>	
Licenses and Permits	\$ 1,020
Charges for Current Services	7,426,811
Other Local Revenues	29,782
Total Operating Revenues	<u>\$ 7,457,613</u>
<u>Operating Expenses</u>	
Waste Pickup	\$ 136,841
Convenience Centers	276,633
Landfill Operations and Maintenance	6,914,699
Depreciation Expense	1,094,022
Total Operating Expenses	<u>\$ 8,422,195</u>
Operating Income (Loss)	<u>\$ (964,582)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Interest on Bonds	(36,450)
Interest on Notes	(58,500)
Loss on Disposal of Assets	(5,206)
Total Nonoperating Revenues (Expenses)	<u>\$ (100,156)</u>
Income (Loss) Before Transfers	\$ (1,064,738)
Transfers In (Out)	<u>(100,000)</u>
Change in Net Position	\$ (1,164,738)
Net Position, July 1, 2022	<u>(2,402,071)</u>
Net Position, June 30, 2023	<u><u>\$ (3,566,809)</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, 2023

	Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 7,308,988
Other Receipts	30,893
Payments to Suppliers	(2,802,598)
Payments to Employees	(1,091,866)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 3,445,417</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition and Construction of Capital Assets	\$ (3,122,623)
Principal Paid on Capital Outlay Bonds	(50,000)
Principal Paid on Capital Outlay Notes	(225,000)
Interest Paid on Capital Outlay Bonds	(36,450)
Interest Paid on Capital Outlay Notes	(58,500)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (3,492,573)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to Other Funds	<u>\$ (100,000)</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (100,000)</u>
Net Increase (Decrease) in Cash	\$ (147,156)
Cash, July 1, 2022	<u>4,752,300</u>
Cash, June 30, 2023	<u><u>\$ 4,605,144</u></u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (964,582)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	1,094,022
(Increase) Decrease in Net Pension Asset	204,585
(Increase) Decrease in Deferred Outflows Related to Pensions	22,363
(Increase) Decrease in Accounts Receivable, Net	(148,623)
(Increase) Decrease in Due From Other Funds	25,686
Increase (Decrease) in Deferred Inflows Related to Pensions	(200,034)
Increase (Decrease) in Accounts Payable	(449,108)
Increase (Decrease) in Payroll Deductions	7,643
Increase (Decrease) in Due to Other Funds	365
Increase (Decrease) in Landfill Closure/Postclosure Care Cost	<u>3,853,100</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 3,445,417</u></u>

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

Exhibit E-1

Smith County, Tennessee
Statement of Net Position
Fiduciary Funds
June 30, 2023

	<u>Custodial Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,134,002
Due from Other Governments	<u>227,879</u>
Total Assets	<u>\$ 1,361,881</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	<u>\$ 227,879</u>
Total Liabilities	<u>\$ 227,879</u>
<u>NET POSITION</u>	
Restricted for Individuals, Organizations and Other Governments	<u>\$ 1,134,002</u>
Total Net Position	<u><u>\$ 1,134,002</u></u>

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

Exhibit E-2

Smith County, Tennessee
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	<u>Custodial Funds</u>
<u>ADDITIONS</u>	
Sales Tax Collections for Other Governments	\$ 1,297,375
Fines/Fees and Other Collections	<u>5,390,710</u>
Total Additions	<u>\$ 6,688,085</u>
<u>DEDUCTIONS</u>	
Payment of Sales Tax Collections to Other Governments	\$ 1,297,375
Payments to State	2,510,360
Payments to City and Others	1,157,750
Payments to Individuals and Others	<u>1,488,582</u>
Total Deductions	<u>\$ 6,454,067</u>
Net Increase (Decrease) in Fiduciary in Net Position	\$ 234,018
Net Position, July 1, 2022	<u>899,984</u>
Net Position, June 30, 2023	<u><u>\$ 1,134,002</u></u>

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

SMITH COUNTY, TENNESSEE
Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	40
B. Government-wide and Fund Financial Statements	41
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	42
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	45
2. Receivables and Payables	46
3. Restricted Assets	47
4. Capital Assets	47
5. Deferred Outflows/Inflows of Resources	48
6. Compensated Absences	49
7. Long-term Debt and Long-term Obligations	49
8. Net Position and Fund Balance	50
9. Restatement	52
E. Pension Plans	52
F. Other Postemployment Benefit (OPEB) Plans	52
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	53
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	53
III. Stewardship, Compliance, and Accountability	
A. Budgetary Information	54
B. Net Position Deficit	55
IV. Detailed Notes on All Funds	
A. Deposits and Investments	55
B. Capital Assets	58
C. Interfund Receivables, Payables, and Transfers	62
D. Long-term Debt	63
E. Long-term Obligations	67
F. Pledges of Receivables and Future Revenues	69
G. On-Behalf Payments	70

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

Note	Page(s)
V. Other Information	
A. Risk Management	70
B. Accounting Changes	71
C. Contingent Liabilities	72
D. Change in Administration	72
E. Landfill Closure/Postclosure Care Costs	72
F. Joint Venture	72
G. Jointly Governed Organization	73
H. Retirement Commitments	
1. Tennessee Consolidated Retirement System (TCRS)	73
2. Deferred Compensation	90
I. Other Postemployment Benefits (OPEB)	90
J. Office of Central Accounting, Budgeting, and Purchasing	100
K. Purchasing Laws	100
I. Subsequent Event	100

SMITH COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Smith County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Smith County:

A. Reporting Entity

Smith County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Smith County (the primary government) and its component units. The financial statements of the Smith County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of this omission did not affect the independent auditor's report thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Smith County School Department operates the public school system in the county, and the voters of Smith County elect its board. The school department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the county commission's approval. The school department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Smith County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Smith County, and the Smith County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the county commission's approval. The financial statements of the Smith County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Smith County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the school department are included in this report as listed in the table of

contents. Complete financial statements of the Smith County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Smith County Emergency Communications District
515 Jefferson Avenue, East
Carthage, TN 37030

Related Organization – The Industrial Development Board of Smith County is a related organization of Smith County. The county mayor nominates, and the Smith County Commission confirms the board members, but the county’s accountability for the organization does not extend beyond making the appointments.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Smith County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Smith County issues all debt for the discretely presented Smith County School Department. There were no debt issues contributed by the county to the school department during the year ended June 30, 2023.

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. 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.

The proprietary fund and fiduciary funds financial statements are reported using the economic resources 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. Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category includes custodial funds.

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.

Other General Government Fund – This special revenue fund accounts for transactions of the county’s funding from the American Rescue Plan Act.

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 Funds – The capital projects funds are 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.

Custodial Funds – These funds account for amounts collected in a custodial capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Smith County.

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 – The School Federal Projects Fund accounts for and reports the proceeds of specific revenue sources that are restricted to expenditure on specific education programs.

The school department reports a nonmajor special revenue fund (Internal School Fund) which is used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities. Collections from students and school activities are the foundational revenues of this fund. The current year (FY 23) report was not available from the auditor of the Internal School Fund in time for inclusion in this report. Therefore, the prior year balances (FY 22) are presented in this report. We do not believe using the prior year balances will affect the independent auditor's opinion on the Aggregate Discretely Presented Component Units. A more detailed reporting of the fund activities at each individual school may be found at <https://www.comptroller.tn.gov/office-functions/la/reports/find-other-audits.html>.

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. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

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 one percent of total taxes levied.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed

in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements.

3. 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 assets 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, investment earnings, 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 assets 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 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, 2023, Smith County had \$2,528,477 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. In the other governmental funds, funds expended that exceed the amounts that are restricted, committed, and assigned are reported as negative unassigned fund balance.

9. Restatement

It was determined that the resolution approved by the Board of Education to repay the county for a school building debt was not a binding legal obligation. As a result, the Due to/from Component Unit was removed from the financial statements. Funds paid by the school department towards this debt will now be reflected as contributions.

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 Pension 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 Pension 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 Pension 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 and the school department's Internal School Fund (special revenue funds), which are 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, 2023, Smith County and the discretely presented Smith County School Department reported the following encumbrances:

<u>Funds</u>	<u>Amount</u>
Primary Government:	
Major Fund:	
General	\$ 38
Nonmajor Fund:	
General Capital Projects	750
School Department:	
Major Fund:	
General Purpose School	1,414
Nonmajor Fund:	
School Federal Projects	13,016

B. Net Position Deficit

The Solid Waste Disposal Fund had a deficit of \$15,384,533 in unrestricted net position at June 30, 2023. This deficit resulted from the recognition of a liability of \$20,798,472 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.

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 three 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 90 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 fair 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.

In addition, counties may invest in FDIC insured certificates of deposit. The deposit is first made in a bank or savings and loan association, selected by the government entity, with a branch in the state of Tennessee that is authorized to accept county deposits (the depository bank). The depository bank then

arranges for the transfer of the moneys into one or more federally insured banks or savings and loan associations, wherever located (secondary depositories), for the account of the county. In turn, the depository bank receives funds from customers of the secondary depositories equal to or greater than the amount initially invested by the county. The balance of county funds with each secondary depository must not exceed FDIC insurance limits so that all funds are fully insured. Under this program, the trustee must provide the depository bank with a listing of all banks and savings and loan associations holding county funds under the same federal employer identification number (FEIN). To prevent deposits from exceeding FDIC coverage, the depository bank is prohibited from using any of those listed banks or savings and loan associations as secondary depositories. The use of this program must be approved by the county investment committee or finance committee as appropriate for the specific county. Further, the investment committee or finance committee must establish policies and procedures for the investments, including the establishment of controls to ensure that full FDIC insurance coverage is obtained. Service providers used by depositories must be approved by the state treasurer upon concurrence by the commissioner of financial institutions and finance and administration. There are currently only two eligible programs that have been approved by the state treasurer: the Certificate of Deposit Account Registry Service (CDARS) and the Insured Cash Sweep (ICS), which operate through IntraFi Network, LLC.

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, 2023.

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. It is the intent of the plan trustees to allocate these funds in the future to offset pension costs.

On June 30, 2023, the Smith County School Department had the following investments held by the trust on its behalf. These funds are recognized as restricted assets in General Purpose School Fund of the school department.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 93,348
Developed Market International Equity	N/A	N/A	42,157
Emerging Market International Equity	N/A	N/A	12,045
U.S. Fixed Income	N/A	N/A	60,224
Real Estate	N/A	N/A	30,112
Short-term Securities	N/A	N/A	3,011
NAV - Private Equity and Strategic Lending	N/A	N/A	60,224
Total			\$ 301,121

For further information concerning the legal provisions, investment policies, investment types, and credit risks of 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/ag20045.pdf>.

B. Capital Assets

Capital assets activity for the year ended June 30, 2023, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-22		Increases	Decreases	Balance 6-30-23	
Capital Assets Not Depreciated:						
Land	\$	2,261,687	\$ 0	\$ (1,340,752)	\$	920,935
Intangible Assets - Indefinite Life		1,009,865	0	0		1,009,865
Total Capital Assets Not Depreciated	\$	3,271,552	\$ 0	\$ (1,340,752)	\$	1,930,800
Capital Assets Depreciated:						
Buildings and Improvements	\$	16,876,009	\$ 0	\$ 0	\$	16,876,009
Infrastructure		29,426,087	0	0		29,426,087
Other Capital Assets		6,826,740	307,161	(142,974)		6,990,927
Total Capital Assets Depreciated	\$	53,128,836	\$ 307,161	\$ (142,974)	\$	53,293,023
Less Accumulated Depreciation For:						
Buildings and Improvements	\$	5,223,240	\$ 374,845	\$ 0	\$	5,598,085
Infrastructure		8,730,025	230,454	0		8,960,479
Other Capital Assets		5,191,302	466,514	(132,014)		5,525,802
Total Accumulated Depreciation	\$	19,144,567	\$ 1,071,813	\$ (132,014)	\$	20,084,366
Total Capital Assets Depreciated, Net	\$	33,984,269	\$ (764,652)	\$ (10,960)	\$	33,208,657
Governmental Activities Capital Assets, Net	\$	37,255,821	\$ (764,652)	\$ (1,351,712)	\$	35,139,457

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

Governmental Activities:

General Government	\$ 49,158
Public Safety	448,698
Public Health and Welfare	127,909
Social, Cultural, and Recreational Services	76,375
Highways/Public Works	<u>369,673</u>

Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,071,813</u></u>
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Net Investment in Capital Assets

Capital Assets	\$ 35,139,457
Add:	
Outstanding debt for school purposes	2,528,477
Less:	
Outstanding principal of capital debt and other capital borrowings	(5,160,000)
Unamortized balance of original issue premiums on outstanding capital-related debt	<u>(832,138)</u>
Net Investment in Capital Assets	<u><u>\$ 31,675,796</u></u>

Business-type Activities:

	Balance 7-1-22	Increases	Decreases	Balance 6-30-23
Capital Assets Not Depreciated:				
Land	\$ 2,106,484	\$ 0	\$ 0	\$ 2,106,484
Construction in Progress	402,196	2,688,273	(2,717,453)	373,016
Total Capital Assets Not Depreciated	\$ 2,508,680	\$ 2,688,273	\$ (2,717,453)	\$ 2,479,500
Capital Assets Depreciated:				
Buildings and Improvements	\$ 74,039	\$ 24,350	\$ 0	\$ 98,389
Other Capital Assets	3,336,761	410,000	(104,126)	3,642,635
Landfill Facilities and Development	12,152,792	2,717,453	0	14,870,245
Total Capital Assets Depreciated	\$ 15,563,592	\$ 3,151,803	\$ (104,126)	\$ 18,611,269
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 36,866	\$ 1,620	\$ 0	\$ 38,486
Other Capital Assets	2,146,369	278,175	(98,920)	2,325,624
Landfill Facilities and Development	2,991,510	814,227	0	3,805,737
Total Accumulated Depreciation	\$ 5,174,745	\$ 1,094,022	\$ (98,920)	\$ 6,169,847
Total Capital Assets Depreciated, Net	\$ 10,388,847	\$ 2,057,781	\$ (5,206)	\$ 12,441,422
Business-type Activities Capital Assets, Net	\$ 12,897,527	\$ 4,746,054	\$ (2,722,659)	\$ 14,920,922

Depreciation expense of \$1,094,022 was charged to the business-type activities.

Net Investment in Capital Assets

Capital Assets	\$ 14,920,922
Less:	
Outstanding principal of capital debt and other capital borrowings	(3,135,000)
Net Investment in Capital Assets	\$ 11,785,922

Discretely Presented Smith County School Department

Governmental Activities:

	Balance 7-1-22	Increases	Decreases	Balance 6-30-23
Capital Assets Not Depreciated:				
Land	\$ 1,764,538	\$ 0	\$ 0	\$ 1,764,538
Construction in Progress	0	170,630	0	170,630
Total Capital Assets Not Depreciated	\$ 1,764,538	\$ 170,630	\$ 0	\$ 1,935,168
Capital Assets Depreciated:				
Buildings and Improvements	\$ 39,025,754	\$ 900,000	\$ 0	\$ 39,925,754
Infrastructure	129,000	0	0	129,000
Other Capital Assets	3,603,645	244,872	(290,698)	3,557,819
Total Capital Assets Depreciated	\$ 42,758,399	\$ 1,144,872	\$ (290,698)	\$ 43,612,573
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 18,677,158	\$ 796,518	\$ 0	\$ 19,473,676
Infrastructure	61,544	3,225	0	64,769
Other Capital Assets	2,121,787	198,738	(276,163)	2,044,362
Total Accumulated Depreciation	\$ 20,860,489	\$ 998,481	\$ (276,163)	\$ 21,582,807
Total Capital Assets Depreciated, Net	\$ 21,897,910	\$ 146,391	\$ (14,535)	\$ 22,029,766
Governmental Activities Capital Assets, Net	\$ 23,662,448	\$ 317,021	\$ (14,535)	\$ 23,964,934

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

Governmental Activities:

Instruction	\$ 781,957
Support Services	<u>216,524</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 998,481</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2023, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Solid Waste Disposal	\$ 365
General Debt Service	General	70,908

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2023, consisted of the following amounts:

Primary Government

Transfers Out	<u>Transfers In</u> General Fund	Purpose
Highway/Public Works Fund	\$ 93,083	Accounting services
Solid Waste Disposal Fund	<u>100,000</u>	"
Total	<u><u>\$ 193,083</u></u>	

Discretely Presented Smith County School Department

Transfers Out	<u>Transfers In</u> General Purpose School Fund	Purpose
School Federal Projects Fund	\$ 18,120	Stipends
"	<u>23,732</u>	Indirect costs
Total	<u><u>\$ 41,852</u></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.

D. Long-term Debt

Primary Government

General Obligation Bonds and Other Loans

General Obligation Bonds - Smith County has issued general obligation bonds to refund other general obligation bonds and other loans. 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 10 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, 2023, 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 discretely presented school department. Other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Other loans outstanding was issued for original term of up to 14 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Other loans included in long-term debt as of June 30, 2023, will be retired from General Debt Service Fund.

General obligation bonds and other loans outstanding as of June 30, 2023, for governmental activities are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-23</u>
General Obligation Bonds -				
Refunding	2 to 4 %	6-1-30	\$ 7,365,000	\$ 5,160,000
Direct Borrowing and Direct Placement:				
Other Loans	1	11-1-32	3,208,725	2,528,477

In a prior year, Smith County entered into a loan agreement with the Tennessee Energy Efficient Schools Council to receive funding from the Energy Efficient Schools Initiative program. Under this loan agreement, the council has loaned \$3,208,725 to Smith County to increase energy efficiency in the Smith County School Department. The interest rate on the loan is one percent.

The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2023, including interest payments are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2024	\$ 765,000	\$ 185,650	\$ 950,650
2025	785,000	155,050	940,050
2026	745,000	123,650	868,650
2027	760,000	93,850	853,850
2028	705,000	63,450	768,450
2029-2030	1,400,000	48,750	1,448,750
Total	\$ 5,160,000	\$ 670,400	\$ 5,830,400

Year Ending June 30	Other Loans - Direct Placement		
	Principal	Interest	Total
2024	\$ 259,560	\$ 23,855	\$ 283,415
2025	262,164	21,249	283,413
2026	264,792	18,618	283,410
2027	267,456	15,952	283,408
2028	270,144	13,262	283,406
2029-2033	1,204,361	25,832	1,230,193
Total	\$ 2,528,477	\$ 118,768	\$ 2,647,245

There is \$355,080 available in the General Debt Service Fund and \$150,585 available in the Education Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$259, based on the 2020 federal census. Total debt per capita, including bonds, other loans, and unamortized debt premiums, totaled \$428, based on the 2020 federal census.

The school department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below.

School Department:

Description of Debt	Outstanding 6-30-23
<u>Other Loans - Direct Placement</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Efficiency Upgrades and Computer Software	\$ 2,528,477
Total	\$ 2,528,477

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2023, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Other Loans - Direct Placement</u>
Balance, July 1, 2022	\$ 6,967,158	\$ 2,785,661
Reductions	(1,807,158)	(257,184)
Balance, June 30, 2023	<u>\$ 5,160,000</u>	<u>\$ 2,528,477</u>
Balance Due Within One Year	<u>\$ 765,000</u>	<u>\$ 259,560</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2023	\$ 7,688,477
Less: Due Within One Year - Debt	(1,024,560)
Add: Unamortized Premium on Debt	<u>832,138</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 7,496,055</u>

Solid Waste Disposal (Enterprise) Fund

General Obligation Bonds and Notes

General Obligation Bonds – General obligation bonds have been issued to refund other loans. 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 20 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, 2023, will be retired from the Solid Waste Disposal Fund.

Direct Borrowing and Direct Placements - Capital outlay notes 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. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes included in long-term debt as of June 30, 2023, will be retired from the Solid Waste Disposal Fund.

General obligation bonds and capital outlay notes outstanding as of June 30, 2023, for business-type activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-23
General Obligation Bonds -				
Refunding	2 to 4 %	6-1-40	\$ 1,555,000	\$ 1,410,000
Direct Borrowings and Direct Placements:				
Capital Outlay Notes	2.7	5-1-30	2,800,000	1,725,000

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2023, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2024	\$ 50,000	\$ 34,450	\$ 84,450
2025	55,000	32,450	87,450
2026	55,000	30,250	85,250
2027	60,000	28,050	88,050
2028	60,000	25,650	85,650
2029-2033	430,000	98,550	528,550
2034-2038	500,000	50,000	550,000
2039-2040	200,000	6,000	206,000
Total	\$ 1,410,000	\$ 305,400	\$ 1,715,400

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
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
2029-2030	525,000	23,700	548,700
Total	\$ 1,725,000	\$ 211,950	\$ 1,936,950

Bonded debt per capita totaled \$71, based on the 2020 federal census. Total debt per capita, including bonds and notes totaled \$158, based on the 2020 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, 2023, was as follows:

Business-type Activities:

	<u>Bonds</u>	<u>Notes - Direct Placement</u>
Balance, July 1, 2022	\$ 1,460,000	\$ 1,950,000
Reductions	<u>(50,000)</u>	<u>(225,000)</u>
Balance, June 30, 2023	<u>\$ 1,410,000</u>	<u>\$ 1,725,000</u>
Balance Due Within One Year	<u>\$ 50,000</u>	<u>\$ 230,000</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities, Debt - June 30, 2023	\$ 3,135,000
Less: Due Within One Year - Debt	<u>(280,000)</u>
Noncurrent Liabilities - Due in More Than One Year - Debt- Exhibit A	<u>\$ 2,855,000</u>

E. Long-term Obligations

Primary Government

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2023, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>
Balance, July 1, 2022	\$ 76,145	\$ 188,758
Additions	92,860	28,134
Reductions	<u>(100,376)</u>	<u>(87,401)</u>
Balance, June 30, 2023	<u>\$ 68,629</u>	<u>\$ 129,491</u>
Balance Due Within One Year	<u>\$ 34,315</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2023	\$ 198,120
Less: Balance Due Within One Year - Other	<u>(34,315)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 163,805</u>

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, 2023, was as follows:

Business-type Activities:

	Closure/ Postclosure Care Costs
Balance, July 1, 2022	\$ 16,945,372
Additions	<u>3,853,100</u>
Balance, June 30, 2023	<u>\$ 20,798,472</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2023	\$ 20,798,472
Less: Balance Due Within One Year - Other	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 20,798,472</u>

Landfill postclosure care costs will be paid from the Solid Waste Disposal Fund.

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, 2023, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2022	\$ 73,905	\$ 3,457,543
Additions	27,384	466,979
Reductions	(27,434)	(838,646)
Balance, June 30, 2023	<u>\$ 73,855</u>	<u>\$ 3,085,876</u>
Balance Due Within One Year	<u>\$ 14,770</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities - Other, June 30, 2023	\$ 3,159,731
Less: Due Within One Year - Other	<u>(14,770)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 3,144,961</u>

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

F. 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 was divided into 49 percent for the Head Start facility and 51 percent for the jail. The other original loans issued for jail construction were refunded with a General Obligation Refunding Bond on August 20, 2015. The Head Start Facility and New Jail Facility other loans and the General Obligation Refunding Bonds dated August 20, 2015, were refunded by General Obligation Refunding Bonds on December 15, 2020.

G. 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 Annual Comprehensive Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2023, were \$75,835 and \$38,319, respectively. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

Smith County's risk of loss relating to general liability, property, and casualty losses are covered by participation in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$250,000 for property and \$450,000 for liability for each insured event.

Smith County participates in the Local Government Workers' Compensation Fund (LGWCF), a public entity risk pool established under provisions of Section 29-20-401, *Tennessee Code Annotated*, by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the LGWCF for its workers' compensation insurance coverage. The LGWCF is to be self-sustaining through member premiums. The LGWCF reinsures through commercial insurance companies for claims exceeding \$500,000.

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 Annual Comprehensive 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 Annual Comprehensive Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

B. Accounting Changes

GASB Statement No. 91, *Conduit Debt Obligations*, became effective for fiscal year ending June 30, 2023. This statement clarifies what is considered conduit debt and the requirements of when to disclose liabilities and commitments concerning conduit debt.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, became effective for fiscal year ending June 30, 2023. This statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, became effective for fiscal year ending June 30, 2023. This standard establishes a definition for SBITAs and provides uniform guidance for accounting and financial reporting for transactions that meet that definition. This statement also establishes criteria for the recognition of implementation costs and requires a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement.

GASB Statement No. 99, *Omnibus 2022*, became effective during the fiscal year. This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including Financial Guarantees; Derivative Instruments; Leases, PPPs, and SBITAs; LIBOR rate replacement; and other technical updates and corrections.

C. Contingent Liabilities

The county has received various federal and state grants and other assistance for specific purposes that are subject to review and audit by grantor agencies. Such audits could result in reimbursements to the grantor agencies for expenditures disallowed under the terms of the grants. County management is not aware of any potential disallowances and believes that reimbursements, if any, would not be material.

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

D. Change in Administration

Trustee, Lee Ann Williams, retired August 31, 2022, and was succeeded by Julie Wright, effective September 1, 2022.

E. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require Smith County to place a final cover on its operating sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. \$20,798,472 is reported as landfill closure and postclosure care liability at June 30, 2023. The liability at June 30, 2023, represents 97.42 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 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Venture

The Fifteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fifteenth Judicial District, Smith, Jackson, Wilson, and Trousdale counties, and the police chiefs of the cities of Carthage and Lafayette. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the

operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of the participating law enforcement agencies within the judicial district. Smith County made no contributions to the DTF for the year ended June 30, 2023, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

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

G. Jointly Governed Organization

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

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

H. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Smith County and non-certified employees of the discretely presented Smith County School Department are provided a defined benefit pension plan through the Public Employee Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 63.83 percent and the non-certified employees of the discretely presented school department comprise 36.17 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 <https://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 nonservice-related disability eligibility. The service-related and nonservice-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 automatic cost of living adjustments (COLAs) 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, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	158
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	395
Active Employees	368
Total	921

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 to the plan. 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, 2023, the employer contributions for Smith County were \$679,750 based on a rate of six 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, 2022, 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, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. 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, 2020, 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 2.25 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	4.88 %	31 %
International Equity Emerging Market	5.37	14
International Equity Private Equity and Strategic Lending	6.09	4
U.S. Fixed Income Real Estate	6.57	20
Short-term Securities	1.20	20
	4.38	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 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 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, 2021	\$ 28,516,976	\$ 32,902,634	\$ (4,385,658)
Changes for the Year:			
Service Cost	\$ 1,076,352	\$ 0	\$ 1,076,352
Interest	1,951,923	0	1,951,923
Differences Between Expected and Actual Experience	548,452	0	548,452
Contributions-Employer	0	658,275	(658,275)
Contributions-Employees	0	548,565	(548,565)
Net Investment Income	0	(1,255,298)	1,255,298
Benefit Payments, Including Refunds of Employee Contributions	(1,351,892)	(1,351,892)	0
Administrative Expense	0	(34,391)	34,391
Net Changes	\$ 2,224,835	\$ (1,434,741)	\$ 3,659,576
Balance, June 30, 2022	\$ 30,741,811	\$ 31,467,893	\$ (726,082)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	63.83%	\$ 19,622,498	\$ 20,085,956	\$ (463,458)
School Department	36.17%	11,119,313	11,381,937	(262,624)
Total		\$ 30,741,811	\$ 31,467,893	\$ (726,082)

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 6.75 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 (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

Smith County	1% Decrease	Current Discount Rate	1% Increase
	5.75%	6.75%	7.75%

Net Pension Liability (Asset) \$ 3,740,432 \$ (726,082) \$ (4,373,856)

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

Pension Expense (Negative Pension Expense). For the year ended June 30, 2023, Smith County recognized pension expense (negative pension expense) of \$769,923.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, 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	\$ 716,267	\$ 68,735
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	86,112	0
Changes in Assumptions	1,378,269	0
Contributions Subsequent to the Measurement Date of June 30, 2022 (1)	679,750	N/A
Total	\$ 2,860,398	\$ 68,735

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2022,” will be recognized as a reduction (increase) to net pension liability (asset) in the subsequent fiscal period.

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

		Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	63.83%	\$ 1,827,177	\$ 43,874
School Department	36.17%	1,033,222	24,861
Total		\$ 2,860,398	\$ 68,735

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
2024	\$ 466,013
2025	506,426
2026	335,745
2027	803,724
2028	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 Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 63.83 percent and the non-certified employees of the discretely presented school department comprise 36.17 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 <https://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 nonservice-related disability eligibility. The service-related and nonservice-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 automatic cost of living adjustments (COLAs) 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 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 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, 2023, to the Teacher Retirement Plan were \$107,155, which is 2.87 percent of covered payroll. In addition, employer contributions of \$42,190, which is 1.13 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, 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 (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2023, the school department reported a liability (asset) of (\$62,150) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, 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, 2022, the school department's proportion was 0.205165 percent. The proportion as of June 30, 2021, was 0.193076 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2023, the Smith County School Department recognized pension expense (negative pension expense) of \$86,671.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, the school department reported deferred outflows 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	\$ 3,398	\$ 37,760
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	19,590	0
Changes in Assumptions	72,805	0
Changes in Proportion of Net Pension Liability (Asset)	11,908	24,069
LEA's Contributions Subsequent to the Measurement Date of June 30, 2022	107,155	N/A
Total	<u>\$ 214,856</u>	<u>\$ 61,829</u>

The school department's employer contributions of \$107,155, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ending June 30, 2024. 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
2024	\$ 264
2025	463
2026	(2,756)
2027	31,365
2028	2,437
Thereafter	14,099

Actuarial Assumptions. The total pension liability as of the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. 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, 2020, 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 2.25 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	4.88 %	31 %
International Equity Emerging Market	5.37	14
International Equity	6.09	4
Private Equity and Strategic Lending	6.57	20
U.S. Fixed Income	1.20	20
Real Estate	4.38	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 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 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 net pension liability (asset) of Smith County calculated using the discount rate of 6.75 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 (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
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Net Pension Liability (Asset) \$ 326,249 \$ (62,150) \$ (345,800)

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 <https://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 nonservice-related disability eligibility. The service-related and nonservice-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 automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers 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, 2023, to the Teacher Legacy Pension Plan were \$880,785, which is 10.27 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 (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability (Assets). At June 30, 2023, the school department reported a liability (asset) of (\$3,654,431) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, 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, 2022, the school department's proportion was 0.297979 percent. The proportion measured at June 30, 2021, was 0.301898 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2023, the school department recognized pension expense (negative pension expense) of \$51,671.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, 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	\$ 601,140	\$ 617,488
Changes in Assumptions	2,289,325	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	62,489	0
Changes in Proportion of Net Pension Liability (Asset)	84,356	6,856
LEA's Contributions Subsequent to the Measurement Date of June 30, 2022	880,785	N/A
Total	<u>\$ 3,918,095</u>	<u>\$ 624,344</u>

The school department's employer contributions of \$880,785 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) to the net pension liability (asset) in the year ending June 30, 2024. 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
2024	\$ 389,721
2025	714,863
2026	(620,425)
2027	1,928,806
2028	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 as of the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.125%

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

The actuarial assumptions, used in the June 30, 2022, actuarial valuation, were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. 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, 2020, 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 2.25 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	4.88 %	31 %
International Equity Emerging Market	5.37	14
International Equity Private Equity and Strategic Lending	6.09	4
U.S. Fixed Income	6.57	20
Real Estate	1.20	20
Short-term Securities	4.38	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 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 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 net pension liability (asset) of Smith County calculated using the discount rate of 6.75 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 (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
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Net Pension Liability (Asset) \$ 7,238,168 \$ (3,654,431) \$ (12,727,242)

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 \$190,549 and teachers contributed \$122,400 to this deferred compensation pension plan.

I. Other Postemployment Benefits (OPEB)

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

Retirees of Smith County and the Smith County Highway Department (Hwy Dept) 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, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2022, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2021, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.54%
Healthcare Cost Trend Rates	LGPs and LEP: Based on the Getzen Model, with trend starting at 8.37% for pre-65 retirees in the 2022 calendar year, and decreasing annually over a 7-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 3.54 percent, based on an average rating of AA/Aa as shown on 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, 2022, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2021, Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. 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 PUB-2010 Headcount-weighted employee mortality table for non-disabled pre-retirement mortality, with mortality improvement projected generationally with MP-2020 from 2010. Post-retirement rates are headcount-weighted below median healthy annuitant and adjusted with a 6 percent load for males and a 14 percent load for females, projected generationally with MP-2020 from 2010. 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, projected generationally from 2018 with MP-2020.

Changes in Assumptions. The discount rate changed from 2.16 percent as of the beginning of the measurement period to 3.54 percent as of the measurement date of June 30, 2022. 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 2022 plan year was revised from 7.36 percent to 8.37 percent.

Local Government OPEB Plan (Primary Government)

Plan Description. Employees of Smith County are provided with pre-65 retiree health insurance benefits through the closed 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 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 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, 2022, the following employees were covered by the benefit terms:

	Smith County	Hwy Dept	Total
Inactive Employees Currently Receiving Benefit Payments	1	0	1
Inactive Employees Entitled To But Not Yet Receiving Benefit Payments	0	0	0
Active Employees Eligible for Benefits	138	13	151
Total	139	13	152

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGPs 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, 2023, the county paid \$5,944 (Smith County - \$5,580, Hwy Dept - \$364) to the LGPs for OPEB benefits as they came due.

Changes in the Total OPEB Liability – As of the Measurement Date

	Smith County	Hwy Dept.	Total OPEB Liability
Balance July 1, 2021	\$ 159,229	\$ 29,529	\$ 188,758
Changes for the Year:			
Service Cost	\$ 19,631	\$ 3,972	\$ 23,603
Interest	3,813	718	4,531
Difference between Expected and Actuarial Experience	(15,033)	(5,484)	(20,517)
Changes in Assumption and Other Inputs	(51,460)	(10,252)	(61,712)
Benefit Payments	(4,692)	(480)	(5,172)
Net Changes	<u>\$ (47,741)</u>	<u>\$ (11,526)</u>	<u>\$ (59,267)</u>
Balance June 30, 2022	<u>\$ 111,488</u>	<u>\$ 18,003</u>	<u>\$ 129,491</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, the county recognized OPEB expense of \$4,012 (Smith County - \$7,038, Hwy Dept. - (\$3,026)). At June 30, 2023, 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 \$12,751; Hwy \$1,257) (DI - County \$58,800; Hwy \$23,547)	\$ 14,008	\$ 82,347
Changes of Assumptions/Inputs (DO - County \$19,719; Hwy \$4,177) (DI - County \$81,755; Hwy \$17,704)	23,896	99,459
Net Difference Between Projected and Benefits Paid After the Measurement Date of June 30, 2022 (DO - County \$5,580; Hwy \$364)	<u>5,944</u>	<u>0</u>
Total	<u>\$ 43,848</u>	<u>\$ 181,806</u>

The amount shown above for “Benefits Paid After the Measurement Date” will be recognized as a reduction to OPEB liability in the following measurement period.

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 Dept	Total Amount
2024	\$ (16,406)	\$ (7,665)	\$ (24,071)
2025	(16,406)	(7,458)	(23,864)
2026	(16,406)	(6,646)	(23,052)
2027	(16,406)	(4,863)	(21,269)
2028	(15,149)	(4,883)	(20,032)
Thereafter	(27,312)	(4,302)	(31,614)

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 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
County	\$ 119,906	\$ 111,488	\$ 103,698
Hwy Dept	19,505	18,003	16,612
Total OPEB Liability	<u>\$ 139,411</u>	<u>\$ 129,491</u>	<u>\$ 120,310</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>	1% Decrease 7.37 to 3.5%	Current Trend Rates 8.37 to 4.5%	1% Increase 9.37 to 5.5%
County	\$ 99,778	\$ 111,488	\$ 125,410
Hwy Dept	15,706	18,003	20,761
Total OPEB Liability	<u>\$ 115,484</u>	<u>\$ 129,491</u>	<u>\$ 146,171</u>

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

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

Benefits Provided. The Smith County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO, or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The school department 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, 2022, the following employees were covered by the benefit terms:

	<u>Total</u>
Inactive Employees Currently Receiving Benefit Payments	15
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	0
Active Employees Eligible For Benefits	<u>264</u>
Total	<u><u>279</u></u>

A state insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$108,584 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability – As of the Measurement Date

	<u>Share of Collective Liability</u>		
	Smith County School Dept 60.35%	State of TN 39.65%	Total OPEB Liability
Balance July 1, 2021	\$ 2,903,172	\$ 1,584,734	\$ 5,508,783
Changes for the Year:			
Service Cost	\$ 192,198	\$ 126,275	\$ 318,473
Interest	74,632	49,034	123,666
Difference between Expected and Actuarial Experience	(29,891)	(19,638)	(49,529)
Changes in Proportion	421,132	(421,132)	0
Changes in Assumption and Other Inputs	(351,637)	(231,026)	(582,663)
Benefit Payments	(123,731)	(81,292)	(205,023)
Net Changes	<u>\$ 182,704</u>	<u>\$ (577,780)</u>	<u>\$ (395,076)</u>
Balance June 30, 2022	<u>\$ 3,085,876</u>	<u>\$ 1,006,954</u>	<u>\$ 5,113,707</u>

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 employer's 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 \$200,170 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 60.35 percent and the State of Tennessee's share was 39.65 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, the school department recognized OPEB expense of \$459,881, including the state's share of the expense. At June 30, 2023, 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	\$ 206,426	\$ 239,845
Changes of Assumptions/Inputs	613,290	479,005
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	72,339	206,120
Benefits Paid After the Measurement Date of June 30, 2022	108,584	0
Total	<u>\$ 1,000,639</u>	<u>\$ 924,970</u>

The amount shown above for "Benefits Paid After the Measurement Date" will be recognized as a reduction to OPEB liability in the following measurement period.

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

Year Ending June 30	School Department
2024	\$ (7,098)
2025	(7,098)
2026	(7,098)
2027	(7,098)
2028	(5,986)
Thereafter	1,463

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

Sensitivity of Proportionate Share of the Collective 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>	1% Decrease	Current Discount Rate	1% Increase
	2.54%	3.54%	4.54%

Proportionate Share of the Collective Total OPEB Liability	\$ 3,339,762	\$ 3,085,876	\$ 2,845,501
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Sensitivity of Proportionate Share of the Collective 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>	1% Decrease	Curent Rates	1% Increase
	7.37 to 3.5%	8.37 to 4.5%	9.37 to 5.5%

Proportionate Share of the Collective Total OPEB Liability	\$ 2,726,004	\$ 3,085,876	\$ 3,509,829
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J. Office of Central Accounting, Budgeting, and Purchasing

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

K. Purchasing Laws

Offices of County Mayor and Road Commissioner

Purchasing procedures for these offices are governed by provisions of the County Purchasing Law of 1957, Section 5-14-101, et seq., *Tennessee Code Annotated (TCA)*. Purchasing procedures in the highway department are also governed by the Uniform Road Law, Section 54-7-113, *TCA*. These statutes provide for the purchasing agent to make all purchases for these departments, with purchases exceeding \$25,000 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 \$25,000.

L. Subsequent Event

On October 9, 2023, Smith County adopted the County Financial Management System of 1981.

**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	2020	2021	2022
Total Pension Liability									
Service Cost	\$ 606,110	\$ 643,084	\$ 717,506	\$ 711,390	\$ 769,768	\$ 847,823	\$ 954,757	\$ 917,993	\$ 1,076,352
Interest	1,210,149	1,273,746	1,334,107	1,391,491	1,460,486	1,533,745	1,659,864	1,794,212	1,951,923
Differences Between Actual and Expected Experience	(151,864)	(348,936)	(427,979)	(181,695)	(412,425)	186,709	285,077	210,220	548,452
Changes in Assumptions	0	0	0	476,706	0	0	0	2,297,115	0
Benefit Payments, Including Refunds of Employee Contributions	(861,463)	(845,349)	(829,673)	(875,119)	(854,578)	(916,240)	(955,052)	(1,064,654)	(1,351,892)
Net Change in Total Pension Liability	\$ 802,932	\$ 722,545	\$ 793,961	\$ 1,522,773	\$ 963,251	\$ 1,652,037	\$ 1,944,646	\$ 4,154,886	\$ 2,224,835
Total Pension Liability, Beginning	15,959,945	16,762,877	17,485,422	18,279,383	19,802,156	20,765,407	22,417,444	24,362,090	28,516,976
Total Pension Liability, Ending (a)	\$ 16,762,877	\$ 17,485,422	\$ 18,279,383	\$ 19,802,156	\$ 20,765,407	\$ 22,417,444	\$ 24,362,090	\$ 28,516,976	\$ 30,741,811
Plan Fiduciary Net Position									
Contributions - Employer	\$ 536,853	\$ 541,749	\$ 566,282	\$ 588,687	\$ 523,354	\$ 558,272	\$ 600,570	\$ 625,959	\$ 658,275
Contributions - Employee	384,014	380,541	399,685	413,005	436,397	465,279	503,287	521,635	548,565
Net Investment Income	2,513,790	545,638	486,744	2,146,638	1,757,592	1,713,137	1,231,040	6,742,017	(1,255,298)
Benefit Payments, Including Refunds of Employee Contributions	(861,463)	(845,349)	(829,673)	(875,119)	(854,578)	(916,240)	(955,052)	(1,064,654)	(1,351,892)
Administrative Expense	(12,045)	(16,009)	(24,091)	(26,908)	(31,369)	(29,759)	(29,965)	(31,697)	(34,391)
Other	0	0	1,318	0	0	0	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	\$ 1,349,880	\$ 6,793,260	\$ (1,434,741)
Plan Fiduciary Net Position, Beginning	15,123,122	17,684,271	18,290,841	18,891,106	21,137,409	22,968,805	24,759,494	26,109,374	32,902,634
Plan Fiduciary Net Position, Ending (b)	\$ 17,684,271	\$ 18,290,841	\$ 18,891,106	\$ 21,137,409	\$ 22,968,805	\$ 24,759,494	\$ 26,109,374	\$ 32,902,634	\$ 31,467,893
Net Pension Liability (Asset), Ending (a - b)	\$ (921,394)	\$ (805,419)	\$ (611,723)	\$ (1,335,253)	\$ (2,203,398)	\$ (2,342,050)	\$ (1,747,284)	\$ (4,385,658)	\$ (726,082)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	105.50%	104.61%	103.35%	106.74%	110.61%	110.45%	107.17%	115.38%	102.36%
Covered Payroll	\$ 7,680,267	\$ 7,576,891	\$ 7,920,012	\$ 8,233,383	\$ 8,722,565	\$ 9,304,525	\$ 10,009,498	\$ 10,283,315	\$ 10,971,238
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(12.00)%	(10.63)%	(7.72)%	(16.22)%	(25.26)%	(25.17)%	(17.46)%	(42.65)%	(6.62)%

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

Note 2: 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	2021	2022	2023
Actuarially Determined Contribution	\$ 536,853	\$ 541,749	\$ 566,282	\$ 588,687	\$ 523,354	\$ 436,383	\$ 441,419	\$ 314,023	\$ 283,058	\$ 679,750
Less: Contributions in Relation to the Actuarially Determined Contribution	(536,853)	(541,749)	(566,282)	(588,687)	(523,354)	(558,272)	(600,570)	(625,959)	(658,275)	(679,750)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (121,889)	\$ (159,151)	\$ (311,936)	\$ (375,217)	\$ 0
Covered Payroll	\$ 7,680,267	\$ 7,576,891	\$ 7,920,012	\$ 8,233,383	\$ 8,722,565	\$ 9,304,525	\$ 10,009,498	\$ 10,283,315	\$ 10,971,238	\$ 11,329,167
Contributions as a Percentage of Covered Payroll	6.99%	7.15%	7.15%	7.15%	6.00%	6.00%	6.00%	6.09%	6.00%	6.00%

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	2021	2022	2023
Contractually Required Contribution	\$ 16,725	\$ 31,329	\$ 48,178	\$ 57,178	\$ 40,783	\$ 54,524	\$ 56,288	\$ 70,422	\$ 107,155
Less: Contributions in Relation to the Contractually Required Contribution	(16,725)	(31,329)	(48,178)	(57,178)	(40,783)	(54,524)	(56,288)	(70,422)	(107,155)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 418,110	\$ 783,218	\$ 1,204,442	\$ 1,429,467	\$ 2,102,258	\$ 2,685,887	\$ 2,933,848	\$ 3,503,611	\$ 3,733,628
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.03%	1.92%	2.01%	2.87%

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

Note 2: Beginning in FY 2019, the school department placed the actuarially determined contribution rate of covered payroll into the pension plan and placed the remainder of the four percent contractually required contribution into the Pension Stabilization Reserve Trust (SRT).

2019: Pension - 1.94%, SRT - 2.02%

2020: Pension - 2.03%, SRT - 1.97%

2021: Pension - 2.02%, SRT - 1.98%

2022: Pension - 2.01%, SRT - 1.99%

2023: Pension - 2.87%, SRT - 1.13%

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	2021	2022	2023
Contractually Required Contribution	\$ 1,033,868	\$ 1,017,572	\$ 983,929	\$ 953,438	\$ 931,241	\$ 1,073,033	\$ 1,105,315	\$ 1,017,636	\$ 1,010,049	\$ 880,785
Less: Contributions in Relation to the Contractually Required Contribution	(1,033,868)	(1,017,572)	(983,929)	(953,438)	(931,241)	(1,073,033)	(1,105,315)	(1,017,636)	(1,010,049)	(880,785)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 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	\$ 10,398,058	\$ 9,908,806	\$ 9,806,306	\$ 8,576,290
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%	10.27%	10.30%	10.27%

Exhibit F-5

Smith County, Tennessee
Schedule of Proportionate Share of the Net Pension Liability (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	2020	2021	2022
School Department's Proportion of the Net Pension Liability (Asset)	0.197082%	0.178003%	0.183510%	0.163576%	0.198660%	0.212842%	0.193076%	0.205165%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (8,096)	\$ (18,531)	\$ (48,416)	\$ (74,186)	\$ (112,141)	\$ (121,031)	\$ (209,142)	\$ (62,150)
Covered Payroll	\$ 418,110	\$ 783,218	\$ 1,204,442	\$ 1,429,467	\$ 2,102,258	\$ 2,685,887	\$ 2,933,848	\$ 3,503,611
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)%	(4.51)%	(7.13)%	(1.77)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%	104.55%

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

Exhibit F-6

Smith County, Tennessee
Schedule of Proportionate Share of the Net Pension Liability (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	2020	2021	2022
School Department's Proportion of the Net Pension Liability (Asset)	0.296629%	0.300690%	0.301517%	0.298360%	0.292887%	0.305935%	0.312418%	0.301898%	0.297979%
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)	\$ (2,382,416)	\$ (13,021,601)	\$ (3,654,431)
Covered Payroll	\$ 11,642,663	\$ 11,256,331	\$ 10,884,163	\$ 10,546,881	\$ 10,255,946	\$ 10,258,434	\$ 10,398,058	\$ 9,908,806	\$ 9,806,306
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)%	(22.91)%	(131.41)%	(37.27)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%	104.42%

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	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 16,767	\$ 15,225	\$ 18,806	\$ 19,697	\$ 24,276	\$ 19,631
Interest	4,013	5,268	5,615	5,616	4,992	3,813
Differences Between Actual and Expected Experience	0	(22,637)	(27,122)	19,930	(25,592)	(15,033)
Changes in Assumptions or Other Inputs	(8,163)	6,682	7,633	19,034	(43,626)	(51,460)
Benefit Payments	0	(1,109)	(827)	(1,095)	(4,836)	(4,692)
Net Change in Total OPEB Liability	\$ 12,617	\$ 3,429	\$ 4,105	\$ 63,182	\$ (44,786)	\$ (47,741)
Total OPEB Liability, Beginning	120,682	133,299	136,728	140,833	204,015	159,229
Total OPEB Liability, Ending	\$ 133,299	\$ 136,728	\$ 140,833	\$ 204,015	\$ 159,229	\$ 111,488
Covered Employee Payroll	\$ 4,520,106	\$ 5,985,243	\$ 6,119,619	\$ 5,793,850	\$ 6,301,717	\$ 6,673,283
Net OPEB Liability as a Percentage of Covered Employee Payroll	2.95%	2.28%	2.30%	3.52%	2.53%	1.67%

Smith County Highway Plan

	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 4,455	\$ 4,325	\$ 5,704	\$ 3,881	\$ 5,111	\$ 3,972
Interest	1,293	1,706	2,275	1,525	1,097	718
Differences Between Actual and Expected Experience	0	3,777	(26,240)	(3,170)	(8,987)	(5,484)
Changes in Assumptions or Other Inputs	(1,755)	4,587	1,639	3,406	(11,837)	(10,252)
Benefit Payments	0	(455)	(1,258)	(614)	(763)	(480)
Net Change in Total OPEB Liability	\$ 3,993	\$ 13,940	\$ (17,880)	\$ 5,028	\$ (15,379)	\$ (11,526)
Total OPEB Liability, Beginning	39,827	43,820	57,760	39,880	44,908	29,529
Total OPEB Liability, Ending	\$ 43,820	\$ 57,760	\$ 39,880	\$ 44,908	\$ 29,529	\$ 18,003
Covered Employee Payroll	\$ 1,489,270	\$ 675,727	\$ 710,761	\$ 717,817	\$ 662,167	\$ 581,200
Net OPEB Liability as a Percentage of Covered Employee Payroll	2.94%	8.55%	5.61%	6.26%	4.46%	3.10%

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%
2020	2.21%
2021	2.16%
2022	3.54%

(b) The assumed initial trend rate applicable to the 2019 plan year was updated from a flat 5% to an immediate rate of 8.5%, decreasing 0.5% per year to an ultimate rate of 4.5%.

(c) In 2020, the mortality improvement scale was updated from Scale MP-2018 to Scale MP-2019.

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	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 233,355	\$ 215,317	\$ 197,910	\$ 185,699	\$ 242,917	\$ 318,473
Interest	127,381	151,547	136,768	137,133	102,082	123,666
Differences Between Actual and Expected Experience	0	(653,174)	372,015	54,820	108,457	(49,529)
Changes in Assumptions or Other Inputs	(200,821)	89,468	(317,619)	501,248	792,111	(582,663)
Benefit Payments	(236,162)	(258,461)	(273,064)	(222,541)	(224,690)	(205,023)
Net Change in Total OPEB Liability	\$ (76,247)	\$ (455,303)	\$ 116,010	\$ 656,359	\$ 1,020,877	\$ (395,076)
Total OPEB Liability, Beginning	4,247,087	4,170,840	3,715,537	3,831,547	4,487,906	5,508,783
Total OPEB Liability, Ending	\$ 4,170,840	\$ 3,715,537	\$ 3,831,547	\$ 4,487,906	\$ 5,508,783	\$ 5,113,707
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 1,520,355	\$ 1,335,806	\$ 1,439,715	\$ 1,584,734	\$ 2,051,240	\$ 2,027,831
Employer Proportionate Share of the Total OPEB Liability	2,650,485	2,379,731	2,391,832	2,903,172	3,457,543	3,085,876
Covered Employee Payroll	\$ 14,567,311	\$ 15,407,917	\$ 16,354,874	\$ 16,554,027	\$ 17,032,737	\$ 16,384,601
Net OPEB Liability as a Percentage of Covered Employee Payroll	28.63%	24.11%	23.43%	27.11%	32.34%	31.21%

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%
2020	2.21%
2021	2.16%
2022	3.54%

(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%
Plan year 2021	- from 6.03% to 9.02%
Plan year 2022	- from 9.02% to 7.36%
Plan year 2023	- from 7.36% to 8.37%

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, 2023

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2023 were calculated based on the July 1, 2021, 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	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation; averaging 4%
Investment Rate of Return	6.75%, 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	2.125%

Changes in Assumptions: In 2021, the following assumptions were changed: decreased inflation rate from 2.5 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality 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.

Education 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 Funds

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

General Capital Projects Fund – The General Capital Projects Fund is used to account for 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.

Highway Capital Projects Fund – The Highway 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 for the highway department.

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, 2023

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>
	<u>Drug Control</u>	<u>Constitu - tional - Officers - Fees</u>	<u>Total</u>	<u>Education Debt Service</u>	<u>General Capital Projects</u>
<u>ASSETS</u>					
Cash	\$ 0	\$ 484	\$ 484	\$ 0	\$ 0
Equity in Pooled Cash and Investments	258,491	0	258,491	150,585	464,347
Accounts Receivable	1,042	10,498	11,540	0	0
Due from Other Governments	0	0	0	0	43,397
Property Taxes Receivable	0	0	0	0	424,861
Allowance for Uncollectible Property Taxes	0	0	0	0	(4,674)
Total Assets	<u>\$ 259,533</u>	<u>\$ 10,982</u>	<u>\$ 270,515</u>	<u>\$ 150,585</u>	<u>\$ 927,931</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,700
Due to Litigants, Heirs, and Others	0	10,982	10,982	0	0
Total Liabilities	<u>\$ 0</u>	<u>\$ 10,982</u>	<u>\$ 10,982</u>	<u>\$ 0</u>	<u>\$ 5,700</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 410,113
Deferred Delinquent Property Taxes	0	0	0	0	9,198
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 419,311</u>
<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.)

	<u>Special Revenue Funds</u>			<u>Debt Service</u>	<u>Capital</u>
	<u>Drug Control</u>	<u>Constitu - tional Officers - Fees</u>	<u>Total</u>	<u>Fund</u>	<u>Projects Funds</u>
				<u>Education Debt Service</u>	<u>General Capital Projects</u>
<u>FUND BALANCES (Cont.)</u>					
Restricted:					
Restricted for Public Safety	\$ 259,533	\$ 0	\$ 259,533	\$ 0	\$ 0
Restricted for Debt Service	0	0	0	150,585	0
Restricted for Capital Projects	0	0	0	0	502,920
Committed:					
Committed for Social, Cultural, and Recreational Services	0	0	0	0	0
Total Fund Balances	<u>\$ 259,533</u>	<u>\$ 0</u>	<u>\$ 259,533</u>	<u>\$ 150,585</u>	<u>\$ 502,920</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 259,533</u>	<u>\$ 10,982</u>	<u>\$ 270,515</u>	<u>\$ 150,585</u>	<u>\$ 927,931</u>

(Continued)

Exhibit G-1

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

	<u>Capital Projects Funds</u> <u>(Cont.)</u>		<u>Permanent</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>Highway</u> <u>Capital</u> <u>Projects</u>	<u>Total</u>	<u>Library</u> <u>Endowment</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 0	\$ 484
Equity in Pooled Cash and Investments	1,050,172	1,514,519	22,627	1,946,222
Accounts Receivable	0	0	0	11,540
Due from Other Governments	0	43,397	0	43,397
Property Taxes Receivable	0	424,861	0	424,861
Allowance for Uncollectible Property Taxes	0	(4,674)	0	(4,674)
Total Assets	<u>\$ 1,050,172</u>	<u>\$ 1,978,103</u>	<u>\$ 22,627</u>	<u>\$ 2,421,830</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 5,700	\$ 0	\$ 5,700
Due to Litigants, Heirs, and Others	0	0	0	10,982
Total Liabilities	<u>\$ 0</u>	<u>\$ 5,700</u>	<u>\$ 0</u>	<u>\$ 16,682</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 0	\$ 410,113	\$ 0	\$ 410,113
Deferred Delinquent Property Taxes	0	9,198	0	9,198
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 419,311</u>	<u>\$ 0</u>	<u>\$ 419,311</u>
<u>FUND BALANCES</u>				
Nonspendable: Endowments	\$ 0	\$ 0	\$ 22,154	\$ 22,154

(Continued)

Exhibit G-1

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

FUND BALANCES (Cont.)

Restricted:

Restricted for Public Safety

Restricted for Debt Service

Restricted for Capital Projects

Committed:

Committed for Social, Cultural, and Recreational Services

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

<u>Capital Projects Funds</u> <u>(Cont.)</u>		<u>Permanent</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	
<u>Highway</u> <u>Capital</u> <u>Projects</u>	<u>Total</u>	<u>Library</u> <u>Endowment</u>		
\$ 0	\$ 0	\$ 0	\$ 259,533	
0	0	0	150,585	
1,050,172	1,553,092	0	1,553,092	
0	0	473	473	
<u>\$ 1,050,172</u>	<u>\$ 1,553,092</u>	<u>\$ 22,627</u>	<u>\$ 1,985,837</u>	
<u>\$ 1,050,172</u>	<u>\$ 1,978,103</u>	<u>\$ 22,627</u>	<u>\$ 2,421,830</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, 2023

	Special Revenue Funds			Debt Service	Capital
	Drug Control	Constitu - tional Officers - Fees	Total	Fund Education Debt Service	Projects Funds General Capital Projects
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 419,355
Fines, Forfeitures, and Penalties	48,505	0	48,505	0	0
Charges for Current Services	0	23,538	23,538	0	0
Other Local Revenues	0	0	0	0	13,950
State of Tennessee	0	0	0	0	840
Federal Government	0	0	0	0	52,969
Total Revenues	\$ 48,505	\$ 23,538	\$ 72,043	\$ 0	\$ 487,114
<u>Expenditures</u>					
Current:					
Administration of Justice	\$ 0	\$ 23,538	\$ 23,538	\$ 0	\$ 0
Public Safety	19,570	0	19,570	0	0
Capital Projects	0	0	0	0	397,780
Total Expenditures	\$ 19,570	\$ 23,538	\$ 43,108	\$ 0	\$ 397,780
Excess (Deficiency) of Revenues Over Expenditures	\$ 28,935	\$ 0	\$ 28,935	\$ 0	\$ 89,334
Net Change in Fund Balances	\$ 28,935	\$ 0	\$ 28,935	\$ 0	\$ 89,334
Fund Balance, July 1, 2022	230,598	0	230,598	150,585	413,586
Fund Balance, June 30, 2023	\$ 259,533	\$ 0	\$ 259,533	\$ 150,585	\$ 502,920

(Continued)

Exhibit G-2

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

	Capital Projects Funds (Cont.)		Permanent Fund	Total Nonmajor Governmental Funds
	Highway Capital Projects	Total	Library Endowment	
<u>Revenues</u>				
Local Taxes	\$ 1,071,751	\$ 1,491,106	\$ 0	\$ 1,491,106
Fines, Forfeitures, and Penalties	0	0	0	48,505
Charges for Current Services	0	0	0	23,538
Other Local Revenues	0	13,950	473	14,423
State of Tennessee	0	840	0	840
Federal Government	0	52,969	0	52,969
Total Revenues	\$ 1,071,751	\$ 1,558,865	\$ 473	\$ 1,631,381
<u>Expenditures</u>				
Current:				
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 23,538
Public Safety	0	0	0	19,570
Capital Projects	21,579	419,359	0	419,359
Total Expenditures	\$ 21,579	\$ 419,359	\$ 0	\$ 462,467
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,050,172	\$ 1,139,506	\$ 473	\$ 1,168,914
Net Change in Fund Balances	\$ 1,050,172	\$ 1,139,506	\$ 473	\$ 1,168,914
Fund Balance, July 1, 2022	0	413,586	22,154	816,923
Fund Balance, June 30, 2023	\$ 1,050,172	\$ 1,553,092	\$ 22,627	\$ 1,985,837

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, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 48,505	\$ 19,000	\$ 19,000	\$ 29,505
Total Revenues	\$ 48,505	\$ 19,000	\$ 19,000	\$ 29,505
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 19,058	\$ 19,000	\$ 19,200	\$ 142
Drug Enforcement	512	1,000	800	288
Total Expenditures	\$ 19,570	\$ 20,000	\$ 20,000	\$ 430
Excess (Deficiency) of Revenues Over Expenditures	\$ 28,935	\$ (1,000)	\$ (1,000)	\$ 29,935
Net Change in Fund Balance	\$ 28,935	\$ (1,000)	\$ (1,000)	\$ 29,935
Fund Balance, July 1, 2022	230,598	230,456	230,456	142
Fund Balance, June 30, 2023	\$ 259,533	\$ 229,456	\$ 229,456	\$ 30,077

Exhibit G-4

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 2023

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 419,355	\$ 0	\$ 419,355	\$ 382,510	\$ 382,510	\$ 36,845
Other Local Revenues	13,950	0	13,950	0	0	13,950
State of Tennessee	840	0	840	0	363,752	(362,912)
Federal Government	52,969	0	52,969	0	285,600	(232,631)
Total Revenues	\$ 487,114	\$ 0	\$ 487,114	\$ 382,510	\$ 1,031,862	\$ (544,748)
<u>Expenditures</u>						
<u>Capital Projects</u>						
Public Safety Projects	\$ 355,980	\$ 0	\$ 355,980	\$ 347,000	\$ 776,157	\$ 420,177
Other General Government Projects	41,800	750	42,550	0	363,752	321,202
Total Expenditures	\$ 397,780	\$ 750	\$ 398,530	\$ 347,000	\$ 1,139,909	\$ 741,379
Excess (Deficiency) of Revenues Over Expenditures	\$ 89,334	\$ (750)	\$ 88,584	\$ 35,510	\$ (108,047)	\$ 196,631
Net Change in Fund Balance	\$ 89,334	\$ (750)	\$ 88,584	\$ 35,510	\$ (108,047)	\$ 196,631
Fund Balance, July 1, 2022	413,586	0	413,586	295,052	295,052	118,534
Fund Balance, June 30, 2023	\$ 502,920	\$ (750)	\$ 502,170	\$ 330,562	\$ 187,005	\$ 315,165

Exhibit G-5

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway Capital Projects Fund
For the Year Ended June 30, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,071,751	\$ 1,017,879	\$ 1,042,879	\$ 28,872
Total Revenues	\$ 1,071,751	\$ 1,017,879	\$ 1,042,879	\$ 28,872
<u>Expenditures</u>				
<u>Capital Projects</u>				
Other General Government Projects	\$ 21,579	\$ 0	\$ 25,000	\$ 3,421
Total Expenditures	\$ 21,579	\$ 0	\$ 25,000	\$ 3,421
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,050,172	\$ 1,017,879	\$ 1,017,879	\$ 32,293
Net Change in Fund Balance	\$ 1,050,172	\$ 1,017,879	\$ 1,017,879	\$ 32,293
Fund Balance, July 1, 2022	0	0	0	0
Fund Balance, June 30, 2023	\$ 1,050,172	\$ 1,017,879	\$ 1,017,879	\$ 32,293

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, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 837,252	\$ 811,799	\$ 811,799	\$ 25,453
Fines, Forfeitures, and Penalties	3,453	4,500	4,500	(1,047)
Other Local Revenues	100,963	106,250	106,250	(5,287)
Other Governments and Citizens Groups	283,632	0	287,000	(3,368)
Total Revenues	<u>\$ 1,225,300</u>	<u>\$ 922,549</u>	<u>\$ 1,209,549</u>	<u>\$ 15,751</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 2,064,342	\$ 1,023,500	\$ 2,074,500	\$ 10,158
<u>Interest on Debt</u>				
General Government	290,408	288,500	295,000	4,592
<u>Other Debt Service</u>				
General Government	14,874	35,500	35,500	20,626
Total Expenditures	<u>\$ 2,369,624</u>	<u>\$ 1,347,500</u>	<u>\$ 2,405,000</u>	<u>\$ 35,376</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,144,324)</u>	<u>\$ (424,951)</u>	<u>\$ (1,195,451)</u>	<u>\$ 51,127</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 1,096,542	0	\$ 1,057,500	\$ 39,042
Transfers In	0	287,000	0	0
Total Other Financing Sources	<u>\$ 1,096,542</u>	<u>\$ 287,000</u>	<u>\$ 1,057,500</u>	<u>\$ 39,042</u>
Net Change in Fund Balance	\$ (47,782)	\$ (137,951)	\$ (137,951)	\$ 90,169
Fund Balance, July 1, 2022	402,862	307,679	307,679	95,183
Fund Balance, June 30, 2023	<u>\$ 355,080</u>	<u>\$ 169,728</u>	<u>\$ 169,728</u>	<u>\$ 185,352</u>

Custodial Funds

Custodial Funds are used to account for assets held by the county in a custodial capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Custodial Funds are reported using the economic resources measurement focus and the accrual basis of accounting. Custodial fund reporting focuses on net position and changes in net position. Custodial funds are distinguished from trust funds by the absence of a trust agreement or equivalent arrangement.

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 - Custodial Fund – The Constitutional Officers - Custodial Fund is used to account for amounts collected in a custodial 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, litigants, heirs, and others.

Smith County, Tennessee
Combining Statement of Net Position
Custodial Funds
June 30, 2023

	<u>Custodial Funds</u>		
	<u>Cities -</u>	<u>Constitu-</u>	
	<u>Sales</u>	<u>tional</u>	
	<u>Tax</u>	<u>Officers -</u>	<u>Total</u>
		<u>Custodial</u>	
			<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,134,002	\$ 1,134,002
Due from Other Governments	227,879	0	227,879
Total Assets	<u>\$ 227,879</u>	<u>\$ 1,134,002</u>	<u>\$ 1,361,881</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 227,879	\$ 0	\$ 227,879
Total Liabilities	<u>\$ 227,879</u>	<u>\$ 0</u>	<u>\$ 227,879</u>
<u>NET POSITION</u>			
Restricted for Individuals, Organizations, and Other Governments	\$ 0	\$ 1,134,002	\$ 1,134,002
Total Net Position	<u>\$ 0</u>	<u>\$ 1,134,002</u>	<u>\$ 1,134,002</u>

Exhibit I-2

Smith County, Tennessee
Combining Statement of Changes in Net Position
Custodial Funds
For the Year Ended June 30, 2023

	<u>Custodial Funds</u>		
	Cities - Sales Tax	Constitu - tional Officers - Custodial	Total
<u>Additions</u>			
Sales Tax Collections for Other Governments	\$ 1,297,375	\$ 0	\$ 1,297,375
Fines/Fees and Other Collections	0	5,390,710	5,390,710
Total Additions	<u>\$ 1,297,375</u>	<u>\$ 5,390,710</u>	<u>\$ 6,688,085</u>
<u>Deductions</u>			
Payment of Sales Tax Collections to Other Governments	\$ 1,297,375	\$ 0	\$ 1,297,375
Payments to State	0	2,510,360	2,510,360
Payments to City and Others	0	1,157,750	1,157,750
Payments to Individuals and Others	0	1,488,582	1,488,582
Total Deductions	<u>\$ 1,297,375</u>	<u>\$ 5,156,692</u>	<u>\$ 6,454,067</u>
Change in Net Position	\$ 0	\$ 234,018	\$ 234,018
Net Position July 1, 2022	0	899,984	899,984
Net Position June 30, 2023	<u>\$ 0</u>	<u>\$ 1,134,002</u>	<u>\$ 1,134,002</u>

Smith County School Department

This section presents combining and individual fund financial statements for the Smith County School Department, a discretely presented component unit. The school department uses a General Fund and three 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.

Internal School Fund – The Internal School Fund is used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities.

Exhibit J-1

Smith County, Tennessee
Statement of Activities
Discretely Presented Smith County School Department
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 17,222,425	\$ 1,471,330	\$ 2,951,106	\$ (12,799,989)
Support Services	11,904,842	45,687	0	(11,859,155)
Operation of Non-instructional Services	5,125,771	519,416	2,265,810	(2,340,545)
Total Governmental Activities	\$ 34,253,038	\$ 2,036,433	\$ 5,216,916	\$ (26,999,689)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 3,928,573
Local Option Sales Taxes				2,705,829
Other Local Taxes				19,090
Grants and Contributions Not Restricted for Specific Programs				20,929,714
Unrestricted Investment Income				37,219
Miscellaneous				498,876
Total General Revenues				\$ 28,119,301
Change in Net Position				\$ 1,119,612
Net Position, July 1, 2022				39,010,920
Restatement - See Note I.D.9.				2,785,661
Net Position, June 30, 2023				\$ 42,916,193

Exhibit J-2

Smith County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Smith County School Department
June 30, 2023

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 867,940	\$ 867,940
Equity in Pooled Cash and Investments	9,639,995	968,642	10,608,637
Accounts Receivable	1,419	254,033	255,452
Due from Other Governments	2,049,970	286,772	2,336,742
Property Taxes Receivable	3,301,848	0	3,301,848
Allowance for Uncollectible Property Taxes	(39,523)	0	(39,523)
Restricted Assets	301,121	0	301,121
Total Assets	<u>\$ 15,254,830</u>	<u>\$ 2,377,387</u>	<u>\$ 17,632,217</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 10,289	\$ 1,065	\$ 11,354
Payroll Deductions Payable	819,383	28,340	847,723
Total Liabilities	<u>\$ 829,672</u>	<u>\$ 29,405</u>	<u>\$ 859,077</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 3,172,163	\$ 0	\$ 3,172,163
Deferred Delinquent Property Taxes	81,913	0	81,913
Other Deferred/Unavailable Revenue	233,785	0	233,785
Total Deferred Inflows of Resources	<u>\$ 3,487,861</u>	<u>\$ 0</u>	<u>\$ 3,487,861</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 245,636	\$ 1,847,982	\$ 2,093,618
Restricted for Instruction	9,472	0	9,472
Restricted for Hybrid Retirement Stabilization Funds	301,121	0	301,121
Committed:			
Committed for Education	2,384,464	500,000	2,884,464
Assigned:			
Assigned for Education	1,414	0	1,414
Unassigned	7,995,190	0	7,995,190
Total Fund Balances	<u>\$ 10,937,297</u>	<u>\$ 2,347,982</u>	<u>\$ 13,285,279</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 15,254,830</u>	<u>\$ 2,377,387</u>	<u>\$ 17,632,217</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, 2023

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)		\$ 13,285,279
(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: construction in progress	170,630	
Add: buildings and improvements net of accumulated depreciation	20,452,078	
Add: infrastructure net of accumulated depreciation	64,231	
Add: other capital assets net of accumulated depreciation	<u>1,513,457</u>	23,964,934
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: compensated absences payable	\$ (73,855)	
Less: net OPEB liability	<u>(3,085,876)</u>	(3,159,731)
(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	\$ 5,166,173	
Less: deferred inflows of resources related to pensions	(711,034)	
Add: deferred outflows of resources related to OPEB	1,000,639	
Less: deferred inflows of resources related to OPEB	<u>(924,970)</u>	4,530,808
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 262,624	
Add: net pension asset - teacher retirement plan	62,150	
Add: net pension asset - teacher legacy pension plan	<u>3,654,431</u>	3,979,205
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>315,698</u>
Net position of governmental activities (Exhibit A)		<u>\$ 42,916,193</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, 2023

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern- mental	Governmental
	School	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 6,798,424	\$ 0	\$ 6,798,424
Licenses and Permits	1,870	0	1,870
Charges for Current Services	48,902	519,416	568,318
Other Local Revenues	252,114	1,483,936	1,736,050
State of Tennessee	20,671,293	19,633	20,690,926
Federal Government	144,491	5,154,740	5,299,231
Total Revenues	<u>\$ 27,917,094</u>	<u>\$ 7,177,725</u>	<u>\$ 35,094,819</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 16,167,692	\$ 1,650,949	\$ 17,818,641
Support Services	9,599,777	787,108	10,386,885
Operation of Non-Instructional Services	465,906	4,374,986	4,840,892
Capital Outlay	1,388,520	309,748	1,698,268
Debt Service:			
Other Debt Service	283,632	0	283,632
Total Expenditures	<u>\$ 27,905,527</u>	<u>\$ 7,122,791</u>	<u>\$ 35,028,318</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 11,567</u>	<u>\$ 54,934</u>	<u>\$ 66,501</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 82,558	\$ 0	\$ 82,558
Transfers In	41,852	0	41,852
Transfers Out	0	(41,852)	(41,852)
Total Other Financing Sources (Uses)	<u>\$ 124,410</u>	<u>\$ (41,852)</u>	<u>\$ 82,558</u>
Net Change in Fund Balances	\$ 135,977	\$ 13,082	\$ 149,059
Fund Balance, July 1, 2022	10,801,320	2,334,900	13,136,220
Fund Balance, June 30, 2023	<u>\$ 10,937,297</u>	<u>\$ 2,347,982</u>	<u>\$ 13,285,279</u>

Exhibit J-5

Smith County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Smith County School Department
For the Year Ended June 30, 2023

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)		\$ 149,059
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,315,502	
Less: current-year depreciation expense	<u>(998,481)</u>	317,021
(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		(14,535)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2022	\$ (306,059)	
Add: deferred delinquent property taxes and other deferred June 30, 2023	<u>315,698</u>	9,639
(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	\$ 49	
Change in net OPEB liability	371,667	
Change in deferred outflows related to pensions	(666,646)	
Change in deferred inflows related to pensions	12,332,403	
Change in deferred outflows related to OPEB	(188,531)	
Change in deferred inflows related to OPEB	(334,263)	
Change in net pension asset - agent plan	(1,342,088)	
Change in net pension asset - teacher retirement plan	(146,992)	
Change in net pension asset - teacher legacy pension plan	<u>(9,367,171)</u>	658,428
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,119,612</u>

Exhibit J-6

Smith County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Smith County School Department
June 30, 2023

	Special Revenue Funds			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Internal School	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 867,940	\$ 867,940
Equity in Pooled Cash and Investments	247,392	721,250	0	968,642
Accounts Receivable	0	245,387	8,646	254,033
Due from Other Governments	286,772	0	0	286,772
Total Assets	<u>\$ 534,164</u>	<u>\$ 966,637</u>	<u>\$ 876,586</u>	<u>\$ 2,377,387</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,065	\$ 0	\$ 0	\$ 1,065
Payroll Deductions Payable	27,924	416	0	28,340
Total Liabilities	<u>\$ 28,989</u>	<u>\$ 416</u>	<u>\$ 0</u>	<u>\$ 29,405</u>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 5,175	\$ 966,221	\$ 876,586	\$ 1,847,982
Committed:				
Committed for Education	500,000	0	0	500,000
Total Fund Balances	<u>\$ 505,175</u>	<u>\$ 966,221</u>	<u>\$ 876,586</u>	<u>\$ 2,347,982</u>
Total Liabilities and Fund Balances	<u>\$ 534,164</u>	<u>\$ 966,637</u>	<u>\$ 876,586</u>	<u>\$ 2,377,387</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, 2023

	<u>Special Revenue Funds</u>			Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Internal School	
<u>Revenues</u>				
Charges for Current Services	\$ 0	\$ 519,416	\$ 0	\$ 519,416
Other Local Revenues	0	15,821	1,468,115	1,483,936
State of Tennessee	0	19,633	0	19,633
Federal Government	3,300,262	1,854,478	0	5,154,740
Total Revenues	<u>\$ 3,300,262</u>	<u>\$ 2,409,348</u>	<u>\$ 1,468,115</u>	<u>\$ 7,177,725</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 1,650,949	\$ 0	\$ 0	\$ 1,650,949
Support Services	787,108	0	0	787,108
Operation of Non-Instructional Services	510,606	2,439,929	1,424,451	4,374,986
Capital Outlay	309,748	0	0	309,748
Total Expenditures	<u>\$ 3,258,411</u>	<u>\$ 2,439,929</u>	<u>\$ 1,424,451</u>	<u>\$ 7,122,791</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 41,851</u>	<u>\$ (30,581)</u>	<u>\$ 43,664</u>	<u>\$ 54,934</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (41,852)	\$ 0	\$ 0	\$ (41,852)
Total Other Financing Sources (Uses)	<u>\$ (41,852)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (41,852)</u>
Net Change in Fund Balances	\$ (1)	\$ (30,581)	\$ 43,664	\$ 13,082
Fund Balance, July 1, 2022	505,176	996,802	832,922	2,334,900
Fund Balance, June 30, 2023	<u>\$ 505,175</u>	<u>\$ 966,221</u>	<u>\$ 876,586</u>	<u>\$ 2,347,982</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, 2023

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 6,798,424	\$ 0	\$ 0	\$ 6,798,424	\$ 6,354,826	\$ 6,354,826	\$ 443,598
Licenses and Permits	1,870	0	0	1,870	1,839	1,839	31
Charges for Current Services	48,902	0	0	48,902	32,000	32,000	16,902
Other Local Revenues	252,114	0	0	252,114	48,150	48,150	203,964
State of Tennessee	20,671,293	0	0	20,671,293	19,447,000	20,665,998	5,295
Federal Government	144,491	0	0	144,491	25,000	149,451	(4,960)
Other Governments and Citizens Groups	0	0	0	0	4,000	4,000	(4,000)
Total Revenues	\$ 27,917,094	\$ 0	\$ 0	\$ 27,917,094	\$ 25,912,815	\$ 27,256,264	\$ 660,830
Expenditures							
Instruction							
Regular Instruction Program	\$ 13,202,581	\$ (13,428)	\$ 1,414	\$ 13,190,567	\$ 14,368,900	\$ 14,368,900	\$ 1,178,333
Alternative Instruction Program	92,909	0	0	92,909	78,750	95,750	2,841
Special Education Program	1,696,478	(765)	0	1,695,713	1,822,175	1,861,725	166,012
Career and Technical Education Program	1,175,724	(205)	0	1,175,519	1,214,000	1,309,358	133,839
Support Services							
Attendance	185,012	(400)	0	184,612	198,850	200,350	15,738
Health Services	253,732	0	0	253,732	337,400	343,400	89,668
Other Student Support	703,073	0	0	703,073	837,350	837,350	134,277
Regular Instruction Program	848,539	(4,295)	0	844,244	968,400	968,400	124,156
Special Education Program	215,971	0	0	215,971	233,090	233,090	17,119
Career and Technical Education Program	30,052	0	0	30,052	35,010	35,010	4,958
Technology	190,627	(9,509)	0	181,118	267,510	267,510	86,392
Other Programs	114,154	0	0	114,154	0	114,154	0
Board of Education	571,767	(792)	0	570,975	605,800	618,550	47,575
Director of Schools	210,555	(8)	0	210,547	225,400	225,400	14,853
Office of the Principal	2,039,662	(350)	0	2,039,312	2,024,800	2,083,800	44,488
Fiscal Services	466,626	(3,045)	0	463,581	543,500	554,500	90,919
Operation of Plant	1,691,560	(510)	0	1,691,050	1,831,100	1,838,600	147,550

(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 7/1/2022	Add: Encumbrances 6/30/2023	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	\$ 717,266	\$ (6,534)	\$ 0	\$ 710,732	\$ 708,900	\$ 783,900	\$ 73,168
Transportation	1,361,181	(4,921)	0	1,356,260	1,657,170	1,657,170	300,910
<u>Operation of Non-Instructional Services</u>							
Community Services	71,827	(129)	0	71,698	72,950	76,450	4,752
Early Childhood Education	394,079	(290)	0	393,789	415,350	418,350	24,561
<u>Capital Outlay</u>							
Regular Capital Outlay	1,388,520	(75,896)	0	1,312,624	1,500,000	2,400,000	1,087,376
<u>Principal on Debt</u>							
Education	0	0	0	0	256,968	0	0
<u>Other Debt Service</u>							
Education	283,632	0	0	283,632	26,664	283,632	0
Total Expenditures	\$ 27,905,527	\$ (121,077)	\$ 1,414	\$ 27,785,864	\$ 30,230,037	\$ 31,575,349	\$ 3,789,485
Excess (Deficiency) of Revenues Over Expenditures							
	\$ 11,567	\$ 121,077	\$ (1,414)	\$ 131,230	\$ (4,317,222)	\$ (4,319,085)	\$ 4,450,315
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 82,558	\$ 0	\$ 0	\$ 82,558	\$ 10,000	\$ 10,000	\$ 72,558
Transfers In	41,852	0	0	41,852	10,000	10,000	31,852
Total Other Financing Sources	\$ 124,410	\$ 0	\$ 0	\$ 124,410	\$ 20,000	\$ 20,000	\$ 104,410
Net Change in Fund Balance							
Fund Balance, July 1, 2022	\$ 135,977	\$ 121,077	\$ (1,414)	\$ 255,640	\$ (4,297,222)	\$ (4,299,085)	\$ 4,554,725
	10,801,320	(121,077)	0	10,680,243	10,149,345	10,149,345	530,898
Fund Balance, June 30, 2023							
	\$ 10,937,297	\$ 0	\$ (1,414)	\$ 10,935,883	\$ 5,852,123	\$ 5,850,260	\$ 5,085,623

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, 2023

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 3,300,262	\$ 0	\$ 0	\$ 3,300,262	\$ 9,449,599	\$ 9,465,757	\$ (6,165,495)
Total Revenues	\$ 3,300,262	\$ 0	\$ 0	\$ 3,300,262	\$ 9,449,599	\$ 9,465,757	\$ (6,165,495)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 978,040	\$ 0	\$ 0	\$ 978,040	\$ 1,594,887	\$ 1,418,988	\$ 440,948
Special Education Program	632,051	0	0	632,051	931,776	966,627	334,576
Career and Technical Education Program	40,858	0	0	40,858	37,353	40,876	18
<u>Support Services</u>							
Other Student Support	74,231	0	0	74,231	169,579	137,428	63,197
Regular Instruction Program	550,223	0	0	550,223	797,388	981,544	431,321
Special Education Program	113,149	0	0	113,149	221,694	223,544	110,395
Career and Technical Education Program	2,982	0	0	2,982	3,163	2,990	8
Fiscal Services	16,478	0	0	16,478	46,200	46,200	29,722
Maintenance of Plant	0	0	0	0	0	500,000	500,000
Transportation	30,045	0	0	30,045	67,000	67,000	36,955
<u>Operation of Non-Instructional Services</u>							
Community Services	510,606	0	0	510,606	550,132	550,132	39,526
<u>Capital Outlay</u>							
Regular Capital Outlay	309,748	(61,481)	13,016	261,283	4,986,613	4,486,613	4,225,330
Total Expenditures	\$ 3,258,411	\$ (61,481)	\$ 13,016	\$ 3,209,946	\$ 9,405,785	\$ 9,421,942	\$ 6,211,996
Excess (Deficiency) of Revenues Over Expenditures	\$ 41,851	\$ 61,481	\$ (13,016)	\$ 90,316	\$ 43,814	\$ 43,815	\$ 46,501
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (41,852)	\$ 0	\$ 0	\$ (41,852)	\$ (43,811)	\$ (43,811)	\$ 1,959
Total Other Financing Sources	\$ (41,852)	\$ 0	\$ 0	\$ (41,852)	\$ (43,811)	\$ (43,811)	\$ 1,959
Net Change in Fund Balance	\$ (1)	\$ 61,481	\$ (13,016)	\$ 48,464	\$ 3	\$ 4	\$ 48,460
Fund Balance, July 1, 2022	505,176	(61,481)	0	443,695	468,069	468,069	(24,374)
Fund Balance, June 30, 2023	\$ 505,175	\$ 0	\$ (13,016)	\$ 492,159	\$ 468,072	\$ 468,073	\$ 24,086

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, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 519,416	\$ 640,000	\$ 640,000	\$ (120,584)
Other Local Revenues	15,821	12,000	12,000	3,821
State of Tennessee	19,633	24,000	24,000	(4,367)
Federal Government	1,854,478	1,765,645	1,921,162	(66,684)
Total Revenues	<u>\$ 2,409,348</u>	<u>\$ 2,441,645</u>	<u>\$ 2,597,162</u>	<u>\$ (187,814)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,439,929	\$ 2,441,645	\$ 2,597,162	\$ 157,233
Total Expenditures	<u>\$ 2,439,929</u>	<u>\$ 2,441,645</u>	<u>\$ 2,597,162</u>	<u>\$ 157,233</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (30,581)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (30,581)</u>
Net Change in Fund Balance	\$ (30,581)	\$ 0	\$ 0	\$ (30,581)
Fund Balance, July 1, 2022	996,802	722,341	722,341	274,461
Fund Balance, June 30, 2023	<u>\$ 966,221</u>	<u>\$ 722,341</u>	<u>\$ 722,341</u>	<u>\$ 243,880</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Smith County, Tennessee
Schedule of Changes in Long-term Bonds, Notes, and Other Loans
For the Year Ended June 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-22	Paid and/or Matured During Period	Outstanding 6-30-23
<u>GOVERNMENTAL ACTIVITIES</u>							
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Baker Industrial Park	\$ 1,100,000	3.88 %	7-16-18	9-13-22	\$ 1,062,158	\$ 1,062,158	\$ 0
General Obligation Refunding Bonds, Series 2020	7,365,000	2 to 4	12-15-20	6-1-30	5,905,000	745,000	5,160,000
Total Bonds Payable					<u>\$ 6,967,158</u>	<u>\$ 1,807,158</u>	<u>\$ 5,160,000</u>
<u>OTHER LOANS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Energy Efficient Schools Initiative	3,208,725	1	10-8-18	11-1-32	\$ 2,785,661	\$ 257,184	\$ 2,528,477
Total Other Loans Payable					<u>\$ 2,785,661</u>	<u>\$ 257,184</u>	<u>\$ 2,528,477</u>
<u>BUSINESS-TYPE ACTIVITIES</u>							
<u>BONDS PAYABLE</u>							
<u>Payable through Solid Waste Disposal Fund</u>							
General Obligation Refunding Bonds, Series 2020	1,555,000	2 to 4	12-15-20	6-1-40	\$ 1,460,000	\$ 50,000	\$ 1,410,000
Total Bonds Payable					<u>\$ 1,460,000</u>	<u>\$ 50,000</u>	<u>\$ 1,410,000</u>
<u>NOTES PAYABLE</u>							
<u>Payable through Solid Waste Disposal Fund</u>							
Landfill Site Development Tract III Phases 1 and 2	2,800,000	2.7	5-4-18	5-1-30	\$ 1,950,000	\$ 225,000	\$ 1,725,000
Total Notes Payable					<u>\$ 1,950,000</u>	<u>\$ 225,000</u>	<u>\$ 1,725,000</u>

Exhibit K-2

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

GOVERNMENTAL ACTIVITIES

Year Ending June 30	Bonds		
	Principal	Interest	Total
2024	\$ 765,000	\$ 185,650	\$ 950,650
2025	785,000	155,050	940,050
2026	745,000	123,650	868,650
2027	760,000	93,850	853,850
2028	705,000	63,450	768,450
2029	725,000	35,250	760,250
2030	675,000	13,500	688,500
Total	\$ 5,160,000	\$ 670,400	\$ 5,830,400

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2024	\$ 259,560	\$ 23,855	\$ 283,415
2025	262,164	21,249	283,413
2026	264,792	18,618	283,410
2027	267,456	15,952	283,408
2028	270,144	13,262	283,406
2029	272,856	10,547	283,403
2030	275,604	7,798	283,402
2031	278,364	5,035	283,399
2032	281,160	2,305	283,465
2033	96,377	147	96,524
Total	\$ 2,528,477	\$ 118,768	\$ 2,647,245

(Continued)

Exhibit K-2

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

BUSINESS-TYPE ACTIVITIES

Year Ending June 30	Bonds		
	Principal	Interest	Total
2024	\$ 50,000	\$ 34,450	\$ 84,450
2025	55,000	32,450	87,450
2026	55,000	30,250	85,250
2027	60,000	28,050	88,050
2028	60,000	25,650	85,650
2029	65,000	23,250	88,250
2030	65,000	21,300	86,300
2031	100,000	20,000	120,000
2032	100,000	18,000	118,000
2033	100,000	16,000	116,000
2034	100,000	14,000	114,000
2035	100,000	12,000	112,000
2036	100,000	10,000	110,000
2037	100,000	8,000	108,000
2038	100,000	6,000	106,000
2039	100,000	4,000	104,000
2040	100,000	2,000	102,000
Total	\$ 1,410,000	\$ 305,400	\$ 1,715,400

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 1,725,000	\$ 211,950	\$ 1,936,950

Exhibit K-3

Smith County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Smith County School Department
For the Year Ended June 30, 2023

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Highway/Public Works	General	Accounting services	\$ 93,083
Solid Waste Disposal	"	"	<u>100,000</u>
Total Transfers Primary Government			<u>\$ 193,083</u>
<u>DISCRETELY PRESENTED SMITH COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Stipends	\$ 18,120
"	"	Indirect costs	<u>23,732</u>
Total Transfers Discretely Presented Smith County School Department			<u>\$ 41,852</u>

Exhibit K-4

Smith County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Smith County School Department
For the Year Ended June 30, 2023

Official	Authorization	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 100,000	Cincinnati Insurance Company
Base salary/Total compensation		<u>\$ 95,168</u>	
Road Commissioner	Section 8-24-102, TCA	100,000	Cincinnati Insurance Company
Base salary/Total compensation		<u>\$ 90,636</u>	
Director of Schools	State Board of Education and County Board of Education	100,000	Cincinnati Insurance Company
Base salary		\$ 161,540	
Career Ladder supplement		400	
Total compensation		<u>\$ 161,940</u>	
Trustee - LeeAnn Williams (7/1/22-8/31/22)	Section 8-24-102, TCA	1,032,384	Cincinnati Insurance Company
Base salary/Total compensation		<u>\$ 15,845</u>	
Trustee - Julie Wright (9/1/22-6/30/23)	Section 8-24-102, TCA	1,303,672	Cincinnati Insurance Company
Base salary/Total compensation		<u>\$ 66,551</u>	
Total Trustee Compensation		<u>\$ 82,396</u>	
Assessor of Property	Section 8-24-102, TCA	50,000	Cincinnati Insurance Company
Base salary/Total compensation		<u>\$ 82,396</u>	
County Clerk	Section 8-24-102, TCA	100,000	Cincinnati Insurance Company
Base salary/Total compensation		<u>\$ 82,396</u>	
Circuit and General Sessions Courts Clerk	Section 8-24-102, TCA	100,000	Cincinnati Insurance Company
Base salary/Total compensation		<u>\$ 82,396</u>	
Clerk and Master	Section 8-24-102, TCA	100,000	Cincinnati Insurance Company
Base salary		\$ 82,396	
Special commissioner fees		23,538	
Total compensation		<u>\$ 105,934</u>	
Register of Deeds	Section 8-24-102, TCA	100,000	Cincinnati Insurance Company
Base salary/Total compensation		<u>\$ 82,396</u>	
Sheriff	Section 8-24-102, TCA	100,000	Cincinnati Insurance Company
Base salary		\$ 90,636	
Law enforcement training supplement		800	
Total compensation		<u>\$ 91,436</u>	
Director of Accounts and Budgets	County Commission	100,000	Cincinnati Insurance Company
Base salary/Total compensation		<u>\$ 82,396</u>	
Employee Blanket Bonds:			
Employee Fidelity - County Departments		400,000	Local Government Property and Casualty Fund
Employee Fidelity - School Department		400,000	Cincinnati Insurance Company

Exhibit K-5

Smith County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2023

	Special Revenue Funds				
	General	Drug Control	Other General Government Fund	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 4,684,076	\$ 0	\$ 0	\$ 0	\$ 317,359
Discount on Property Taxes	(45,370)	0	0	0	(3,080)
Trustee's Collections - Prior Year	97,392	0	0	0	5,844
Circuit Clerk/Clerk and Master Collections - Prior Years	155,969	0	0	0	9,303
Interest and Penalty	18,134	0	0	0	1,121
Payments in-Lieu-of Taxes - T.V.A.	1,095	0	0	0	74
Payments in-Lieu-of Taxes - Other	14,051	0	0	0	942
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,413,315	0	0	0	0
Wheel Tax	0	0	0	0	0
Litigation Tax - General	51,145	0	0	0	0
Litigation Tax - Special Purpose	4,535	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	1,781	0	0	0	0
Business Tax	240,074	0	0	0	0
Mineral Severance Tax	0	0	0	0	135,064
<u>Statutory Local Taxes</u>					
Bank Excise Tax	155,746	0	0	0	9,941
Wholesale Beer Tax	28,076	0	0	0	0
Other Statutory Local Taxes	588	0	0	0	0
Total Local Taxes	\$ 6,820,607	\$ 0	\$ 0	\$ 0	\$ 476,568
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 68,935	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Drug Control	Other General Government Fund	Constitutional Officers - Fees	Highway / Public Works
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Beer Permits	\$ 380	\$ 0	\$ 0	\$ 0	\$ 0
Building Permits	98,400	0	0	0	0
Other Permits	415	0	0	0	0
Total Licenses and Permits	\$ 168,130	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 142	\$ 0	\$ 0	\$ 0	\$ 0
Jail Fees	0	0	0	0	0
Data Entry Fee - Circuit Court	887	0	0	0	0
Victims Assistance Assessments	2,394	0	0	0	0
<u>General Sessions Court</u>					
Fines	855	0	0	0	0
Game and Fish Fines	61	0	0	0	0
Drug Control Fines	4,960	2,612	0	0	0
Drug Court Fees	5,233	14,888	0	0	0
DUI Treatment Fines	2,137	0	0	0	0
Data Entry Fee - General Sessions Court	8,246	0	0	0	0
Courtroom Security Fee	36,461	0	0	0	0
Victims Assistance Assessments	9,318	0	0	0	0
<u>Juvenile Court</u>					
Data Entry Fee - Juvenile Court	195	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	2,206	0	0	0	0
Data Entry Fee - Chancery Court	908	0	0	0	0
Courtroom Security Fee	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Drug Control	Other General Government Fund	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	\$ 2,808	\$ 31,005	\$ 0	\$ 0	\$ 0
Other Fines, Forfeitures, and Penalties	4,258	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 81,069	\$ 48,505	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 1,236,600	\$ 0	\$ 0	\$ 0	\$ 0
Other General Service Charges	1,860	0	0	0	0
<u>Fees</u>					
Recreation Fees	9,949	0	0	0	0
Copy Fees	608	0	0	0	0
Archives and Records Management Fee	41,459	0	0	0	0
Telephone Commissions	108,704	0	0	0	0
Additional Fees - Titling and Registration	17,342	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	23,538	0
Data Processing Fee - Register	7,852	0	0	0	0
Probation Fees	49,388	0	0	0	0
Data Processing Fee - Sheriff	1,630	0	0	0	0
Sexual Offender Registration Fee - Sheriff	5,850	0	0	0	0
Data Processing Fee - County Clerk	370	0	0	0	0
Vehicle Registration Reinstatement Fees	1,130	0	0	0	0
<u>Education Charges</u>					
Tuition - Other	31,092	0	0	0	0
TBI Criminal Background Fee	30	0	0	0	0
Total Charges for Current Services	\$ 1,513,864	\$ 0	\$ 0	\$ 23,538	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Drug Control	Other General Government Fund	Constitutional Officers - Fees	Highway / Public Works
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 455,824	\$ 0	\$ 28,530	\$ 0	\$ 0
Lease/Rentals	14,655	0	0	0	0
Sale of Materials and Supplies	202	0	0	0	0
Commissary Sales	8,124	0	0	0	0
Sale of Recycled Materials	162	0	0	0	572
Miscellaneous Refunds	15,572	0	0	0	0
<u>Nonrecurring Items</u>					
Sale of Equipment	4,650	0	0	0	0
Contributions and Gifts	12,220	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	263,754	0	0	0	916
Total Other Local Revenues	\$ 775,163	\$ 0	\$ 28,530	\$ 0	\$ 1,488
<u>Fees Received From County Officials</u>					
<u>Excess Fees</u>					
Circuit Court Clerk	\$ 171	\$ 0	\$ 0	\$ 0	\$ 0
General Sessions Court Clerk	666	0	0	0	0
<u>Fees In-Lieu-of Salary</u>					
County Clerk	186,224	0	0	0	0
Circuit Court Clerk	41,488	0	0	0	0
General Sessions Court Clerk	123,700	0	0	0	0
Clerk and Master	78,109	0	0	0	0
Register	105,850	0	0	0	0
Sheriff	39,546	0	0	0	0
Trustee	437,549	0	0	0	0
Total Fees Received From County Officials	\$ 1,013,303	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Drug Control	Other General Government Fund	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	2,088	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	23,700	0	0	0	0
Drug Control Grants	61,479	0	0	0	0
Safe and Drug-Free Schools and Communities	1,000	0	0	0	0
Other Public Safety Grants	0	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	516,775
Litter Program	44,942	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	502	0	0	0	0
Vehicle Certificate of Title Fees	6,822	0	0	0	0
Alcoholic Beverage Tax	60,073	0	0	0	0
Opioid Settlement Funds - TN Abatement Council	108,943	0	0	0	0
State Revenue Sharing - T.V.A.	547,551	0	0	0	0
State Revenue Sharing - Telecommunications	50,410	0	0	0	0
State Shared Sports Gaming Privilege Tax	24,073	0	0	0	0
Contracted Prisoner Boarding	731,292	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	2,195,192
Petroleum Special Tax	0	0	0	0	13,188
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	58,747	0	0	0	0
Other State Revenues	80,343	0	0	0	0
Total State of Tennessee	\$ 1,826,129	\$ 0	\$ 0	\$ 0	\$ 2,725,155

(Continued)

Exhibit K-5

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

	Special Revenue Funds				
	General	Drug Control	Other General Government Fund	Constitutional Officers - Fees	Highway / Public Works
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 58,083	\$ 0	\$ 0	\$ 0	\$ 0
Law Enforcement Grants	4,385	0	0	0	0
American Rescue Plan Act Grant #1	0	0	3,235,316	0	0
American Rescue Plan Act Grant #2	0	0	50,000	0	0
American Rescue Plan Act Grant A	102,597	0	0	0	0
Other Federal through State	537,604	0	0	0	0
<u>Direct Federal Revenue</u>					
Police Service (Lake Area)	24,155	0	0	0	0
Other Direct Federal Revenue	3,600	0	0	0	0
Total Federal Government	<u>\$ 730,424</u>	<u>\$ 0</u>	<u>\$ 3,285,316</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 274,000	\$ 0	\$ 0	\$ 0	\$ 0
<u>Citizens Groups</u>					
Donations	3,222	0	0	0	0
<u>Other</u>					
Other	13,791	0	0	0	0
Opioid Settlement Funds - Past Remediation	110,523	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 401,536</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 13,330,225</u>	<u>\$ 48,505</u>	<u>\$ 3,313,846</u>	<u>\$ 23,538</u>	<u>\$ 3,203,211</u>

(Continued)

Exhibit K-5

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

	Debt Service Fund		Capital Projects Funds		Permanent Fund	Total
	General Debt Service	General Capital Projects	Highway Capital Projects	Endowment		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 430,898	\$ 400,515	\$ 1,078,056	\$ 0	\$	6,910,904
Discount on Property Taxes	(4,182)	(3,891)	(10,451)	0		(66,974)
Trustee's Collections - Prior Year	12,466	7,791	0	0		123,493
Circuit Clerk/Clerk and Master Collections - Prior Years	20,303	12,177	0	0		197,752
Interest and Penalty	2,170	1,474	971	0		23,870
Payments in-Lieu-of Taxes - T.V.A.	101	94	252	0		1,616
Payments in-Lieu-of Taxes - Other	1,344	1,195	2,923	0		20,455
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0		1,413,315
Wheel Tax	305,095	0	0	0		305,095
Litigation Tax - General	14,770	0	0	0		65,915
Litigation Tax - Special Purpose	0	0	0	0		4,535
Litigation Tax - Jail, Workhouse, or Courthouse	31,091	0	0	0		32,872
Business Tax	0	0	0	0		240,074
Mineral Severance Tax	0	0	0	0		135,064
<u>Statutory Local Taxes</u>						
Bank Excise Tax	23,196	0	0	0		188,883
Wholesale Beer Tax	0	0	0	0		28,076
Other Statutory Local Taxes	0	0	0	0		588
Total Local Taxes	\$ 837,252	\$ 419,355	\$ 1,071,751	\$ 0	\$	9,625,533
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$	68,935

(Continued)

Exhibit K-5

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

	Debt Service Fund		Capital Projects Funds		Permanent Fund	Total
	General Debt Service	General Capital Projects	Highway Capital Projects	Endowment		
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	380
Building Permits	0	0	0	0	0	98,400
Other Permits	0	0	0	0	0	415
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	168,130
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	142
Jail Fees	617	0	0	0	0	617
Data Entry Fee - Circuit Court	0	0	0	0	0	887
Victims Assistance Assessments	0	0	0	0	0	2,394
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	855
Game and Fish Fines	0	0	0	0	0	61
Drug Control Fines	0	0	0	0	0	7,572
Drug Court Fees	0	0	0	0	0	20,121
DUI Treatment Fines	0	0	0	0	0	2,137
Data Entry Fee - General Sessions Court	0	0	0	0	0	8,246
Courtroom Security Fee	0	0	0	0	0	36,461
Victims Assistance Assessments	0	0	0	0	0	9,318
<u>Juvenile Court</u>						
Data Entry Fee - Juvenile Court	0	0	0	0	0	195
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	2,206
Data Entry Fee - Chancery Court	0	0	0	0	0	908
Courtroom Security Fee	2,836	0	0	0	0	2,836

(Continued)

Exhibit K-5

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

	Debt Service Fund		Capital Projects Funds		Permanent Fund		
	General Debt Service	General Capital Projects	Highway Capital Projects	Endowment	Total		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,813		
Other Fines, Forfeitures, and Penalties	0	0	0	0	4,258		
Total Fines, Forfeitures, and Penalties	\$ 3,453	\$ 0	\$ 0	\$ 0	\$ 133,027		
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,236,600		
Other General Service Charges	0	0	0	0	1,860		
<u>Fees</u>							
Recreation Fees	0	0	0	0	9,949		
Copy Fees	0	0	0	0	608		
Archives and Records Management Fee	0	0	0	0	41,459		
Telephone Commissions	0	0	0	0	108,704		
Additional Fees - Titling and Registration	0	0	0	0	17,342		
Special Commissioner Fees/Special Master Fees	0	0	0	0	23,538		
Data Processing Fee - Register	0	0	0	0	7,852		
Probation Fees	0	0	0	0	49,388		
Data Processing Fee - Sheriff	0	0	0	0	1,630		
Sexual Offender Registration Fee - Sheriff	0	0	0	0	5,850		
Data Processing Fee - County Clerk	0	0	0	0	370		
Vehicle Registration Reinstatement Fees	0	0	0	0	1,130		
<u>Education Charges</u>							
Tuition - Other	0	0	0	0	31,092		
TBI Criminal Background Fee	0	0	0	0	30		
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,537,402		

(Continued)

Exhibit K-5

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

	Debt Service Fund		Capital Projects Funds		Permanent Fund	Total
	General Debt Service	General Capital Projects	Highway Capital Projects	Endowment		
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 473	\$	484,827
Lease/Rentals	100,963	0	0	0		115,618
Sale of Materials and Supplies	0	0	0	0		202
Commissary Sales	0	0	0	0		8,124
Sale of Recycled Materials	0	0	0	0		734
Miscellaneous Refunds	0	0	0	0		15,572
<u>Nonrecurring Items</u>						
Sale of Equipment	0	13,950	0	0		18,600
Contributions and Gifts	0	0	0	0		12,220
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0		264,670
Total Other Local Revenues	\$ 100,963	\$ 13,950	\$ 0	\$ 473	\$	920,567
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
Circuit Court Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$	171
General Sessions Court Clerk	0	0	0	0		666
<u>Fees In-Lieu-of Salary</u>						
County Clerk	0	0	0	0		186,224
Circuit Court Clerk	0	0	0	0		41,488
General Sessions Court Clerk	0	0	0	0		123,700
Clerk and Master	0	0	0	0		78,109
Register	0	0	0	0		105,850
Sheriff	0	0	0	0		39,546
Trustee	0	0	0	0		437,549
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$	1,013,303

(Continued)

Exhibit K-5

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

	Debt Service Fund		Capital Projects Funds		Permanent Fund	Total
	General Debt Service	General Capital Projects	Highway Capital Projects	Endowment		
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,000
Aging Programs	0	0	0	0	0	2,088
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	23,700
Drug Control Grants	0	0	0	0	0	61,479
Safe and Drug-Free Schools and Communities	0	0	0	0	0	1,000
Other Public Safety Grants	0	840	0	0	0	840
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	516,775
Litter Program	0	0	0	0	0	44,942
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	502
Vehicle Certificate of Title Fees	0	0	0	0	0	6,822
Alcoholic Beverage Tax	0	0	0	0	0	60,073
Opioid Settlement Funds - TN Abatement Council	0	0	0	0	0	108,943
State Revenue Sharing - T.V.A.	0	0	0	0	0	547,551
State Revenue Sharing - Telecommunications	0	0	0	0	0	50,410
State Shared Sports Gaming Privilege Tax	0	0	0	0	0	24,073
Contracted Prisoner Boarding	0	0	0	0	0	731,292
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,195,192
Petroleum Special Tax	0	0	0	0	0	13,188
Registrar's Salary Supplement	0	0	0	0	0	15,164
Other State Grants	0	0	0	0	0	58,747
Other State Revenues	0	0	0	0	0	80,343
Total State of Tennessee	\$ 0	\$ 840	\$ 0	\$ 0	\$ 0	4,552,124

(Continued)

Exhibit K-5

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

	Debt Service Fund		Capital Projects Funds		Permanent Fund	Total
	General Debt Service	General Capital Projects	Highway Capital Projects	Endowment		
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 58,083	
Law Enforcement Grants	0	0	0	0	4,385	
American Rescue Plan Act Grant #1	0	0	0	0	3,235,316	
American Rescue Plan Act Grant #2	0	0	0	0	50,000	
American Rescue Plan Act Grant A	0	0	0	0	102,597	
Other Federal through State	0	52,969	0	0	590,573	
<u>Direct Federal Revenue</u>						
Police Service (Lake Area)	0	0	0	0	24,155	
Other Direct Federal Revenue	0	0	0	0	3,600	
Total Federal Government	\$ 0	\$ 52,969	\$ 0	\$ 0	\$ 4,068,709	
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 283,632	\$ 0	\$ 0	\$ 0	\$ 557,632	
<u>Citizens Groups</u>						
Donations	0	0	0	0	3,222	
<u>Other</u>						
Other	0	0	0	0	13,791	
Opioid Settlement Funds - Past Remediation	0	0	0	0	110,523	
Total Other Governments and Citizens Groups	\$ 283,632	\$ 0	\$ 0	\$ 0	\$ 685,168	
Total	\$ 1,225,300	\$ 487,114	\$ 1,071,751	\$ 473	\$ 22,703,963	

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, 2023

	Special Revenue Funds				
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,733,340	\$ 0	\$ 0	\$ 0	\$ 3,733,340
Discount on Property Taxes	4,558	0	0	0	4,558
Trustee's Collections - Prior Year	69,733	0	0	0	69,733
Circuit Clerk/Clerk and Master Collections - Prior Years	89,670	0	0	0	89,670
Interest and Penalty	13,362	0	0	0	13,362
Payments in-Lieu-of Taxes - T.V.A.	882	0	0	0	882
Payments in-Lieu-of Taxes - Other	11,198	0	0	0	11,198
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,714,100	0	0	0	2,714,100
Mixed Drink Tax	18,919	0	0	0	18,919
Mineral Severance Tax	171	0	0	0	171
<u>Statutory Local Taxes</u>					
Bank Excise Tax	142,491	0	0	0	142,491
Total Local Taxes	<u>\$ 6,798,424</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,798,424</u>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,870	\$ 0	\$ 0	\$ 0	\$ 1,870
Total Licenses and Permits	<u>\$ 1,870</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,870</u>
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 3,215	\$ 0	\$ 0	\$ 0	\$ 3,215
Lunch Payments - Children	0	0	376,687	0	376,687

(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	Internal School	Total
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Lunch Payments - Adults	\$ 0	\$ 0	\$ 64,851	\$ 0	\$ 64,851
A la Carte Sales	0	0	77,878	0	77,878
Receipts from Individual Schools	45,687	0	0	0	45,687
Total Charges for Current Services	\$ 48,902	\$ 0	\$ 519,416	\$ 0	\$ 568,318
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 21,655	\$ 0	\$ 15,564	\$ 0	\$ 37,219
Lease/Rentals	4,101	0	0	0	4,101
Sale of Recycled Materials	0	0	257	0	257
Miscellaneous Refunds	195,724	0	0	0	195,724
<u>Nonrecurring Items</u>					
Sale of Equipment	17,350	0	0	0	17,350
Contributions and Gifts	13,100	0	0	0	13,100
<u>Other Local Revenues</u>					
Other Local Revenues	184	0	0	1,468,115	1,468,299
Total Other Local Revenues	\$ 252,114	\$ 0	\$ 15,821	\$ 1,468,115	\$ 1,736,050
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 114,154	\$ 0	\$ 0	\$ 0	\$ 114,154
<u>State Education Funds</u>					
Basic Education Program	18,758,010	0	0	0	18,758,010
Early Childhood Education	391,699	0	0	0	391,699

(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	Internal School	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
School Food Service	\$ 0	\$ 0	\$ 19,633	\$ 0	\$ 19,633
Driver Education	10,468	0	0	0	10,468
Other State Education Funds	206,430	0	0	0	206,430
Career Ladder Program	38,322	0	0	0	38,322
Other Vocational	900,000	0	0	0	900,000
<u>Other State Revenues</u>					
Other State Grants	252,210	0	0	0	252,210
Total State of Tennessee	<u>\$ 20,671,293</u>	<u>\$ 0</u>	<u>\$ 19,633</u>	<u>\$ 0</u>	<u>\$ 20,690,926</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,066,038	\$ 0	\$ 1,066,038
USDA - Commodities	0	0	133,020	0	133,020
Breakfast	0	0	457,973	0	457,973
USDA - Other	0	0	197,447	0	197,447
Vocational Education - Basic Grants to States	0	57,384	0	0	57,384
Title I Grants to Local Education Agencies	0	661,787	0	0	661,787
Special Education - Grants to States	20,040	668,279	0	0	688,319
Special Education Preschool Grants	0	23,007	0	0	23,007
Eisenhower Professional Development State Grants	0	318,255	0	0	318,255
COVID-19 Grant #2	25,000	0	0	0	25,000
COVID-19 Grant B	0	243,557	0	0	243,557
COVID-19 Grant D	0	151,996	0	0	151,996
American Rescue Plan Act Grant #1	0	481,423	0	0	481,423

(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>				Total
	General Purpose School	School Federal Projects	Central Cafeteria	Internal School	
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
American Rescue Plan Act Grant #2	\$ 0	\$ 79,557	\$ 0	\$ 0	\$ 79,557
American Rescue Plan Act Grant #3	0	4,401	0	0	4,401
American Rescue Plan Act Grant #4	0	1,146	0	0	1,146
Other Federal through State	99,451	609,470	0	0	708,921
Total Federal Government	<u>\$ 144,491</u>	<u>\$ 3,300,262</u>	<u>\$ 1,854,478</u>	<u>\$ 0</u>	<u>\$ 5,299,231</u>
Total	<u>\$ 27,917,094</u>	<u>\$ 3,300,262</u>	<u>\$ 2,409,348</u>	<u>\$ 1,468,115</u>	<u>\$ 35,094,819</u>

Exhibit K-7

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2023

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	23,024	
Other Per Diem and Fees		24,400	
Social Security		3,614	
Audit Services		8,360	
Communication		66	
Dues and Memberships		2,036	
Total County Commission			\$ 61,500

Board of Equalization

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

County Mayor/Executive

County Official/Administrative Officer	\$	95,168	
Secretary(ies)		31,554	
Overtime Pay		313	
Social Security		9,649	
Pensions		7,622	
Medical Insurance		3,405	
Advertising		172	
Communication		6,705	
Dues and Memberships		1,350	
Maintenance and Repair Services - Office Equipment		162	
Medical and Dental Services		30	
Travel		1,677	
Office Supplies		1,469	
Premiums on Corporate Surety Bonds		1,065	
Total County Mayor/Executive			160,341

County Attorney

County Official/Administrative Officer	\$	30,142	
Total County Attorney			30,142

Election Commission

County Official/Administrative Officer	\$	74,156	
Clerical Personnel		35,335	
Custodial Personnel		7,422	
Part-time Personnel		15,805	
Overtime Pay		2,924	
Other Salaries and Wages		30,250	
Election Commission		4,900	
Election Workers		20,570	
Social Security		11,837	
Pensions		8,531	
Medical Insurance		3,630	
Advertising		3,486	
Communication		3,862	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Data Processing Services	\$	13,549	
Maintenance Agreements		18,252	
Postal Charges		1,613	
Printing, Stationery, and Forms		1,740	
Rentals		750	
Travel		213	
Office Supplies		3,098	
Other Supplies and Materials		2,622	
Data Processing Equipment		551	
Office Equipment		858	
Total Election Commission			\$ 265,954

Register of Deeds

County Official/Administrative Officer	\$	82,396	
Deputy(ies)		64,202	
Data Processing Personnel		6,576	
Social Security		10,997	
Pensions		8,796	
Medical Insurance		1,815	
Communication		3,206	
Dues and Memberships		645	
Lease Payments		84	
Office Supplies		4,816	
Premiums on Corporate Surety Bonds		1,598	
Total Register of Deeds			185,131

Planning

Other Per Diem and Fees	\$	1,050	
Social Security		8	
Dues and Memberships		10,750	
Total Planning			11,808

Codes Compliance

County Official/Administrative Officer	\$	46,217	
Social Security		3,536	
Pensions		1,920	
Advertising		229	
Communication		1,584	
Contracts with Private Agencies		404	
Postal Charges		224	
Printing, Stationery, and Forms		435	
Gasoline		51	
Office Supplies		75	
Road Signs		3,454	
Refunds		755	
Total Codes Compliance			58,884

(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)	\$	107,682	
Overtime Pay		1,600	
Social Security		6,685	
Pensions		5,271	
Medical Insurance		2,541	
Communication		18,212	
Maintenance and Repair Services - Buildings		144,443	
Maintenance and Repair Services - Equipment		2,837	
Maintenance and Repair Services - Vehicles		2,838	
Medical and Dental Services		90	
Rentals		9,482	
Other Contracted Services		113,366	
Custodial Supplies		5,164	
Gasoline		10,258	
Uniforms		417	
Utilities		271,984	
Other Supplies and Materials		1,019	
Total County Buildings			\$ 703,889

Finance

Accounting and Budgeting

Supervisor/Director	\$	82,396	
Accountants/Bookkeepers		156,889	
Overtime Pay		496	
In-service Training		2,762	
Social Security		16,994	
Pensions		14,387	
Medical Insurance		5,445	
Advertising		248	
Communication		1,159	
Dues and Memberships		120	
Medical and Dental Services		30	
Postal Charges		3,600	
Printing, Stationery, and Forms		1,338	
Travel		2,067	
Office Supplies		3,632	
Premiums on Corporate Surety Bonds		320	
Data Processing Equipment		28,273	
Office Equipment		3,733	
Total Accounting and Budgeting			323,889

Property Assessor's Office

County Official/Administrative Officer	\$	82,396	
Deputy(ies)		86,371	
Salary Supplements		6,990	
Social Security		13,229	
Pensions		8,796	

(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.)

Medical Insurance	\$	3,267	
Advertising		128	
Communication		2,995	
Contracts with Government Agencies		4,916	
Dues and Memberships		1,350	
Postal Charges		7,205	
Travel		6,900	
Other Contracted Services		13,875	
Office Supplies		747	
Premiums on Corporate Surety Bonds		533	
Total Property Assessor's Office			\$ 239,698

County Trustee's Office

County Official/Administrative Officer	\$	82,396	
Deputy(ies)		69,705	
In-service Training		335	
Social Security		11,466	
Pensions		9,126	
Medical Insurance		2,722	
Advertising		88	
Communication		3,070	
Dues and Memberships		745	
Postal Charges		6,518	
Office Supplies		913	
Premiums on Corporate Surety Bonds		5,419	
Data Processing Equipment		6,512	
Office Equipment		558	
Total County Trustee's Office			199,573

County Clerk's Office

County Official/Administrative Officer	\$	82,396	
Deputy(ies)		129,825	
Part-time Personnel		10,128	
Overtime Pay		3,295	
Social Security		16,695	
Pensions		12,931	
Medical Insurance		7,260	
Advertising		22	
Communication		5,112	
Dues and Memberships		645	
Lease Payments		912	
Medical and Dental Services		30	
Postal Charges		13,300	
Printing, Stationery, and Forms		5,560	
Office Supplies		5,528	
Premiums on Corporate Surety Bonds		1,365	
Data Processing Equipment		17,350	
Total County Clerk's Office			312,354

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	82,396	
Deputy(ies)		151,821	
Overtime Pay		3,552	
Jury and Witness Expense		15,213	
Social Security		16,941	
Pensions		14,266	
Medical Insurance		5,445	
Communication		3,440	
Dues and Memberships		645	
Postal Charges		2,400	
Other Contracted Services		1,402	
Office Supplies		15,602	
Premiums on Corporate Surety Bonds		1,365	
Data Processing Equipment		20,311	
Total Circuit Court			\$ 334,799

General Sessions Judge

Judge(s)	\$	113,114	
Paraprofessionals		49,089	
Part-time Personnel		13,296	
In-service Training		631	
Social Security		13,126	
Pensions		9,732	
Medical Insurance		726	
Communication		955	
Contracts with Private Agencies		1,551	
Dues and Memberships		300	
Office Supplies		2,908	
Other Supplies and Materials		1,201	
Total General Sessions Judge			206,629

Drug Court

Supervisor/Director	\$	2,385	
Accountants/Bookkeepers		1,500	
Part-time Personnel		4,117	
Overtime Pay		884	
Other Salaries and Wages		28,599	
Social Security		2,867	
Pensions		904	
Communication		1,998	
Travel		1,377	
Other Contracted Services		15,296	
Office Supplies		2,276	
Total Drug Court			62,203

Chancery Court

County Official/Administrative Officer	\$	82,396	
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(Continued)

Exhibit K-7

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

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

Deputy(ies)	\$	45,068	
Social Security		8,600	
Pensions		7,648	
Medical Insurance		3,630	
Communication		1,720	
Dues and Memberships		1,240	
Lease Payments		147	
Legal Notices, Recording, and Court Costs		88	
Postal Charges		798	
Travel		310	
Library Books/Media		733	
Office Supplies		3,799	
Premiums on Corporate Surety Bonds		150	
Data Processing Equipment		10,844	
Office Equipment		4,383	
Total Chancery Court			\$ 171,554

Judicial Commissioners

County Official/Administrative Officer	\$	37,595	
In-service Training		100	
Social Security		2,870	
Communication		122	
Total Judicial Commissioners			40,687

Other Administration of Justice

Contracts with Private Agencies	\$	900	
Total Other Administration of Justice			900

Probation Services

County Official/Administrative Officer	\$	50,000	
Probation Officer(s)		36,317	
Overtime Pay		4,298	
In-service Training		250	
Social Security		6,915	
Pensions		4,927	
Communication		1,921	
Medical and Dental Services		30	
Travel		126	
Other Contracted Services		539	
Drugs and Medical Supplies		3,846	
Office Supplies		2,477	
Office Equipment		1,026	
Total Probation Services			112,672

Public SafetySheriff's Department

County Official/Administrative Officer	\$	90,636	
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(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.)

Deputy(ies)	\$	367,217	
Detective(s)		84,812	
Captain(s)		71,070	
Lieutenant(s)		105,894	
Sergeant(s)		284,744	
Paraprofessionals		39,989	
Salary Supplements		23,700	
Dispatchers/Radio Operators		140,718	
Guards		135,917	
Clerical Personnel		37,008	
Attendants		44,681	
Custodial Personnel		24,488	
Maintenance Personnel		27,805	
School Resource Officer		336,459	
Overtime Pay		148,625	
Other Salaries and Wages		39,875	
In-service Training		17,444	
Social Security		148,692	
Pensions		113,723	
Medical Insurance		37,389	
Communication		36,617	
Dues and Memberships		1,500	
Lease Payments		5,256	
Maintenance and Repair Services - Office Equipment		652	
Maintenance and Repair Services - Vehicles		58,397	
Medical and Dental Services		2,994	
Travel		67	
Veterinary Services		1,000	
Gasoline		129,504	
Office Supplies		13,334	
Uniforms		17,280	
Other Supplies and Materials		5,449	
Judgments		5,300	
Premiums on Corporate Surety Bonds		1,315	
Other Charges		140	
Law Enforcement Equipment		2,516	
Other Equipment		1,118	
Total Sheriff's Department			\$ 2,603,325

Traffic Control

Traffic Control Equipment	\$	899	
Total Traffic Control			899

Jail

Cafeteria Personnel	\$	2,909	
Social Security		218	
Pensions		175	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Medical and Dental Services	\$	340,671	
Custodial Supplies		22,591	
Food Supplies		225,099	
Other Supplies and Materials		20,374	
Total Jail			\$ 612,037

Correctional Incentive Program Improvements

Supervisor/Director	\$	63,989	
Deputy(ies)		817,682	
Overtime Pay		44,682	
Social Security		68,874	
Pensions		42,832	
Medical Insurance		20,328	
Total Correctional Incentive Program Improvements			1,058,387

Juvenile Services

Youth Service Officer(s)	\$	33,056	
Overtime Pay		227	
Social Security		2,527	
Pensions		1,997	
Communication		1,114	
Travel		195	
Drugs and Medical Supplies		386	
Office Supplies		178	
Office Equipment		1,391	
Total Juvenile Services			41,071

Fire Prevention and Control

Deputy(ies)	\$	14,414	
In-service Training		2,940	
Social Security		1,103	
Advertising		22	
Maintenance and Repair Services - Equipment		7,931	
Maintenance and Repair Services - Vehicles		19,065	
Rentals		19,050	
Other Contracted Services		86,885	
Gasoline		8,054	
Office Supplies		50	
Utilities		13,818	
Other Supplies and Materials		4,474	
Other Equipment		34,369	
Total Fire Prevention and Control			212,175

Rescue Squad

Contributions	\$	34,000	
Total Rescue Squad			34,000

(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

Supervisor/Director	\$	44,000	
Social Security		3,366	
Communication		4,999	
Maintenance and Repair Services - Vehicles		988	
Other Contracted Services		1,430	
Gasoline		3,565	
Utilities		688	
Other Supplies and Materials		1,493	
Office Equipment		1,536	
Other Equipment		13,948	
Total Other Emergency Management			\$ 76,013

Inspection and Regulation

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

County Coroner/Medical Examiner

Pauper Burials	\$	2,000	
Other Contracted Services		85,700	
Total County Coroner/Medical Examiner			87,700

Public Safety Grants Program

Accountants/Bookkeepers	\$	272	
Social Security		21	
Advertising		18,535	
Communication		419	
Printing, Stationery, and Forms		754	
Rentals		2,092	
Travel		246	
Other Contracted Services		30,258	
Instructional Supplies and Materials		18,491	
Office Supplies		9,199	
Total Public Safety Grants Program			80,287

Other Public Safety

Deputy(ies)	\$	16,160	
Dispatchers/Radio Operators		216,593	
Longevity Pay		3,509	
Overtime Pay		22,051	
Social Security		18,851	
Pensions		13,358	
Medical Insurance		5,445	
Communication		844	
Total Other Public Safety			296,811

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Communication	\$	3,675	
Dues and Memberships		375	
Maintenance and Repair Services - Buildings		1,259	
Custodial Supplies		712	
Drugs and Medical Supplies		780	
Food Supplies		209	
Office Supplies		970	
Uniforms		427	
Utilities		16,907	
Other Supplies and Materials		1,048	
Total Local Health Center			\$ 26,362

Ambulance/Emergency Medical Services

Medical Personnel	\$	804,208	
Longevity Pay		5,403	
Overtime Pay		408,861	
In-service Training		23,844	
Social Security		90,237	
Pensions		66,734	
Medical Insurance		30,855	
Communication		27,507	
Contracts with Private Agencies		70,229	
Lease Payments		696	
Licenses		3,400	
Maintenance and Repair Services - Equipment		4,125	
Maintenance and Repair Services - Vehicles		34,218	
Medical and Dental Services		360	
Printing, Stationery, and Forms		737	
Other Contracted Services		2,731	
Custodial Supplies		1,267	
Drugs and Medical Supplies		91,945	
Gasoline		60,944	
Office Supplies		1,833	
Uniforms		20,809	
Utilities		19,038	
Other Supplies and Materials		7,599	
Building and Contents Insurance		5,046	
Liability Insurance		7,705	
Refunds		4,720	
Vehicle and Equipment Insurance		8,904	
Workers' Compensation Insurance		100,717	
Fines, Assessments, and Penalties		28,287	
Building Improvements		15,254	
Data Processing Equipment		1,710	
Other Equipment		82,895	
Total Ambulance/Emergency Medical Services			2,032,818

(Continued)

Exhibit K-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Alcohol and Drug Programs

Accountants/Bookkeepers	\$	6,880	
Social Security		526	
Advertising		22,174	
Communication		374	
Printing, Stationery, and Forms		1,601	
Rentals		3,906	
Travel		18,458	
Other Contracted Services		123,378	
Office Supplies		14,306	
Liability Insurance		80	
Total Alcohol and Drug Programs			\$ 191,683

Other Local Health Services

Supervisor/Director	\$	4,614	
Other Salaries and Wages		22,463	
Social Security		2,058	
Pensions		277	
Medical Insurance		363	
Communication		3,123	
Contributions		9,180	
Medical and Dental Services		30	
Rentals		616	
Office Supplies		490	
Utilities		8,189	
Other Equipment		3,682	
Total Other Local Health Services			55,085

Appropriation to State

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

General Welfare Assistance

Accountants/Bookkeepers	\$	736	
Social Security		56	
Advertising		7,445	
Communication		419	
Postal Charges		100	
Printing, Stationery, and Forms		119	
Rentals		2,300	
Travel		2,016	
Other Contracted Services		63,544	
Office Supplies		3,913	
Liability Insurance		541	
Total General Welfare Assistance			81,189

Other Local Welfare Services

Accountants/Bookkeepers	\$	460	
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(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Welfare Services (Cont.)

Social Security	\$	35	
Advertising		2,253	
Communication		423	
Contributions		16,553	
Printing, Stationery, and Forms		50	
Rentals		2,708	
Travel		7,141	
Other Contracted Services		49,454	
Office Supplies		1,644	
Liability Insurance		500	
Total Other Local Welfare Services			\$ 81,221

Waste Pickup

Other Salaries and Wages	\$	24,026	
Social Security		1,838	
Pensions		1,441	
Custodial Supplies		374	
Gasoline		5,739	
Instructional Supplies and Materials		8,900	
Other Supplies and Materials		2,192	
Total Waste Pickup			44,510

Other Public Health and Welfare

Accountants/Bookkeepers	\$	924	
Part-time Personnel		17,501	
Other Salaries and Wages		45,892	
Social Security		4,869	
Handling Charges and Administrative Costs		88	
Pensions		741	
Medical Insurance		726	
Advertising		348	
Communication		399	
Postal Charges		588	
Printing, Stationery, and Forms		1,981	
Rentals		2,187	
Travel		19,292	
Other Contracted Services		82,595	
Office Supplies		3,522	
Other Supplies and Materials		266	
Liability Insurance		873	
Total Other Public Health and Welfare			182,792

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	35,335	
Other Salaries and Wages		13,516	
Social Security		3,468	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Pensions	\$	2,120	
Medical Insurance		1,815	
Communication		2,088	
Financial Advisory Services		1,200	
Food Supplies		901	
Office Supplies		1,350	
Utilities		9,185	
Other Supplies and Materials		1,088	
Total Senior Citizens Assistance			\$ 72,066

Libraries

County Official/Administrative Officer	\$	37,718	
Other Salaries and Wages		59,099	
Social Security		7,407	
Pensions		2,069	
Advertising		90	
Communication		5,724	
Data Processing Services		1,490	
Dues and Memberships		150	
Lease Payments		267	
Medical and Dental Services		30	
Travel		99	
Custodial Supplies		314	
Data Processing Supplies		238	
Library Books/Media		18,357	
Office Supplies		1,191	
Utilities		3,462	
Other Supplies and Materials		2,870	
Data Processing Equipment		3,618	
Office Equipment		1,492	
Total Libraries			145,685

Parks and Fair Boards

Contracts with Government Agencies	\$	8,400	
Other Supplies and Materials		6,973	
Building Improvements		17,335	
Total Parks and Fair Boards			32,708

Agriculture and Natural Resources

Agricultural Extension Service

Assistant(s)	\$	4,200	
Salary Supplements		41,451	
Secretary(ies)		7,699	
Longevity Pay		297	
Other Salaries and Wages		137	
Social Security		3,897	
Pensions		6,372	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Agricultural Extension Service (Cont.)

Medical Insurance	\$	11,437	
Unemployment Compensation		11	
Communication		3,572	
Rentals		10,080	
Travel		2,344	
Other Supplies and Materials		977	
Workers' Compensation Insurance		117	
Total Agricultural Extension Service			\$ 92,591

Soil Conservation

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

Other Agriculture and Natural Resources

Maintenance and Repair Services - Buildings	\$	19,298	
Utilities		37,160	
Refunds		500	
Total Other Agriculture and Natural Resources			56,958

Other Operations

Tourism

Maintenance Agreements	\$	200	
Total Tourism			200

Industrial Development

Other Charges	\$	1,050	
Total Industrial Development			1,050

Other Economic and Community Development

Contributions	\$	47,867	
Total Other Economic and Community Development			47,867

Veterans' Services

Supervisor/Director	\$	18,659	
Social Security		1,427	
Communication		1,232	
Data Processing Services		449	
Travel		304	
Office Supplies		141	
Total Veterans' Services			22,212

Other Charges

Building and Contents Insurance	\$	73,993	
Liability Insurance		94,973	
Vehicle and Equipment Insurance		84,498	
Workers' Compensation Insurance		106,747	
Total Other Charges			360,211

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Longevity Pay	\$	41,859	
Social Security		3,202	
Pensions		2,512	
Life Insurance		7,686	
Medical Insurance		381,118	
Unemployment Compensation		4,627	
Total Employee Benefits			\$ 441,004

American Rescue Plan Act Grant A

Building Improvements	\$	48,325	
Total American Rescue Plan Act Grant A			48,325

Miscellaneous

Medical Insurance	\$	28,709	
Bank Charges		520	
Dues and Memberships		4,180	
Engineering Services		1,950	
Other Contracted Services		101,455	
Refunds		26,176	
Trustee's Commission		143,042	
Fines, Assessments, and Penalties		1,715	
Tax Relief Program		34,001	
Total Miscellaneous			341,748

Total General Fund \$ 12,973,336

Drug Control Fund

Public Safety

Sheriff's Department

Instructional Supplies and Materials	\$	3,378	
Other Supplies and Materials		4,795	
Law Enforcement Equipment		10,885	
Total Sheriff's Department			\$ 19,058

Drug Enforcement

Trustee's Commission	\$	512	
Total Drug Enforcement			512

Total Drug Control Fund 19,570

Other General Government Special Revenue Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	50,241	
Total County Buildings			\$ 50,241

(Continued)

Exhibit K-7

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

Other General Government Special Revenue Fund (Cont.)

Other Operations

American Rescue Plan Act Grant #3

Contributions	\$ 560,200	
Total American Rescue Plan Act Grant #3		\$ 560,200

American Rescue Plan Act Grant #4

Advertising	\$ 350	
Total American Rescue Plan Act Grant #4		350

Highways

Highway and Bridge Maintenance

Other Contracted Services	\$ 149,663	
Asphalt	528,656	
Crushed Stone	138,778	
Diesel Fuel	16,375	
Pipe	27,632	
Other Equipment	395,067	
Total Highway and Bridge Maintenance		<u>1,256,171</u>

Total Other General Government Special Revenue Fund		\$ 1,866,962
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Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 23,538	
Total Chancery Court		<u>\$ 23,538</u>

Total Constitutional Officers - Fees Fund		23,538
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 90,636	
Accountants/Bookkeepers	37,862	
Overtime Pay	1,336	
Other Salaries and Wages	32,464	
Advertising	519	
Communication	8,744	
Dues and Memberships	3,638	
Maintenance and Repair Services - Buildings	2,000	
Medical and Dental Services	330	
Travel	1,132	
Drugs and Medical Supplies	30	
Electricity	5,033	
Natural Gas	2,426	
Office Supplies	2,876	
Water and Sewer	411	
Premiums on Corporate Surety Bonds	630	
Office Equipment	1,630	
Total Administration		<u>\$ 191,697</u>

(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

Foremen	\$	77,722	
Equipment Operators		95,130	
Truck Drivers		113,013	
Laborers		153,907	
Overtime Pay		14,407	
Rentals		145,616	
Other Contracted Services		209,000	
Asphalt - Cold Mix		369,175	
Asphalt - Hot Mix		43,266	
Concrete		7,850	
Crushed Stone		228,460	
Other Road Materials		2,514	
Pipe		67,812	
Road Signs		2,945	
Small Tools		4,872	
Wood Products		3,000	
Total Highway and Bridge Maintenance			\$ 1,538,689

Operation and Maintenance of Equipment

Mechanic(s)	\$	25,134	
Freight Expenses		40	
Maintenance and Repair Services - Equipment		12,167	
Diesel Fuel		77,716	
Equipment and Machinery Parts		22,912	
Garage Supplies		16,520	
Gasoline		19,192	
Lubricants		2,607	
Small Tools		165	
Tires and Tubes		16,818	
Uniforms		2,883	
Vehicle Parts		3,282	
Other Supplies and Materials		412	
Motor Vehicles		30,926	
Total Operation and Maintenance of Equipment			230,774

Other Charges

Building and Contents Insurance	\$	4,143	
Liability Insurance		2,671	
Trustee's Commission		30,111	
Vehicle and Equipment Insurance		13,416	
Workers' Compensation Insurance		46,853	
Total Other Charges			97,194

Employee Benefits

Longevity Pay	\$	16,418	
Social Security		49,583	
Pensions		34,872	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits (Cont.)

Employee and Dependent Insurance	\$ 230,893	
Unemployment Compensation	9,505	
Total Employee Benefits		\$ 341,271

Capital Outlay

State Aid Projects	\$ 540,195	
Total Capital Outlay		540,195

Total Highway/Public Works Fund \$ 2,939,820

General Debt Service Fund

Principal on Debt

<u>General Government</u>		
Principal on Bonds	\$ 1,807,158	
Principal on Other Loans	257,184	
Total General Government		\$ 2,064,342

Interest on Debt

<u>General Government</u>		
Interest on Bonds	\$ 263,960	
Interest on Other Loans	26,448	
Total General Government		290,408

Other Debt Service

<u>General Government</u>		
Financial Advisory Services	\$ 1,000	
Trustee's Commission	13,874	
Total General Government		14,874

Total General Debt Service Fund 2,369,624

General Capital Projects Fund

Capital Projects

Public Safety Projects

Motor Vehicles	\$ 302,596	
Other Equipment	53,384	
Total Public Safety Projects		\$ 355,980

Other General Government Projects

Trustee's Commission	\$ 8,304	
Building Construction	33,496	
Total Other General Government Projects		41,800

Total General Capital Projects Fund 397,780

(Continued)

Exhibit K-7

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

<u>Highway Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Other General Government Projects</u>			
Trustee's Commission	\$	<u>21,579</u>	
Total Other General Government Projects			\$ <u>21,579</u>
 Total Highway Capital Projects Fund			\$ <u>21,579</u>
 Total Governmental Funds - Primary Government			\$ <u><u>20,612,209</u></u>

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Smith County School Department
For the Year Ended June 30, 2023

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 8,134,637	
Career Ladder Program	29,620	
Educational Assistants	761,764	
Bonus Payments	44,750	
Other Salaries and Wages	108,704	
Certified Substitute Teachers	106,386	
Non-certified Substitute Teachers	106,805	
Social Security	529,189	
Pensions	604,097	
Medical Insurance	1,530,899	
Local Retirement	130,404	
Employer Medicare	126,774	
Maintenance and Repair Services - Equipment	19,059	
Tuition	3,844	
Other Contracted Services	142,709	
Instructional Supplies and Materials	111,329	
Textbooks - Bound	501,099	
Other Supplies and Materials	4,888	
Fines, Assessments, and Penalties	59,509	
Fee Waivers	13,166	
Other Charges	344	
Regular Instruction Equipment	132,605	
Total Regular Instruction Program		\$ 13,202,581

Alternative Instruction Program

Teachers	\$ 69,213	
Social Security	3,821	
Pensions	6,015	
Medical Insurance	12,923	
Employer Medicare	894	
Other Supplies and Materials	43	
Total Alternative Instruction Program		92,909

Special Education Program

Teachers	\$ 989,411	
Career Ladder Program	2,000	
Homebound Teachers	26,460	
Educational Assistants	189,543	
Speech Pathologist	52,921	
Bonus Payments	4,250	
Other Salaries and Wages	4,800	
Certified Substitute Teachers	978	
Non-certified Substitute Teachers	560	
Social Security	73,114	
Pensions	86,545	
Medical Insurance	228,763	

(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	\$	15,346	
Employer Medicare		17,102	
Contracts with Private Agencies		1,238	
Other Supplies and Materials		2,100	
Other Charges		942	
Special Education Equipment		405	
Total Special Education Program			\$ 1,696,478

Career and Technical Education Program

Teachers	\$	817,451	
Career Ladder Program		1,000	
Bonus Payments		2,345	
Certified Substitute Teachers		3,102	
Non-certified Substitute Teachers		490	
Social Security		48,922	
Pensions		44,073	
Medical Insurance		148,653	
Local Retirement		23,408	
Employer Medicare		11,451	
Instructional Supplies and Materials		35,192	
Vocational Instruction Equipment		39,637	
Total Career and Technical Education Program			1,175,724

Support Services

Attendance

Supervisor/Director	\$	67,303	
Social Workers		48,307	
Social Security		6,712	
Pensions		10,046	
Medical Insurance		20,203	
Employer Medicare		1,570	
Travel		286	
Other Contracted Services		20,420	
Other Supplies and Materials		1,055	
In Service/Staff Development		332	
Attendance Equipment		8,778	
Total Attendance			185,012

Health Services

Supervisor/Director	\$	9,514	
Medical Personnel		148,304	
Other Salaries and Wages		18,828	
Social Security		9,896	
Pensions		8,304	
Medical Insurance		26,892	
Local Retirement		4,908	

(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.)

Employer Medicare	\$	2,314	
Travel		5,663	
Drugs and Medical Supplies		962	
Other Supplies and Materials		8,518	
In Service/Staff Development		1,794	
Health Equipment		7,835	
Total Health Services			\$ 253,732

Other Student Support

Guidance Personnel	\$	305,378	
Other Salaries and Wages		6,738	
Social Security		17,150	
Pensions		22,168	
Medical Insurance		55,389	
Local Retirement		3,031	
Employer Medicare		4,243	
Contracts with Government Agencies		274,000	
Evaluation and Testing		7,918	
Payments to Schools - Other		4,912	
Travel		21	
Other Supplies and Materials		1,472	
Other Charges		653	
Total Other Student Support			703,073

Regular Instruction Program

Supervisor/Director	\$	149,697	
Career Ladder Program		1,000	
Librarians		256,770	
Other Salaries and Wages		208,376	
Social Security		30,486	
Pensions		40,901	
Medical Insurance		79,437	
Local Retirement		3,397	
Employer Medicare		8,588	
Travel		8,414	
Other Contracted Services		43,576	
Other Supplies and Materials		199	
In Service/Staff Development		17,134	
Other Charges		564	
Total Regular Instruction Program			848,539

Special Education Program

Supervisor/Director	\$	42,755	
Psychological Personnel		42,755	
Assessment Personnel		71,966	
Social Security		8,987	

(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.)

Pensions	\$	14,061	
Medical Insurance		27,856	
Employer Medicare		2,102	
Communication		472	
Postal Charges		86	
Travel		3,716	
Other Supplies and Materials		647	
In Service/Staff Development		568	
Total Special Education Program			\$ 215,971

Career and Technical Education Program

Supervisor/Director	\$	22,847	
Social Security		1,306	
Pensions		1,985	
Medical Insurance		3,140	
Employer Medicare		305	
Travel		469	
Total Career and Technical Education Program			30,052

Technology

Supervisor/Director	\$	45,724	
Instructional Computer Personnel		60,330	
Social Security		6,559	
Pensions		7,802	
Medical Insurance		14,207	
Employer Medicare		1,534	
Internet Connectivity		46,987	
Other Supplies and Materials		2,916	
Other Equipment		4,568	
Total Technology			190,627

Other Programs

On-behalf Payments to OPEB	\$	114,154	
Total Other Programs			114,154

Board of Education

Secretary to Board	\$	1,200	
Board and Committee Members Fees		19,800	
Social Security		1,302	
Pensions		72	
Medical Insurance		867	
Unemployment Compensation		3,929	
Employer Medicare		304	
Audit Services		8,000	
Contracts with Government Agencies		7,000	
Contracts with Private Agencies		14,318	

(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.)

Dues and Memberships	\$	12,448	
Legal Services		83,175	
Other Contracted Services		36,008	
Other Supplies and Materials		344	
Liability Insurance		148,039	
Premiums on Corporate Surety Bonds		320	
Trustee's Commission		134,343	
Workers' Compensation Insurance		63,324	
Refund to Applicant for Criminal Investigation		6,384	
Other Charges		30,590	
Total Board of Education			\$ 571,767

Director of Schools

County Official/Administrative Officer	\$	161,540	
Career Ladder Program		400	
Social Security		8,672	
Pensions		14,073	
Employer Medicare		2,028	
Communication		12,608	
Dues and Memberships		2,357	
Travel		7,648	
Other Charges		426	
Administration Equipment		803	
Total Director of Schools			210,555

Office of the Principal

Principals	\$	731,007	
Career Ladder Program		3,000	
Accountants/Bookkeepers		156,963	
Assistant Principals		523,796	
Clerical Personnel		174,045	
Social Security		93,698	
Pensions		124,838	
Medical Insurance		180,898	
Local Retirement		3,205	
Employer Medicare		21,913	
Communication		1,888	
Dues and Memberships		4,800	
Other Charges		14,562	
Administration Equipment		5,049	
Total Office of the Principal			2,039,662

Fiscal Services

Supervisor/Director	\$	79,495	
Accountants/Bookkeepers		172,518	
Clerical Personnel		69,184	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Social Security	\$	18,217	
Pensions		18,731	
Medical Insurance		51,134	
Employer Medicare		4,523	
Data Processing Services		29,859	
Maintenance and Repair Services - Office Equipment		2,952	
Travel		926	
Office Supplies		8,783	
In Service/Staff Development		746	
Other Charges		870	
Administration Equipment		8,688	
Total Fiscal Services			\$ 466,626

Operation of Plant

Custodial Personnel	\$	381,350	
Other Salaries and Wages		20,004	
Social Security		24,578	
Pensions		20,686	
Medical Insurance		325	
Employer Medicare		5,748	
Contracts with Government Agencies		1,480	
Contracts with Private Agencies		93,287	
Maintenance and Repair Services - Equipment		13,636	
Pest Control		550	
Other Contracted Services		60,227	
Custodial Supplies		37,761	
Electricity		688,371	
Natural Gas		68,942	
Water and Sewer		62,573	
Other Supplies and Materials		18,579	
Building and Contents Insurance		106,621	
Other Charges		4,757	
Plant Operation Equipment		82,085	
Total Operation of Plant			1,691,560

Maintenance of Plant

Supervisor/Director	\$	69,643	
Maintenance Personnel		234,962	
Other Salaries and Wages		26,618	
Social Security		20,461	
Pensions		22,547	
Medical Insurance		38,901	
Local Retirement		100	
Employer Medicare		4,785	
Contracts with Private Agencies		32,288	
Laundry Service		818	

(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.)

Maintenance and Repair Services - Buildings	\$	67,967	
Maintenance and Repair Services - Equipment		27,838	
Other Contracted Services		26,229	
Other Supplies and Materials		72,098	
Maintenance Equipment		72,011	
Total Maintenance of Plant			\$ 717,266

Transportation

Supervisor/Director	\$	53,446	
Mechanic(s)		98,862	
Bus Drivers		402,319	
Educational Assistants		99,749	
Other Salaries and Wages		19,405	
Social Security		39,790	
Pensions		33,959	
Medical Insurance		35,927	
Employer Medicare		9,691	
Contracts with Government Agencies		937	
Contracts with Private Agencies		13,236	
Contracts with Parents		6,112	
Laundry Service		2,103	
Maintenance and Repair Services - Vehicles		4,436	
Medical and Dental Services		3,730	
Towing Services		160	
Travel		2,010	
Diesel Fuel		142,507	
Garage Supplies		2,375	
Gasoline		18,593	
Lubricants		1,195	
Tires and Tubes		26,929	
Vehicle Parts		52,809	
Gravel and Chert		210	
Other Supplies and Materials		1,978	
Vehicle and Equipment Insurance		40,089	
Other Charges		1,089	
Administration Equipment		1,078	
Transportation Equipment		246,457	
Total Transportation			1,361,181

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	48,308	
Social Security		2,450	
Pensions		2,899	
Medical Insurance		14,859	
Employer Medicare		573	

(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.)

Travel	\$	673	
Other Supplies and Materials		1,978	
In Service/Staff Development		87	
Total Community Services			\$ 71,827

Early Childhood Education

Supervisor/Director	\$	4,008	
Teachers		200,627	
Educational Assistants		72,789	
Social Security		15,899	
Pensions		19,736	
Medical Insurance		48,516	
Local Retirement		2,093	
Employer Medicare		3,718	
Instructional Supplies and Materials		6,723	
Other Supplies and Materials		7,151	
Other Charges		1,841	
Regular Instruction Equipment		10,978	
Total Early Childhood Education			394,079

Capital Outlay

Regular Capital Outlay

Architects	\$	44,057	
Consultants		375	
Building Improvements		406,039	
Other Capital Outlay		938,049	
Total Regular Capital Outlay			1,388,520

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	283,632	
Total Education			283,632

Total General Purpose School Fund \$ 27,905,527

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	394,926	
Educational Assistants		103,701	
Other Salaries and Wages		23,800	
Social Security		29,235	
Pensions		36,573	
Medical Insurance		41,456	
Local Retirement		195	
Employer Medicare		7,282	

(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.)

Regular Instruction Program (Cont.)

Maintenance and Repair Services - Equipment	\$	7,327	
Other Contracted Services		46,378	
Instructional Supplies and Materials		53,736	
Software		130,414	
Regular Instruction Equipment		103,017	
Total Regular Instruction Program			\$ 978,040

Special Education Program

Educational Assistants	\$	435,256	
Other Salaries and Wages		6,594	
Social Security		27,002	
Pensions		24,810	
Medical Insurance		217	
Employer Medicare		6,315	
Other Contracted Services		60,052	
Instructional Supplies and Materials		16,095	
Other Supplies and Materials		22,108	
Special Education Equipment		33,602	
Total Special Education Program			632,051

Career and Technical Education Program

Instructional Supplies and Materials	\$	17,344	
Other Supplies and Materials		10,001	
Vocational Instruction Equipment		13,513	
Total Career and Technical Education Program			40,858

Support Services

Other Student Support

Guidance Personnel	\$	41,170	
Bus Drivers		1,583	
Social Security		2,579	
Pensions		1,230	
Medical Insurance		7,648	
Local Retirement		2,059	
Employer Medicare		603	
Travel		10,000	
In Service/Staff Development		1,850	
Other Charges		5,509	
Total Other Student Support			74,231

Regular Instruction Program

Supervisor/Director	\$	94,420	
Educational Assistants		18,191	
Part-time Personnel		9,175	
Other Salaries and Wages		6,000	
Certified Substitute Teachers		85	

(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.)

Regular Instruction Program (Cont.)

In-service Training	\$	12,700	
Non-certified Substitute Teachers		420	
Social Security		7,706	
Pensions		9,871	
Medical Insurance		8,100	
Employer Medicare		1,877	
Travel		4,028	
Other Contracted Services		203,706	
Other Supplies and Materials		9,532	
In Service/Staff Development		54,660	
Other Charges		18,948	
Other Equipment		90,804	
Total Regular Instruction Program			\$ 550,223

Special Education Program

Secretary(ies)	\$	26,657	
Social Security		1,697	
Pensions		1,672	
Medical Insurance		7,542	
Employer Medicare		397	
Contracts with Private Agencies		65,866	
Travel		154	
Other Supplies and Materials		247	
In Service/Staff Development		8,917	
Total Special Education Program			113,149

Career and Technical Education Program

Clerical Personnel	\$	1,000	
Social Security		62	
Pensions		79	
Employer Medicare		14	
In Service/Staff Development		1,827	
Total Career and Technical Education Program			2,982

Fiscal Services

Other Contracted Services	\$	16,478	
Total Fiscal Services			16,478

Transportation

Bus Drivers	\$	25,874	
Other Salaries and Wages		594	
Social Security		1,641	
Pensions		1,552	
Employer Medicare		384	
Total Transportation			30,045

(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

Community Services

Supervisor/Director	\$	167,706	
Teachers		147,742	
Educational Assistants		89,634	
Other Salaries and Wages		1,930	
Social Security		24,665	
Pensions		25,356	
Medical Insurance		10,464	
Local Retirement		5,344	
Employer Medicare		5,812	
Travel		1,170	
Food Supplies		916	
Instructional Supplies and Materials		24,039	
Other Supplies and Materials		4,566	
In Service/Staff Development		992	
Other Charges		270	
Total Community Services			\$ 510,606

Capital Outlay

Regular Capital Outlay

Building Construction	\$	162,719	
Building Improvements		147,029	
Total Regular Capital Outlay			309,748

Total School Federal Projects Fund \$ 3,258,411

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	82,868	
Accountants/Bookkeepers		37,128	
Clerical Personnel		19,897	
Cafeteria Personnel		695,768	
Other Salaries and Wages		12,411	
Social Security		52,180	
Pensions		42,978	
Medical Insurance		17,675	
Unemployment Compensation		892	
Employer Medicare		12,204	
Communication		3,136	
Pest Control		1,764	
Printing, Stationery, and Forms		2,211	
Travel		1,335	
Other Contracted Services		16,381	
Data Processing Supplies		2,979	
Equipment and Machinery Parts		26,890	
Food Supplies		1,116,132	

(Continued)

Exhibit K-8

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

<u>Central Cafeteria Fund (Cont.)</u>		
<u>Operation of Non-Instructional Services (Cont.)</u>		
<u>Food Service (Cont.)</u>		
Office Supplies	\$	5,327
Uniforms		455
USDA - Commodities		133,020
Other Supplies and Materials		133,269
In Service/Staff Development		1,547
Fines, Assessments, and Penalties		7,720
Refund to Applicant for Criminal Investigation		614
Other Charges		10
Food Service Equipment		13,138
Total Food Service		<u>\$ 2,439,929</u>
Total Central Cafeteria Fund		\$ 2,439,929
<u>Internal School Fund</u>		
<u>Operation of Non-Instructional Services</u>		
<u>Community Services</u>		
Other Charges	\$	1,424,451
Total Community Services		<u>\$ 1,424,451</u>
Total Internal School Fund		<u>1,424,451</u>
Total Governmental Funds - Smith County School Department		<u>\$ 35,028,318</u>

Exhibit K-9

Smith County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund
For the Year Ended June 30, 2023

	Business-type Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<hr/>	
<u>Revenues</u>	
<u>Operating Revenues</u>	
<u>Licenses and Permits</u>	
Other Permits	\$ 1,020
<u>Charges for Current Services</u>	
Tipping Fees	7,417,783
Surcharge - Waste Tire Disposal	9,028
<u>Other Local Revenues</u>	
<u>Recurring Items</u>	
Sale of Recycled Materials	20,928
Miscellaneous Refunds	8,854
Total Operating Revenues	<u>\$ 7,457,613</u>
Total Revenues	<u>\$ 7,457,613</u>
<u>Expenses</u>	
<u>Operating Expenses</u>	
<u>Waste Pickup</u>	
Overtime Pay	\$ 15,511
Other Salaries and Wages	41,176
Social Security	4,254
Pensions	3,401
Medical Insurance	1,815
Communication	265
Maintenance and Repair Services - Equipment	43,492
Medical and Dental Services	30
Other Contracted Services	1,334
Gasoline	25,563
<u>Convenience Centers</u>	
Overtime Pay	2,420
Other Salaries and Wages	185,463
Social Security	14,373
Communication	9,678
Maintenance and Repair Services - Buildings	19,860
Maintenance and Repair Services - Equipment	3,126
Medical and Dental Services	90
Rentals	6,000
Utilities	10,243
Site Development	24,350
Other Equipment	1,030

(Continued)

Exhibit K-9

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

	Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund
<hr/>	
<u>Expenses (Cont.)</u>	
<u>Operating Expenses (Cont.)</u>	
<u>Landfill Operation and Maintenance</u>	
Supervisor/Director	\$ 62,301
Longevity Pay	1,626
Overtime Pay	94,747
Other Salaries and Wages	505,635
In-service Training	299
Social Security	49,418
Pensions	60,889
Medical Insurance	19,995
Advertising	143
Bank Charges	500
Communication	6,854
Contracts with Private Agencies	82,435
Engineering Services	43,940
Lease Payments	483,003
Maintenance and Repair Services - Buildings	2,837
Maintenance and Repair Services - Equipment	566,852
Medical and Dental Services	250
Rentals	275,780
Other Contracted Services	238,847
Gasoline	427,411
Office Supplies	3,543
Uniforms	1,906
Utilities	18,496
Other Supplies and Materials	50,807
Building and Contents Insurance	1,665
Liability Insurance	7,503
Trustee's Commission	72,703
Vehicle and Equipment Insurance	21,193
Workers' Compensation Insurance	32,901
Depreciation	1,094,022
Other Charges	3,309,027
Other Equipment	413,200
Data Processing Equipment	2,536
<u>Other Operations</u>	
Medical Insurance	55,457
Total Operating Expenses	<u>\$ 8,422,195</u>
<u>Nonoperating Expenses</u>	
Interest on Bonds	\$ 36,450
Interest on Notes	58,500
Loss on Disposal of Assets	5,206
Total Nonoperating Expenses	<u>\$ 100,156</u>
Total Expenses	<u>\$ 8,522,351</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, 2023, 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 March 7, 2024. Our report includes a reference to other auditors who audited the financial statements of the Internal School Fund of the Smith County School Department (a discretely presented component unit), as described in our report on Smith County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency, described in the accompanying Schedule of Findings and Questioned Costs, to be a material weakness: 2023-004.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency, described in the accompanying Schedule of Findings and Questioned Costs, to be a significant deficiency: 2023-001.

Report on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Finding and Questioned Costs as items: 2023-002 and 2023-003.

Smith County's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Smith County's responses to the findings identified in our audit and 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 the responses.

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 results 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

March 7, 2024

JEM/gc



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

Opinion on Each Major Federal Program

We have audited Smith County's compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, Smith County complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Smith County, Tennessee, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a

basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Smith County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Smith County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Smith County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Smith County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Smith County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Smith County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Smith County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2023, and the related notes to the financial statements, which collectively comprise Smith County's basic financial statements. We issued our report thereon dated March 7, 2024, 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

March 7, 2024

JEM/gc

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, 2023

Federal/Pass-through Agency/State Grantor Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (5)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	(4)	\$ 133,020 (6)
National School Lunch Program (Commodities Rebates - Food Storage)	10.555	(4)	8,815 (6)
Passed-through State Department of Education:			
Child Nutrition Cluster: (5)			
School Breakfast Program	10.553	(4)	457,973
National School Lunch Program	10.555	(4)	1,066,038 (6)
COVID 19 - National School Lunch Program	10.555	(4)	32,040 (6)
National School Lunch Program (Snack Program)	10.555	(4)	1,075 (6)
COVID 19 - National School Lunch Program (Supply Chain Assistance Grant)	10.555	(4)	155,517 (6)
Total U.S. Department of Agriculture			<u>\$ 1,854,478</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants	14.228	(4)	\$ 51,797
Total U.S. Department of Housing and Urban Development			<u>\$ 51,797</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 19,260
Passed-through Tennessee Wildlife Resource Agency:			
Fish and Wildlife Cluster: (5)			
Wildlife Restoration and Basic Hunter Education	15.611	(4)	750
Total U.S. Department of the Interior			<u>\$ 20,010</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(4)	\$ 4,385
Total U.S. Department of Transportation			<u>\$ 4,385</u>
U.S. Department of Treasury:			
Direct Programs:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 3,235,317
COVID 19 - Local Assistance and Tribal Consistency Fund	21.032	N/A	50,000
Total U.S. Department of Treasury			<u>\$ 3,285,317</u>
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	(4)	\$ 2,104
Total U.S. Institute of Museum and Library Services			<u>\$ 2,104</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 Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies Special Education Cluster: (5)	84.010	(4)	\$ 787,315
Special Education - Grants to States	84.027	(4)	688,319 (6)
COVID 19 - Special Education - Grants to States	84.027	(4)	79,557 (6)
Special Education - Preschool Grants	84.173	(4)	23,007 (6)
COVID 19 - Special Education - Preschool Grants	84.173	(4)	4,401 (6)
Career and Technical Education - Basic Grants to States	84.048	(4)	57,384
Twenty-First Century Community Learning Centers	84.287	(4)	510,605
Supporting Effective Instruction State Grants	84.367	(4)	192,728
Office of Elementary and Secondary Education (OESE): Striving Readers Comprehensive Literacy Grant Program	84.371	(4)	111,996
Student Support and Academic Enrichment Program	84.424	(4)	43,687
COVID 19 - Discretionary Grants: Rethink K-12 Education Models Grants	84.425B	(4)	66,000 (6)
COVID 19 - Education Stabilization Fund Program – Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	(4)	155,829 (6)
COVID 19 - Education Stabilization Fund Program – Elementary and Secondary School Emergency Relief Fund (ESSER ARP)	84.425U	(4)	569,151 (6)
COVID 19 - Education Stabilization Fund Program – Elementary and Secondary School Emergency Relief Fund Program - Homeless Children and Youth (ESSER ARP)	84.425W	(4)	1,146 (6)
Passed-through State Department of Human Services:			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	(4)	66,360
Total U.S. Department of Education			<u>\$ 3,357,485</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State's Office:			
HAVA Election Security Grants	90.404		\$ 23,708
Total U.S. Election Assistance Commission			<u>\$ 23,708</u>
U.S. Department of Health and Human Services:			
Passed-through Upper Cumberland Development District:			
Aging Cluster: (5) Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	(4)	\$ 18,136
Passed-through State Department of Health:			
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235	(4)	115,793
Immunization Cooperative Agreements	93.268	(4)	102,597
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	(4)	1,172
Passed-through State Department of Education:			
Cooperative Agreements to Promote Adolescent Health Through School Based HIV/STD Prevention and School-Based Surveillance	93.079		250
COVID 19 - Public Health Emergency Response - Cooperative Agreement for Emergency Response - Public Health Crisis Response	93.354		55,178
COVID 19 - Temporary Assistance for Needy Families	93.558	(4)	31,092 (6)
Passed-through State Department of Mental Health and Substances Abuse Services:			
COVID 19 - Temporary Assistance for Needy Families Opioid STR	93.558	(4)	64,670 (6)
	93.788	(4)	193,123
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(4)	124,720
Mental Health Disaster Assistance and Emergency Mental Health	93.982	(4)	13,173
Total U.S. Department of Health and Human Services			<u>\$ 719,904</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(4)	\$ 40,260
Total U.S. Department of Homeland Security			<u>\$ 40,260</u>
Total Expenditures of Federal Awards			<u>\$ 9,359,448</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 Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
			Contract Number
Aging Program - Upper Cumberland Development District	N/A	(4)	\$ 2,088
Coordinated School Health - State Department of Education	N/A	(4)	100,000
Summer Learning Camps - State Department of Education	N/A	(4)	71,589
Supporting Postsecondary Access in Rural Communities (SPARC) - State Department of Education	N/A	(4)	95,158
Learning Camp Transportation - State Department of Education	N/A	(4)	28,463
Early Childhood Education - State Department of Education	N/A	(4)	391,699
Family Resource Center - State Department of Education	N/A	(4)	29,612
Middle School CTE Career Exploration - State Department of Education	N/A	(4)	9,998
State Matching Portion - State Department of Education	N/A	(4)	19,633
Safe Schools Act - State Department of Education	N/A	(4)	66,820
School Resource Officers grant - State Department of Education	N/A	(4)	56,750
Innovative Schools Model (ISM) - State Department of Education	N/A	(4)	900,000
Wildlife Restoration and Basic Hunter Education and Safety - Tennessee Wildlife Resource Agency	N/A	(4)	250
HAVA Election Security Grants - Tennessee Secretary of State	N/A	(4)	1,248
Litter Program - State Department of Transportation	N/A	(4)	44,942
Local Health Services Grant - State Department of Health	N/A	(4)	80,343
State Supplemental Juvenile Court Improvement Funds Grant - State Department of Children Services	N/A	(4)	9,000
Three Star Economic Development Projects - State Department of Economic and Community Development	N/A	(4)	50,000
Training Equipment Grant - Tennessee Corrections Institute	N/A	(4)	7,500
Tennessee Certified Recovery Court Program Grant - State Department of Mental Health and Substance Abuse Services	N/A	(4)	46,479
Coalitions EUDL - State Department of Mental Health and Substance Abuse Services	N/A	(4)	1,000
Addictions Recovery Program - Tennessee Certified Recovery Court Program Grant (TCRCP) - State Department of Mental Health and Substance Abuse Services	N/A	(4)	15,000
Total State Grants			<u>\$ 2,027,572</u>

FAL = Federal Assistance Listing
 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 \$1,854,478; Fish and Wildlife Cluster total \$750; Special Education Cluster total \$795,284;
Aging Cluster total \$18,136.
- (6) Total FAL No. 10.555 is \$1,396,505; Total FAL No. 84.027 is \$767,876; Total FAL No. 84.173 is \$27,408;
Total FAL No. 84.425 is \$792,126; Total FAL No. 93.558 is \$95,762.

Program Title	Amounts Transferred
Transferred from Title II, Part A (FAL No. 84.367) to Title I (FAL No. 84.010)	\$ 5,000
Transferred from Title IV (FAL No. 84.424) to Title I (FAL No. 84.010)	8,089
Total amounts transferred	<u>\$ 13,089</u>

- (8) CONSOLIDATED ADMINISTRATION
 The following amounts were consolidated for administration purposes:

Program Title	FAL Number	Amount Provided to Consolidated Administration
Title I Grants to Local Educational Agencies	84.010	\$ 125,528
Supporting Effective Instruction State Grants	84.367	327
Total amounts consolidated for administration purposes		<u>\$ 125,855</u>

Smith County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2023

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, 2023.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	FAL Number	Current Status
<u>OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS</u>					
2022	211	2022-001	The Solid Waste Disposal Fund had a deficit in unrestricted net position.	N/A	Not Corrected - See Explanation on Corrective Action Plan
<u>OFFICE OF DIRECTOR OF SCHOOLS</u>					
2022	212	2022-002	The school department was assessed a penalty of \$51,875 by the Internal Revenue Service for noncompliance with the Affordable Care Act.	N/A	Not Corrected - See Explanation on Corrective Action Plan
2022	212	2022-003	Expenditures exceeded appropriations.	N/A	Corrected
<u>OFFICE OF COUNTY CLERK</u>					
2022	213	2021-004	Bank statements were not accurately reconciled with the general ledger.	N/A	Corrected
<u>SMITH COUNTY</u>					
2022	213	2022-005	County commissioners received bonuses in violation of state statute.	N/A	Corrected

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, 2023

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? **YES**
 - * 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:
 - * Assistance Listing Number: 21.027 COVID 19 - Coronavirus State and Local Fiscal Recovery Funds
 - * Assistance Listing Number: 84.010 Title I Grants to Local Educational Agencies
 - * Assistance Listing Number: 84.425 COVID 19 - Education Stabilization Fund
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 2023-001

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 \$15,384,533 in unrestricted net position at June 30, 2023. This deficit resulted from the recognition of a liability of \$20,798,473 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 Fund will pay for the 30-year monitoring cost. If and when that money is depleted, the Smith County Tax Base will assume the costs of monitoring.

With favorable conditions, it is Smith County's goal to reduce the deficit through contracts and cell management.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2023-002

DEFICIENCIES WERE NOTED IN AMOUNTS REPORTED AS COMPENSATION FOR THE DIRECTOR OF SCHOOLS TO THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

(Noncompliance Under *Government Auditing Standards*)

Deficiencies were noted in amounts reported as compensation for the director of schools (director) to the Tennessee Consolidated Retirement System (TCRS). The director’s contract provides that the board of education shall pay the director annual compensation as follows:

- a. The base BEP Allocation Director’s Salary from the State of Tennessee;
- b. The Medicare withholding;
- c. The Social Security withholding;
- d. The family health care plan premium; and
- e. Dental and vision insurance.

The contract also states, “the cumulative amounts shown above shall be the base salary for purposes of TCRS Retirement Benefits.”

Section 8-34-101(14)(A), *Tennessee Code Annotated*, states, “Earnable compensation means the compensation payable to a member for services rendered to an employer.” Auditors asked TCRS to review the director’s contract to determine if all amounts reported met the definition of earnable compensation. TCRS advised that the base BEP allocation salary from the state is the only amount that constitutes “earnable compensation” for retirement purposes. The amounts for subsections (b) – (e) of the director’s contract do NOT constitute “earnable compensation” for retirement purposes. This deficiency is the result of a lack of management oversight. As a result of this deficiency, amounts reported to TCRS for the director have been overstated and could potentially inflate future retirement benefits. We have reported this finding to TCRS.

RECOMMENDATION

Only earnable compensation should be reported to TCRS. The school department should contact TCRS to find out what steps should be taken to correct this deficiency.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

No formal management’s response was submitted. An explanation to the finding is included in the Corrective Action Plan.

FINDING 2023-003

THE SCHOOL DEPARTMENT WAS ASSESSED A PENALTY OF \$59,509 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 \$59,509 to the Internal Revenue Service for failure to comply with the Affordable Care Act for 2020. 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

No formal management's response was submitted. An explanation to the finding is included in the Corrective Action Plan.

FINDING 2023-004

MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION

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

At June 30, 2023, certain general ledger account balances in the General Purpose School Fund were not materially correct, and audit adjustments totaling \$714,481 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require Smith County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of a lack of management oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

No formal management's response was submitted. An explanation to the finding is included in the Corrective Action Plan.

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, 2023.

Smith County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2023

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

2023-001	The Solid Waste Disposal Fund had a deficit in unrestricted net position.	214
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OFFICE OF DIRECTOR OF SCHOOLS

2023-002	Deficiencies were noted in amounts reported as compensation for the director of schools to the Tennessee Consolidated Retirement System.	215
2023-003	The school department was assessed a penalty of \$59,509 by the Internal Revenue Service for noncompliance with the Affordable Care Act.	215
2023-004	Material audit adjustment were required for proper financial statement presentation.	216

*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:

unknown

Repeat Finding:

Yes

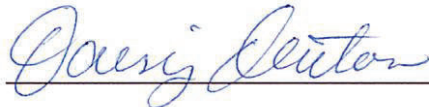
Reason Corrective Action was Not Taken in the Prior Year:

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 depend 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 can close portions of the landfill, the deficit will be reduced, but until then, the finding will continue.

Planned Corrective Action:

Smith County continues the goal to build a stronger fund balance that can support the reduction of the deficit in unrestricted net position.

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 Fa

Corrective Action Plan

FINDING 2023-001 DEFICIENCIES WERE NOTED IN AMOUNTS REPORTED AS COMPENSATION FOR THE DIRECTOR OF SCHOOLS TO THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (Noncompliance Under Government Auditing Standards)

Response and Corrective Action Plan Prepared by:
Norma Mitchell, CFO
Person Responsible for Implementing the Corrective Action:
Barry Smith, Director
Anticipated Completion Date of Corrective Action:
June 30, 2024
Repeat Finding: No
Reason Corrective Action was Not Taken in the Prior Year:
N/A
Planned Corrective Action:
We will consult with TCRS to come to a solution on reporting the Director's salary.

FINDING 2023-02 THE SCHOOL DEPARTMENT WAS ASSESSED A PENALTY OF \$59,509 BY THE INTERNAL REVENUE SERVICE FOR NONCOMPLIANCE WITH THE AFFORDABLE CARE ACT

Response and Corrective Action Plan Prepared by:
Norma Mitchell, CFO
Person Responsible for Implementing the Corrective Action:
Barry Smith, Director
Anticipated Completion Date of Corrective Action:
January 1, 2025
Repeat Finding: Yes
Reason Corrective Action was Not Taken in the Prior Year:
Insurance for non-certified full-time employees was not budgeted in FY 2023.
Planned Corrective Action:.
The Board of Education will discuss and consider providing medical insurance for non-certified full-time employees.

