
ANNUAL FINANCIAL REPORT SMITH COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2009



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**ANNUAL FINANCIAL REPORT
SMITH COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2009**

***DEPARTMENT OF AUDIT
JUSTIN P. WILSON
Comptroller of the Treasury***

***DIVISION OF COUNTY AUDIT
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Assistant to the Comptroller***

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State Auditors***

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Audit Highlights
Annual Financial Report
Smith County, Tennessee
For the Year Ended June 30, 2009

Scope

We have audited the basic financial statements of Smith County as of and for the year ended June 30, 2009.

Results

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

Our audit resulted in 13 findings and recommendations, which we have reviewed with Smith County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The Courthouse and Jail Maintenance Fund required material audit adjustments for proper financial statement presentation.
- ◆ The Public Library and Special Purpose funds were not budgeted.
- ◆ Deficiencies were noted in the maintenance of capital asset records.
- ◆ Competitive bids were not solicited for the purchase of fuel.
- ◆ The office had not adopted a formal travel policy.

OFFICE OF ROAD COMMISSIONER

- ◆ Tools valued at \$4,084.54 were stolen from Highway Department vehicles.
- ◆ The office had not adopted a formal travel policy and did not account for actual travel expenses incurred.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Competitive bids were not solicited for the purchase of insurance.
-

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ The execution docket trial balance for Circuit Court did not reconcile with general ledger accounts.
-

OFFICE OF CLERK AND MASTER

- ◆ The office did not review software audit logs.
-

OFFICE OF SHERIFF

- ◆ Internal controls over evidence and seized property were not adequate.
-

OTHER FINDINGS

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately in the Ambulance Service Department and the Offices of County Mayor, Road Commissioner, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff.

INTRODUCTORY SECTION

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Smith County Officials

June 30, 2009

Officials

Michael Nesbitt, County Mayor
Ralph Coble, Road Commissioner
Roger Lewis, Director of Schools
Lee Ann Williams, Trustee
Terry Collins, Assessor of Property
Jimmy Norris, County Clerk
Myra Hardcastle, Circuit and General Sessions Courts Clerk
Dianna Dillehay, Clerk and Master
Jerri Lin Vaden, Register
Ronald Lankford, Sheriff

Board of County Commissioners

Michael Nesbitt, County Mayor, Chairman	
Carolyn Boles	Barbara Hickman
Richard Brimm	Kenneth Massey
Ronnie Bussell	Joseph Nixon
Ronald Cowan	Earl North
Daniel Cripps	C.D. Poindexter
Phillip Enoch	Leslie Proffitt
Frank Gibbs	James Winfree
James Gibbs, Jr.	Jeffery Winfree
Ricky Gibbs	Billy Woodard
David Gross	Michael Woodard
Billy Halliburton	Darryl York
Vernon Hesson	

Board of Education

Scotty Yeaman, Chairman
Shane Campbell
Richard Fulton
Sonja Hammond
Tommy Manning
Pat Massey
Karen Shoulders
Larry Taylor Wilkerson

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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

March 19, 2010

Smith County Mayor and
Board of County Commissioners
Smith County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Smith County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise Smith County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Smith County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Public Library Fund, a special revenue fund, which represent 2.5 percent of the assets and 2.4 percent of the revenues of the aggregate remaining fund information. We also did not audit the financial statements of the Smith County Emergency Communications District, which represent 1.6 percent of the assets and 1.8 percent of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Public Library Fund and the Smith County Emergency Communications District, is based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the

accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Smith County, Tennessee, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 19, 2010, on our consideration of Smith County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.A., Smith County has adopted the provisions of Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

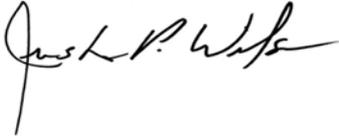
The management of Smith County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison, pension, and other postemployment benefits information on pages 83 through 91 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Smith County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the debt service funds, combining and individual fund financial statements of the Smith County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements,

budgetary comparison schedules of nonmajor governmental funds and the debt service funds, combining and individual fund financial statements of the Smith County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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BASIC FINANCIAL STATEMENTS

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Exhibit A

Smith County, Tennessee
Statement of Net Assets
June 30, 2009

	Primary Government		Total	Component Units		
	Governmental Activities	Business-type Activities		Smith County		
				School Department	Emergency Communications District	
<u>ASSETS</u>						
Cash	\$ 55,511	\$ 0	\$ 55,511	\$ 0	\$ 0	\$ 119,682
Equity in Pooled Cash and Investments	3,951,866	247,963	4,199,829	2,911,503		0
Accounts Receivable	1,397,671	148,665	1,546,336	1,812		10,625
Allowance for Uncollectibles	(579,053)	(9,806)	(588,859)	0		0
Due from Other Governments	496,537	0	496,537	403,658		133,848
Prepaid Items	0	0	0	0		942
Property Taxes Receivable	3,776,569	0	3,776,569	3,144,027		0
Allowance for Uncollectible Property Taxes	(148,195)	0	(148,195)	(123,374)		0
Notes Receivable	80,000	0	80,000	0		0
Deferred Charges - Debt Issuance Costs	8,500	0	8,500	0		0
Capital Assets:						
Assets Not Depreciated:						
Land	2,053,174	2,052,484	4,105,658	1,226,738		0
Construction in Progress	4,862,905	0	4,862,905	0		237,852
Assets Net of Accumulated Depreciation:						
Buildings and Improvements	4,399,802	58,229	4,458,031	31,230,403		0
Infrastructure	14,153,475	0	14,153,475	109,381		0
Other Capital Assets	2,702,471	647,634	3,350,105	1,292,845		129,800
Landfill Facilities and Development	0	1,913,088	1,913,088	0		0
Total Assets	\$ 37,211,233	\$ 5,058,257	\$ 42,269,490	\$ 40,196,993	\$ 632,749	
<u>LIABILITIES</u>						
Accounts Payable	\$ 79,734	\$ 0	\$ 79,734	\$ 216,260	\$ 11,290	
Accrued Payroll	0	0	0	2,194	0	0
Payroll Deductions Payable	12,010	599	12,609	528,036	0	0
Accrued Interest Payable	160,223	0	160,223	0	0	0
Contracts Payable	408,168	0	408,168	0	0	0
Retainage Payable	20,968	0	20,968	0	0	0
Deferred Revenue - Current Property Taxes	3,472,562	0	3,472,562	2,890,938	0	0
Noncurrent Liabilities:						
Due Within One Year	1,771,445	249,838	2,021,283	13,918	0	0
Due in More Than One Year	24,108,258	4,875,043	28,983,301	277,546	0	0
Total Liabilities	\$ 30,033,368	\$ 5,125,480	\$ 35,158,848	\$ 3,928,892	\$ 11,290	

(Continued)

Exhibit A

Smith County, Tennessee
Statement of Net Assets (cont.)

	Primary Government		Total	Component Units	
	Governmental Activities	Business-type Activities		Smith County School Department	Smith County Emergency Communications District
Invested in Capital Assets,					
Net of Related Debt	\$ 18,573,967	\$ 1,943,084	\$ 20,517,051	\$ 0	\$ 363,709
Invested in Capital Assets	0	0	0	33,859,367	0
Restricted for:					
Capital Projects	101,483	0	101,483	0	0
Debt Service	1,706,084	0	1,706,084	0	0
Highway/Public Works	535,799	0	535,799	0	0
Courthouse and Jail Maintenance	464,433	0	464,433	0	0
Special Purpose	19,624	0	19,624	0	0
Drug Control	38,618	0	38,618	0	0
Public Library	54,460	0	54,460	0	0
Ambulance Service	416,547	0	416,547	0	0
Alcohol and Drug Treatment	49,667	0	49,667	0	0
Other Capital Outlay	75,957	0	75,957	0	0
School Federal Projects	0	0	0	79,862	0
Central Cafeteria	0	0	0	493,248	0
Vocational Projects	0	0	0	209,381	0
Basic Education Program	0	0	0	1,318,631	0
Career Ladder Program	0	0	0	93,659	0
Other Purposes	39,342	0	39,342	0	0
Unrestricted	(14,898,116)	(2,010,307)	(16,908,423)	213,953	257,750
Total Net Assets	\$ 7,177,865	\$ (67,223)	\$ 7,110,642	\$ 36,268,101	\$ 621,459

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, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Smith County School Department	Smith County Emergency Communications District
Primary Government:									
Governmental Activities:									
General Government	\$ 496,661	\$ 163,970	\$ 20,754	\$ 554,457	\$ 242,520	\$ 0	\$ 242,520	\$ 0	\$ 0
Finance	546,753	436,828	7,190	0	(102,735)	0	(102,735)	0	0
Administration of Justice	479,879	388,468	11,250	0	(80,161)	0	(80,161)	0	0
Public Safety	2,828,535	204,070	174,443	56,058	(2,393,964)	0	(2,393,964)	0	0
Public Health and Welfare	1,525,485	951,532	28,518	0	(545,435)	0	(545,435)	0	0
Social, Cultural, and Recreational Services	333,104	128,608	36,091	0	(168,405)	0	(168,405)	0	0
Agriculture and Natural Resources	156,705	0	0	0	(156,705)	0	(156,705)	0	0
Other Operations	1,130,695	43,621	0	0	(1,087,074)	0	(1,087,074)	0	0
Highways/Public Works	1,840,448	0	1,453,450	0	(386,998)	0	(386,998)	0	0
Education	673,231	0	0	0	(673,231)	0	(673,231)	0	0
Interest on Long-term Debt	1,091,524	0	0	0	(1,091,524)	0	(1,091,524)	0	0
Other Debt Service	30,799	0	0	0	(30,799)	0	(30,799)	0	0
Total Governmental Activities	\$ 11,133,819	\$ 2,317,097	\$ 1,731,696	\$ 610,515	\$ (6,474,511)	\$ 0	\$ (6,474,511)	\$ 0	\$ 0
Business-type Activities:									
Solid Waste Disposal	\$ 1,313,509	\$ 1,119,166	\$ 0	\$ 0	\$ 0	\$ (194,343)	\$ (194,343)	\$ 0	\$ 0
Total Business-type Activities	\$ 1,313,509	\$ 1,119,166	\$ 0	\$ 0	\$ 0	\$ (194,343)	\$ (194,343)	\$ 0	\$ 0
Total Primary Government	\$ 12,447,328	\$ 3,436,263	\$ 1,731,696	\$ 610,515	\$ (6,474,511)	\$ (194,343)	\$ (6,668,854)	\$ 0	\$ 0
Component Units:									
Smith County School Department	\$ 23,720,757	\$ 747,695	\$ 2,636,476	\$ 6,000	\$ 0	\$ 0	\$ 0	\$ (20,330,586)	\$ 0
Emergency Communications District	198,838	208,314	0	0	0	0	0	0	9,476
Total Component Units	\$ 23,919,595	\$ 956,009	\$ 2,636,476	\$ 6,000	\$ 0	\$ 0	\$ 0	\$ (20,330,586)	\$ 9,476

(Continued)

Exhibit B

Smith County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Expenses	Primary Government		Component Units		
					Governmental Activities	Business-type Activities	Smith County School Department	Smith County Emergency Communications District	
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes				\$ 2,688,482	\$ 0	\$ 2,688,482	\$ 2,923,545	\$ 0	0
Property Taxes Levied for Debt Service				822,709	0	822,709	0	0	0
Local Option Sales Taxes				1,118,448	0	1,118,448	1,250,274	0	0
Wheel Tax				1,092,415	0	1,092,415	0	0	0
Litigation Tax				140,398	0	140,398	0	0	0
Business Tax				113,668	0	113,668	0	0	0
Mineral Severance Tax				54,679	0	54,679	4	0	0
Wholesale Beer Tax				76,234	0	76,234	0	0	0
Interstate Telecommunications Tax				2,198	0	2,198	1,503	0	0
Grants and Contributions Not Restricted to Specific Purposes				696,214	11,108	707,322	15,788,924	209,611	0
Unrestricted Investment Earnings				188,212	0	188,212	0	0	0
Miscellaneous				58,030	349	58,379	38,716	5,882	0
Interest Income				0	0	0	9,499	2,176	0
Transfers				315,980	(315,980)	0	0	0	0
Total General Revenues and Transfers				\$ 7,367,667	\$ (304,523)	\$ 7,063,144	\$ 20,012,465	\$ 217,669	0
Change in Net Assets				\$ 893,156	\$ (498,866)	\$ 394,290	\$ (318,121)	\$ 227,145	0
Prior-period Adjustments				(3,974)	861,014	857,040	(96,297)	394,314	0
Net Assets, July 1, 2008				6,288,683	(429,371)	5,859,312	36,682,519	621,459	0
Net Assets, June 30, 2009				\$ 7,177,865	\$ (67,223)	\$ 7,110,642	\$ 36,268,101	\$ 621,459	0

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, 2009

	Major Funds					Nonmajor Funds		Total Governmental Funds
	Courthouse and Jail Maintenance	Highway / Public Works	General Debt Service	Education Debt Service	Other Governmental Funds	Governmental Funds		
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,511	\$ 55,511	
Equity in Pooled Cash and Investments	1,211,760	465,059	251,606	386,641	1,276,517	360,283	3,951,866	
Accounts Receivable	16,486	490,335	0	0	0	890,850	1,397,671	
Allowance for Uncollectibles	0	0	0	0	0	(579,053)	(579,053)	
Due from Other Governments	140,805	0	276,646	0	79,086	0	496,537	
Due from Other Funds	0	1,232	0	0	0	0	1,232	
Property Taxes Receivable	2,701,801	0	189,624	474,061	411,083	0	3,776,569	
Allowance for Uncollectible Property Taxes	(106,021)	0	(7,441)	(18,602)	(16,131)	0	(148,195)	
Notes Receivable - Current	0	0	0	10,000	0	0	10,000	
Notes Receivable - Long-term	0	0	0	70,000	0	0	70,000	
Total Assets	\$ 3,964,831	\$ 956,626	\$ 710,435	\$ 922,100	\$ 1,750,555	\$ 727,591	\$ 9,032,138	

LIABILITIES AND FUND BALANCES

Liabilities								
Accounts Payable	\$ 15,626	\$ 63,057	\$ 0	\$ 0	\$ 0	\$ 1,051	\$ 79,734	
Payroll Deductions Payable	10,577	0	0	0	0	1,433	12,010	
Contracts Payable	0	408,168	0	0	0	0	408,168	
Retainage Payable	0	20,968	0	0	0	0	20,968	
Due to Other Funds	0	0	0	1,232	0	0	1,232	
Deferred Revenue - Current Property Taxes	2,484,310	0	174,360	435,900	377,992	0	3,472,562	
Deferred Revenue - Delinquent Property Taxes	105,224	0	7,385	18,463	16,010	0	147,082	
Other Deferred Revenues	65,128	0	128,755	0	39,500	251,797	485,180	
Total Liabilities	\$ 2,680,865	\$ 492,193	\$ 310,500	\$ 455,595	\$ 433,502	\$ 254,281	\$ 4,626,936	

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Courthouse and Jail Maintenance	Highway / Public Works	General Debt Service	Education Debt Service	Other		
						Governmental Funds	Governmental Funds	
Fund Balances								
Reserved for Encumbrances	\$ 46,664	\$ 5,926,655	\$ 0	\$ 0	\$ 0	\$ 11,223	\$ 5,984,542	
Reserved for Alcohol and Drug Treatment	49,667	0	0	0	0	0	49,667	
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	0	320,034	0	0	0	0	320,034	
Reserved for Sexual Offender Registration	2,986	0	0	0	0	0	2,986	
Reserved for Courtroom Security	5,571	0	0	0	0	0	5,571	
Reserved for Computer System - Register	8,840	0	0	0	0	0	8,840	
Reserved for Automation Purposes - Juvenile Court	459	0	0	0	0	0	459	
Reserved for Automation Purposes - Chancery Court	4,567	0	0	0	0	0	4,567	
Reserved for Automation Purposes - Sheriff	9,781	0	0	0	0	0	9,781	
Reserved for Long-term Notes Receivable	0	0	0	70,000	0	0	70,000	
Reserved for Capital Outlay	75,957	0	0	0	0	0	75,957	
Reserved for Other General Purposes	0	171,871	0	0	0	0	171,871	
Unreserved, Reported In:								
General Fund	1,079,474	0	0	0	0	0	1,079,474	
Special Revenue Funds (Deficit)	0	(5,954,127)	399,935	0	0	361,663	(5,192,529)	
Debt Service Funds	0	0	0	396,505	1,317,053	0	1,713,558	
Capital Projects Funds	0	0	0	0	0	100,424	100,424	
Total Fund Balances	\$ 1,283,966	\$ 464,433	\$ 399,935	\$ 466,505	\$ 1,317,053	\$ 473,310	\$ 4,405,202	
Total Liabilities and Fund Balances	\$ 3,964,831	\$ 956,626	\$ 710,435	\$ 922,100	\$ 1,750,555	\$ 727,591	\$ 9,032,138	

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

Exhibit C-2

Smith County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2009

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	4,405,202
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,053,174	
Add: construction in progress		4,862,905	
Add: buildings and improvements net of accumulated depreciation		4,399,802	
Add: infrastructure net of accumulated depreciation		14,153,475	
Add: other capital assets net of accumulated depreciation		<u>2,702,471</u>	28,171,827
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			632,262
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(17,657,817)	
Less: notes payable		(2,064,722)	
Less: other loans payable		(5,858,803)	
Less: capital leases payable		(121,518)	
Less: compensated absences payable		(168,297)	
Less: other postemployment benefits liability		(8,546)	
Less: accrued interest on bonds		(136,495)	
Less: accrued interest on notes		(23,728)	
Add: deferred charges - debt issuance costs		<u>8,500</u>	(26,031,426)
Net assets of governmental activities (Exhibit A)			<u>\$ 7,177,865</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, 2009

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Courthouse and Jail Maintenance	Highway/Public Works	General Debt Service	Education Debt Service	Other		
						Governmental Funds	Governmental Funds	
Revenues								
Local Taxes	\$ 3,506,956	\$ 318,110	\$ 248,235	\$ 457,121	\$ 1,713,816	\$ 0	\$ 0	\$ 6,244,238
Licenses and Permits	62,005	0	0	0	0	412	0	62,417
Fines, Forfeitures, and Penalties	31,166	370	0	0	0	10,394	0	41,930
Charges for Current Services	58,907	0	0	0	0	1,008,352	0	1,067,259
Other Local Revenues	314,721	3,301	12,316	47,623	0	104,770	0	482,731
Fees Received from County Officials	906,634	0	0	0	0	0	0	906,634
State of Tennessee	722,563	0	1,437,103	0	0	291,957	0	2,451,623
Federal Government	75,796	0	0	0	0	0	0	75,796
Other Governments and Citizens Groups	59,255	0	0	0	296,000	65,760	0	421,015
Total Revenues	\$ 5,738,003	\$ 321,781	\$ 1,697,654	\$ 504,744	\$ 2,009,816	\$ 1,481,645	\$ 0	\$ 11,753,643
Expenditures								
Current:								
General Government	\$ 1,054,695	\$ 20,350	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,075,045
Finance	546,514	0	0	0	0	0	0	546,514
Administration of Justice	464,626	0	0	0	0	15,253	0	479,879
Public Safety	4,190,301	0	0	0	0	9,297	0	4,199,598
Public Health and Welfare	98,216	0	0	0	0	1,263,518	0	1,361,734
Social, Cultural, and Recreational Services	172,080	0	0	0	0	85,005	0	257,085
Agriculture and Natural Resources	67,402	0	0	0	0	0	0	67,402
Other Operations	678,005	2,944	0	0	0	449,746	0	1,130,695
Highways	0	0	1,607,423	0	0	0	0	1,607,423
Debt Service:								
Principal on Debt	97,971	21,462	50,000	427,085	985,000	69,374	0	1,650,892
Interest on Debt	7,742	113,295	5,551	122,096	845,850	6,294	0	1,100,828
Other Debt Service	8,500	0	0	9,414	21,385	0	0	39,299
Capital Projects	0	3,290,091	0	0	0	788,651	0	4,078,742
Total Expenditures	\$ 7,386,052	\$ 3,448,142	\$ 1,662,974	\$ 558,595	\$ 1,852,235	\$ 2,687,138	\$ 0	\$ 17,595,136
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,648,049)	\$ (3,126,361)	\$ 34,680	\$ (53,851)	\$ 157,581	\$ (1,205,493)	\$ 0	\$ (5,841,493)

(Continued)

Exhibit C-3

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

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Courthouse and Jail Maintenance	Highway / Public Works	General Debt Service	Education Debt Service	Other Governmental Funds	Governmental Funds		
<u>Other Financing Sources (Uses)</u>									
Bonds Issued	\$ 1,250,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,250,000
Notes Issued	134,409	0	0	0	0	0	72,000	0	206,409
Other Loans Issued	0	3,314,281	0	0	0	0	674,208	0	3,988,489
Insurance Recovery	10,307	0	0	0	0	0	0	0	10,307
Transfers In	0	0	0	0	0	0	403,565	0	403,565
Transfers Out	(67,065)	0	0	0	0	0	(20,520)	0	(87,585)
Total Other Financing Sources (Uses)	\$ 1,327,651	\$ 3,314,281	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,129,253	\$ 0	\$ 5,771,185
Net Change in Fund Balances	\$ (320,398)	\$ 187,920	\$ 34,680	\$ (53,851)	\$ 157,581	\$ (76,240)	\$ 549,550	\$ (70,308)	\$ (70,308)
Fund Balance, July 1, 2008	1,604,364	276,513	365,255	520,356	1,159,472	549,550	473,310	4,475,510	4,475,510
Fund Balance, June 30, 2009	\$ 1,283,966	\$ 464,433	\$ 399,935	\$ 466,505	\$ 1,317,053	\$ 473,310	\$ 473,310	\$ 4,405,202	\$ 4,405,202

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

Exhibit C-4

Smith County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2009

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)		\$ (70,308)
(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	\$ 5,597,920	
Less: current year depreciation expense	<u>(635,864)</u>	4,962,056
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss on disposal of capital assets		(35,833)
(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, 2008	\$ (674,910)	
Add: deferred delinquent property taxes and other deferred June 30, 2009	<u>632,262</u>	(42,648)
(4) The issuance of long-term debt (e.g., notes, capital leases, bonds, other loans) 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 assets.		
Less: note proceeds	\$ (206,409)	
Less: other loan proceeds	(3,988,489)	
Less: bond proceeds	(1,250,000)	
Add: principal payments on bonds	990,685	
Add: principal payments on notes	396,062	
Add: principal payments on capital leases	167,345	
Add: principal payments on other loans	96,800	
Add: debt issuance costs on debt issued during the year	<u>8,500</u>	(3,785,506)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 9,304	
Change in compensated absences payable	(139,337)	
Change in other postemployment benefits liability	<u>(4,572)</u>	(134,605)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 893,156</u>

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

Exhibit D-1

Smith County, Tennessee
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 247,963
Accounts Receivable	148,665
Allowance for Uncollectibles	(9,806)
Total Current Assets	<hr/> \$ 386,822
Noncurrent Assets:	
Capital Assets:	
Assets not Depreciated:	
Land	\$ 2,052,484
Assets Net of Accumulated Depreciation:	
Landfill Facilities and Development	1,913,088
Buildings and Improvements	58,229
Machinery and Equipment	647,634
Total Noncurrent Assets	<hr/> \$ 4,671,435
Total Assets	<hr/> \$ 5,058,257
<u>LIABILITIES</u>	
Current Liabilities:	
Payroll Deductions Payable	\$ 599
Accrued Leave - Current	34
Accrued Liability for Landfill Closure/Postclosure Care Costs	75,000
Capital Outlay Notes Payable	77,778
Capital Leases Payable - Current	73,606
Other Loans Payable	23,420
Total Current Liabilities	<hr/> \$ 250,437
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 2,320,733
Capital Outlay Notes Payable	544,444
Capital Leases Payable - Long-term	76,187
Other Loans Payable	1,932,916
Accrued Leave - Long-term	137
Other Long-term Liabilities	626
Total Noncurrent Liabilities	<hr/> \$ 4,875,043
Total Liabilities	<hr/> \$ 5,125,480
<u>NET ASSETS</u>	
Invested in Capital Assets, net of related debt	\$ 1,943,084
Unrestricted	<hr/> (2,010,307)
Total Net Assets	<hr/> \$ (67,223)

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 Assets
Proprietary Fund
For the Year Ended June 30, 2009

	Business-type Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>Operating Revenues</u>	
Licenses and Permits	\$ 360
Charges for Current Services	1,080,939
Total Operating Revenues	<u>\$ 1,081,299</u>
<u>Operating Expenses</u>	
Other Waste Collection	\$ 15,220
Landfill Operations and Maintenance	997,292
Depreciation Expense	194,308
Total Operating Expenses	<u>\$ 1,206,820</u>
Operating Income (Loss)	<u>\$ (125,521)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Sale of Materials and Supplies	\$ 6,420
Sale of Recycled Materials	31,447
Miscellaneous Refunds	349
Grants Received	11,108
Interest on Notes	(27,833)
Interest on Loans	(78,856)
Total Nonoperating Revenues (Expenses)	<u>\$ (57,365)</u>
Income (Loss) Before Transfers	\$ (182,886)
Transfers In	20,520
Transfers Out	<u>(336,500)</u>
Change in Net Assets	\$ (498,866)
Prior-period Adjustment	861,014
Net Assets, July 1, 2008	<u>(429,371)</u>
Net Assets, June 30, 2009	<u><u>\$ (67,223)</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 Funds
For the Year Ended June 30, 2009

	Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from Customers and Users	\$ 1,045,378
Payments to Suppliers	(494,119)
Payments to Employees	(277,079)
Other Receipts (Payments)	348
Net Cash Provided By (Used In) Operating Activities	<u>\$ 274,528</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Grants Received	\$ 9,983
Transfers to Other Funds	(336,500)
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ (326,517)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Acquisition of Capital Assets	\$ (225,000)
Sale of Materials and Supplies	6,420
Sale of Recycled Materials	31,447
Capital Debt Proceeds	228,650
Principal Paid on Capital Outlay Note	(77,778)
Principal Paid on Capital Lease	(78,857)
Principal Paid on Other Loan	(27,464)
Interest Paid on Capital Outlay Note	(27,833)
Interest Paid on Other Loan	(78,856)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (249,271)</u>
Net Increase (Decrease) in Cash	\$ (301,260)
Cash, July 1, 2008	<u>549,223</u>
Cash, June 30, 2009	<u>\$ 247,963</u>

(Continued)

Exhibit D-3

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

	Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>	
<u>TO NET CASH PROVIDED BY (USED IN) OPERATING</u>	
<u>ACTIVITIES</u>	
Operating Income (Loss)	\$ (125,521)
Miscellaneous Refunds	349
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	194,308
(Increase) Decrease in Accounts Receivable, Net	(38,921)
(Increase) Decrease in Due from Other Governments	3,000
Increase (Decrease) in Payroll Deductions Payable	26
Increase (Decrease) in Accrued Leave	171
Increase (Decrease) in Other Postemployment Benefits Payable	626
Increase (Decrease) in Landfill Closure/Postclosure Care Costs	<u>240,490</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 274,528</u>
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>	
Contributions of Capital Assets from Government	\$ 20,520

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

Exhibit E

Smith County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,243,808
Investments	38,326
Accounts Receivable	989
Due from Other Governments	<u>187,607</u>
Total Assets	<u>\$ 1,470,730</u>
<u>LIABILITIES</u>	
Cash Overdraft	\$ 916
Due to Other Taxing Units	187,607
Due to Litigants, Heirs, and Others	<u>1,282,207</u>
Total Liabilities	<u>\$ 1,470,730</u>

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

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SMITH COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Smith County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Smith County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Smith County School Department operates the public school system in the county, and the voters of Smith County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Smith County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Smith County, and the Smith County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Smith County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Smith County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets 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.

Separate financial statements are provided for governmental funds, the proprietary fund (enterprise fund), and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are

recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Smith County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, 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, proprietary funds, and fiduciary funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Smith County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Proprietary fund and fiduciary funds financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues

are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Smith County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Courthouse and Jail Maintenance Fund – This fund is used to account for a special tax levied by private act on litigation and the recording of certain instruments. The proceeds of the tax must be used to pay for improvements or maintenance to the courthouse and jail.

Highway/Public Works Fund – This fund accounts for transactions of the county’s Highway Department.

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

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

Smith County reports the following major enterprise fund:

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

Additionally, Smith County reports the following fund types:

Capital Projects Funds – These funds are used to account for financial resources to be used in the acquisition or construction of major capital facilities.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Smith County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Smith County School Department reports the following major governmental fund:

General Purpose School Fund – This fund is the primary operating fund of the School Department. It is used to account for general operations of the School Department.

Additionally, the Smith County School Department reports the following fund type:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise fund, subject to this same limitation. Smith County has elected not to follow subsequent private-sector guidance.

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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted revenues first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the Statement of Cash Flows, cash includes cash on deposit with the county trustee.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Smith County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. In addition, investments are held separately by the Constitutional Officers – Agency Fund of the county. 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. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. 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. All other investments are reported at fair value.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to two percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

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 revenue 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 revenue 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.

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

3. Capital Assets

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

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

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

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

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

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

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

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

4. Compensated Absences

Primary Government

It is the county's policy (with the exception of the Office of County Clerk) not to allow employees to accumulate unused vacation days beyond year-end. The county clerk permits employees to accumulate earned but unused vacation benefits beyond year-end. All county offices allow the accumulation of unused sick days beyond year-end. There is no liability for unpaid accumulated sick leave (with the exception of the Office of County Clerk) since Smith County's policies do not provide for payment when employees separate from service with the government. Vacation and sick pay for the Office of County Clerk is accrued when incurred in the government-wide financial statements for the county. A liability for vacation and sick pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

Discretely Presented Smith County School Department

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

5. 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 Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized 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 and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – 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 assets – Consists of net assets 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 assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2009, Smith County had \$16,105,000 in outstanding debt for capital purposes for the discretely presented Smith County School Department. This debt is a liability of Smith County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Smith County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The General Fund reflected a designation of \$22,198 for a traffic school on June 30, 2009.

7. Prior-period Adjustments

Closure/postclosure care costs were restated \$861,014 due to an increase in the estimated liability reflected on the financial statements of the Solid Waste Disposal Fund.

Other postemployment benefits liabilities were restated \$3,974 for the primary government and \$96,297 for the discretely presented Smith County School Department because the state-administered Local Government Group Insurance and Local Education Group Insurance plans' actuarial studies were dated July 1, 2007, and implicit participation had been omitted.

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 Assets

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 Assets.

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 Assets.

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 assets 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 assets 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 Public Library, Special Purpose, and Constitutional Officers - Fees funds (special revenue funds), which are not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be

sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

B. Net Assets/Fund Deficits

The Solid Waste Disposal Fund had a deficit in unrestricted net assets of \$2,010,307 and a total net assets deficit of \$67,223 at June 30, 2009. This net assets deficit resulted primarily from the recognition of a liability for closure/postclosure care costs.

The Courthouse and Jail Maintenance Fund had a deficit in unreserved fund balance of \$5,954,127 at June 30, 2009. This deficit resulted from the unperformed portions of construction contracts of \$5,926,655 being reserved as encumbrances. Funding to liquidate this deficit is expected to be received through future litigation tax collections and other loans.

C. Prior-year Cash Shortage/Current-year Theft/Cash Overdraft

The Office of County Clerk had a theft of \$819.04 as of June 30, 2008, due to a break-in that had occurred in the office. Insurance recovery money of \$819.04 was received on September 16, 2008.

The Highway Department had a theft of tools totaling \$4,084.54 on October 8, 2009, due to a break-in that occurred in the office. Insurance recovery money of \$3,584.54 was received on November 23, 2009. Details of this theft are discussed in the Schedule of Findings and Questioned Costs section of this report.

The Constitutional Officers – Agency Fund had a cash overdraft of \$916 at June 30, 2009. This cash overdraft resulted from uncollected bad checks held in the Office of County Clerk at year-end. The overdraft in the Office of

County Clerk should be liquidated with funds collected from individuals responsible for the checks.

D. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the following major appropriation categories (the legal level of control) of the following funds:

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
Drug Control:	
Drug Enforcement	\$ 21
Education Debt Service:	
Other Debt Service - Education	285

Such overexpenditures are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues and available fund balances.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Smith County and the Smith County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund’s portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash and investments reflected on the balance sheets or statements of net assets represent nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency.

Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for the purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance 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 market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2009, Smith County had the following investments carried at fair value. All of these investments were made on behalf of litigants at the direction of a court order and are held in the Office of Clerk and Master.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
College Bound Mutual Funds	On Demand	\$ 38,326

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Smith County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Smith County has no investment policy that would further limit its investment choices. As of June 30, 2009, Smith County's investments in College Bound Mutual Funds were not rated.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Smith County does not have a formal policy that limits custodial credit risk for investments. The underlying securities for the \$38,326 were uninsured and held by the investment's counterparty, not in the name of the county. However, it should be noted that these amounts are invested on behalf of litigants at the order of the court and the county has no custodial credit risk for these investments.

B. Notes Receivable

Notes receivable in the General Debt Service Fund resulted from an interest-free loan to the Industrial Development Board of Smith County. This note receivable totaling \$80,000 is reflected on the balance sheet with the offsetting Reserve for Long-term Notes Receivable account and is scheduled to be repaid to the county in ten equal annual installments.

C. Capital Assets

Capital assets activity for the year ended June 30, 2009, was as follows:

Primary Government

Governmental Activities:

	Balance			Balance
	7-1-08	Increases	Decreases	6-30-09
Capital Assets Not Depreciated:				
Land	\$ 2,039,660	\$ 13,514	\$ 0	\$ 2,053,174
Construction in Progress	3,667,226	3,986,423	(2,790,744)	4,862,905
Total Capital Assets				
Not Depreciated	\$ 5,706,886	\$ 3,999,937	\$ (2,790,744)	\$ 6,916,079
Capital Assets Depreciated:				
Buildings and Improvements	\$ 2,381,154	\$ 2,746,440	\$ 0	\$ 5,127,594
Infrastructure	20,201,549	66,760	(54,417)	20,213,892
Other Capital Assets	2,727,569	1,575,527	0	4,303,096
Total Capital Assets				
Depreciated	\$ 25,310,272	\$ 4,388,727	\$ (54,417)	\$ 29,644,582

Governmental Activities: (Cont.)

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 574,776	\$ 153,016	\$ 0	\$ 727,792
Infrastructure	5,857,102	221,899	(18,584)	6,060,417
Other Capital Assets	1,339,676	260,949	0	1,600,625
Total Accumulated Depreciation	<u>\$ 7,771,554</u>	<u>\$ 635,864</u>	<u>\$ (18,584)</u>	<u>\$ 8,388,834</u>
Total Capital Assets Depreciated, Net	<u>\$ 17,538,718</u>	<u>\$ 3,752,863</u>	<u>\$ (35,833)</u>	<u>\$ 21,255,748</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,245,604</u>	<u>\$ 7,752,800</u>	<u>\$ (2,826,577)</u>	<u>\$ 28,171,827</u>

Business-type Activities:

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Not Depreciated:			
Land	\$ 2,052,484	\$ 0	\$ 2,052,484
Total Capital Assets Not Depreciated	<u>\$ 2,052,484</u>	<u>\$ 0</u>	<u>\$ 2,052,484</u>
Capital Assets Depreciated:			
Landfill Facilities and Development	\$ 2,313,068	\$ 0	\$ 2,313,068
Buildings and Improvements	74,039	0	74,039
Other Capital Assets	1,272,424	245,520	1,517,944
Total Capital Assets Depreciated	<u>\$ 3,659,531</u>	<u>\$ 245,520</u>	<u>\$ 3,905,051</u>
Less Accumulated Depreciation For:			
Landfill Facilities and Development	\$ 319,023	\$ 80,957	\$ 399,980
Buildings and Improvements	14,190	1,620	15,810
Other Capital Assets	758,579	111,731	870,310
Total Accumulated Depreciation	<u>\$ 1,091,792</u>	<u>\$ 194,308</u>	<u>\$ 1,286,100</u>
Total Capital Assets Depreciated, Net	<u>\$ 2,567,739</u>	<u>\$ 51,212</u>	<u>\$ 2,618,951</u>
Business-type Activities Capital Assets, Net	<u>\$ 4,620,223</u>	<u>\$ 51,212</u>	<u>\$ 4,671,435</u>

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

Governmental Activities:

General Government	\$ 21,725
Public Safety	119,494
Public Health and Welfare	130,051
Social, Cultural, and Recreational Services	27,806
Agriculture and Natural Resources	59,372
Highway/Public Works	<u>277,416</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 635,864</u>
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Business-type Activities:

Solid Waste Disposal	<u>\$ 194,308</u>
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Discretely Presented Smith County School Department

Governmental Activities:

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Not Depreciated:			
Land	\$ 1,226,738	\$ 0	\$ 1,226,738
Total Capital Assets Not Depreciated	<u>\$ 1,226,738</u>	<u>\$ 0</u>	<u>\$ 1,226,738</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 38,887,048	\$ 165,493	\$ 39,052,541
Infrastructure	129,000	0	129,000
Other Capital Assets	2,152,879	235,176	2,388,055
Total Capital Assets Depreciated	<u>\$ 41,168,927</u>	<u>\$ 400,669</u>	<u>\$ 41,569,596</u>
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 6,954,250	\$ 867,888	\$ 7,822,138
Infrastructure	16,394	3,225	19,619
Other Capital Assets	943,168	152,042	1,095,210
Total Accumulated Depreciation	<u>\$ 7,913,812</u>	<u>\$ 1,023,155</u>	<u>\$ 8,936,967</u>
Total Capital Assets Depreciated, Net	<u>\$ 33,255,115</u>	<u>\$ (622,486)</u>	<u>\$ 32,632,629</u>
Governmental Activities Capital Assets, Net	<u>\$ 34,481,853</u>	<u>\$ (622,486)</u>	<u>\$ 33,859,367</u>

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

Governmental Activities:

Instruction	\$ 1,023,155
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D. Construction Commitments

At June 30, 2009, the Courthouse and Jail Maintenance Fund had uncompleted construction contracts of approximately \$5,926,655 for the construction of a jail. Funding for these future expenditures is expected to be received through future litigation tax collections and other loans.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
Courthouse and Jail Maintenance	General Debt Service	\$ 1,232

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2009, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	Solid Waste Disposal Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 67,065
Solid Waste Disposal Fund	0	336,500
Nonmajor governmental funds	20,520	0
Total	\$ 20,520	\$ 403,565

Discretely Presented Smith County School Department

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental funds	\$ 46,101

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.

F. Capital Leases

On October 23, 2006, Smith County entered into a three-year lease-purchase agreement for roll-off trucks. The terms of this agreement call for total lease payments of \$208,252 plus interest at 4.35 percent. The lease payments are made from the Solid Waste/Sanitation Fund.

On March 19, 2007, Smith County entered into two separate three-year lease-purchase agreements for patrol cars. The terms of these agreements call for total lease payments of \$74,768 and \$116,490, respectively, plus interest at 5.71 percent on each lease. The lease payments are made from the General Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30	Governmental Funds
2010	\$ 127,535
Total Minimum Lease Payments	\$ 127,535
Less: Amount Representing Interest	<u>(6,017)</u>
Present Value of Minimum Lease Payments	<u>\$ 121,518</u>

G. Long-term Debt

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation

bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 39 years for bonds, up to 12 years for notes, and up to 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2009, will be retired from the General, Courthouse and Jail Maintenance, Highway/Public Works, General Debt Service, and Education Debt Service funds.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
General Obligation Bonds	3 to 5.5 %	\$ 24,497,200	\$ 4,857,817
General Obligation Bonds - Refunding	5	12,800,000	12,800,000
Capital Outlay Notes	3.3 to 4.4	2,697,847	2,064,722
Other Loans	Variable	6,146,653	5,858,803
Capital Leases	4.35 to 5.71	399,510	121,518

In prior years, Smith County entered into loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned \$1,250,000 to Smith County for the construction of a senior/career center and an agriculture center, and \$1,378,600 for the construction of a head start facility and a jail facility. These loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2009, the variable interest rate was .39 percent on the \$1,250,000 and \$1,378,600 loans; and other fees totaled approximately .45 percent on a \$1,250,000 loan and .2 percent on a \$1,378,600 loan (letter of credit); .08 percent on the \$1,250,000 and \$1,378,600 loans (remarketing), and \$85 per month per loan (trustee).

In the prior year, Smith County entered into a loan agreement with the Montgomery County Public Building Authority. Under this loan agreement, the authority will make available \$10,000,000 to Smith County on an as-needed basis for construction of a jail facility. At June 30, 2009, the county had borrowed \$3,518,054 of the \$10,000,000 loan. This loan is

repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. The county entered into an interest rate collar agreement with a floor of 2.9 percent and a ceiling of five percent. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with this loan. At June 30, 2009, the interest rate was .39 percent and other fees based on the outstanding loan principal totaled approximately .25 percent (letter of credit), .08 percent (remarketing), and a trustee fee of \$85 per month.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2009, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 441,997	\$ 82,086	\$ 524,083
2011	352,078	62,560	414,638
2012	280,526	49,315	329,841
2013	211,722	37,977	249,699
2014	141,678	30,998	172,676
2015-2019	615,058	75,223	690,281
2020	21,663	854	22,517
Total	\$ 2,064,722	\$ 339,013	\$ 2,403,735

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2010	\$ 99,990	\$ 253,493	\$ 29,662	\$ 383,145
2011	405,290	272,316	29,139	706,745
2012	425,700	263,253	27,686	716,639
2013	444,240	253,715	26,164	724,119
2014	465,900	243,733	24,576	734,209
2015-2019	2,677,310	975,210	96,385	3,748,905
2020-2024	960,974	170,735	33,897	1,165,606
2025-2027	379,399	2,693	6,263	388,355
Total	\$ 5,858,803	\$ 2,435,148	\$ 273,772	\$ 8,567,723

Year Ending June 30	Bonds		
	Principal	Interest	Total
2010	\$ 1,074,282	\$ 870,103	\$ 1,944,385
2011	1,121,275	816,185	1,937,460
2012	1,148,359	760,663	1,909,022
2013	1,170,538	707,086	1,877,624
2014	1,282,814	651,809	1,934,623
2015-2019	7,486,958	2,228,157	9,715,115
2020-2024	3,741,357	456,010	4,197,367
2025-2029	468,937	109,027	577,964
2030-2034	58,900	38,714	97,614
2035-2039	73,534	24,080	97,614
2040-2043	30,863	6,785	37,648
Total	<u>\$ 17,657,817</u>	<u>\$ 6,668,619</u>	<u>\$ 24,326,436</u>

There is \$466,505 available in the General Debt Service Fund and \$1,317,053 in the Education Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,000, based on the 2000 federal census. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$1,455, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

Governmental Activities

	Bonds	Notes	Other Loans
Balance, July 1, 2008	\$ 17,398,502	\$ 2,254,375	\$ 1,967,114
Additions	1,250,000	206,409	3,988,489
Deductions	(990,685)	(396,062)	(96,800)
Balance, June 30, 2009	<u>\$ 17,657,817</u>	<u>\$ 2,064,722</u>	<u>\$ 5,858,803</u>
Balance Due Within One Year	<u>\$ 1,074,282</u>	<u>\$ 441,997</u>	<u>\$ 99,990</u>

	Capital Leases	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2008	\$ 288,863	\$ 28,960	\$ 0
Additions	0	177,972	18,333
Deductions	(167,345)	(38,635)	(9,787)
Balance, June 30, 2009	<u>\$ 121,518</u>	<u>\$ 168,297</u>	<u>\$ 8,546</u>
Balance Due Within One Year	<u>\$ 121,518</u>	<u>\$ 33,658</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 25,879,703
Less: Due Within One Year	<u>(1,771,445)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 24,108,258</u>

Compensated absences will be paid from the employing funds, primarily the General Fund.

Defeasance of Prior Debt

In prior years, Smith County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2009, the following outstanding bonds are considered defeased:

	<u>Amount</u>
2000 School Bonds	\$ 6,300,000
2001 School Bonds	6,730,000

Solid Waste Disposal Fund (enterprise fund)

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2009, including interest payments, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 77,778	\$ 24,559	\$ 102,337
2011	77,778	21,284	99,062
2012	77,778	18,009	95,787
2013	77,778	14,735	92,513
2014	77,778	11,461	89,239
2015-2017	233,332	14,734	248,066
Total	\$ 622,222	\$ 104,782	\$ 727,004

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2010	\$ 23,420	\$ 82,900	\$ 106,320
2011	24,435	81,885	106,320
2012	25,494	80,826	106,320
2013	26,599	79,721	106,320
2014	27,752	78,569	106,321
2015-2019	157,874	373,726	531,600
2020-2024	195,181	336,419	531,600
2025-2029	241,303	290,297	531,600
2030-2034	298,321	233,279	531,600
2035-2039	368,817	162,783	531,600
2040-2044	455,969	75,631	531,600
2045-2046	111,171	2,993	114,164
Total	\$ 1,956,336	\$ 1,879,029	\$ 3,835,365

Changes in Long-term Liabilities

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2009, was as follows:

Business-type Activities:

	Notes	Other Loans	Capital Leases
Balance, July 1, 2008	\$ 700,000	\$ 1,983,800	\$ 0
Additions	0	0	228,650
Deductions	(77,778)	(27,464)	(78,857)
Balance, June 30, 2009	\$ 622,222	\$ 1,956,336	\$ 149,793
Balance Due Within One Year	\$ 77,778	\$ 23,420	\$ 73,606

	Other Postemployment Benefits	Closure/ Postclosure Care Costs	Compensated Absences
Balance, July 1, 2008	\$ 0	\$ 3,016,257	\$ 0
Additions	725	308,503	171
Deductions	(99)	(929,027)	0
Balance, June 30, 2009	<u>\$ 626</u>	<u>\$ 2,395,733</u>	<u>\$ 171</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 75,000</u>	<u>\$ 34</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 5,124,881
Less: Due Within One Year	<u>(249,838)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 4,875,043</u>

Discretely Presented Smith County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Smith County School Department for the year ended June 30, 2009, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2008	\$ 46,811	\$ 0
Additions	38,750	351,902
Deductions	(29,887)	(116,112)
Balance, June 30, 2009	<u>\$ 55,674</u>	<u>\$ 235,790</u>
Balance Due Within One Year	<u>\$ 13,918</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$	291,464
Less: Due Within One Year		<u>(13,918)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$	<u>277,546</u>

H. Pledges of Receivables and Future Revenues

Wheel Tax Revenues Pledged

In 2008, Smith County voters approved an additional \$15 increase in the local wheel tax that was allocated 100 percent for the repayment of county indebtedness related to the jail construction. The tax will terminate 20 years from date of debt issue or as soon as indebtedness is paid off. The other loans issued by Smith County in 2007 and 2008 totaling \$10,674,186 to provide financing for jail construction are payable through 2030.

Debt obligation schedules include annual principal, interest, and various other loan fee payments over the next 18 years of approximately \$41,287 to \$674,148 per year. For the current year, principal, interest, and other loan fees paid by the Courthouse and Jail Maintenance Fund for the jail building programs totaled \$134,757.

I. On-Behalf Payments – Discretely Presented Smith County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Smith County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2009, were \$65,340 and \$17,213, 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 government's risks of loss relating to general liability, property, casualty, and workers' compensation are covered by participation in

the Local Government Property and Casualty Fund (LGPCF) and the Local Government Workers' Compensation Fund, which are public entity risk pools established by the Tennessee County Services Association. The county pays annual premiums to the pools for the risk coverage noted above. The creation of these pools provides for them to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

The county provides health insurance coverage to its employees through the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, Tennessee Code Annotated (TCA), all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by the fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented Smith County School Department

It is the policy of the School Department to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property, and casualty. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays annual premiums to the TN-RMT for its workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums. The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, TCA, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments became effective for the year ended June 30, 2009.

GASB Statement No. 49 requires county governments to measure and report their pollution remediation liabilities. A county has a pollution remediation problem if one of five obligating events occurs. The statement requires governments to restate beginning net assets in government-wide and proprietary fund financial statements for pollution remediation liabilities that existed as of July 1, 2008. Previous to Statement No. 49, counties were not required to measure and record pollution remediation liabilities. GASB Statement No. 49 had no effect on the financial statements of Smith County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Smith County could have pollution remediation liabilities in subsequent years.

GASB Statement No. 52 requires endowments to report land and other real estate investments at fair value. Previous to Statement No. 52, land and other real estate held by endowments were reported at historical cost. Changes in fair value between years will be reported as investment income (loss). GASB Statement No. 52 had no effect on the financial statements of Smith County for the year ended June 30, 2009, since the county had no endowment investments. However, it is reasonably expected that Smith County could have endowment investments in subsequent years.

C. Subsequent Events

On December 18, 2009, a \$74,000 capital outlay note was issued for the Ambulance Service Fund to purchase an ambulance remount.

On January 11, 2010, the Smith County Commission authorized the issuance of a \$190,869 capital outlay note for the General Fund to purchase patrol cars for the Sheriff's Department.

The Highway Department had a theft of tools, miscellaneous items, and a truck on March 15, 2010. The total dollar amount of items stolen has not been determined as of the date of the auditor's report.

As of the date of the auditor's report, Smith County requested draws of \$4,575,541 from the \$10,000,000 jail facility loan from the Montgomery County Loan Pool.

D. Contingent Liabilities

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.

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. The \$2,395,733 reported as landfill closure and postclosure care liability at June 30, 2009, represents the cumulative amount reported to date based on the use of 87 percent of the estimated capacity of the operating landfill (\$2,230,242) and for a landfill closed in 1999 (\$165,491). The \$2,395,733 reported as closure and postclosure care liability at June 30, 2009, represents the net amount reported to date based on what it would cost to perform all postclosure care in 2009. The county will recognize the remaining estimated costs of closure and postclosure care of \$327,977 on the operating landfill as the remaining estimated capacity is filled. 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 and participating municipalities in the district. The Fifteenth Judicial District includes Smith, Jackson, Trousdale, and Wilson counties. The DTF interlocal agreement was signed by the sheriffs of Smith County, Jackson County, Hartsville/Trousdale County Government, 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, 2009, 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 state statutes 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; however, counties do not have any ongoing financial interest or responsibility for the entity. Smith County did not contribute to the operations of the Nashville and Eastern Railroad Authority during the 2008-09 year. Complete financial statements for the authority can be obtained at the following address:

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

H. Retirement Commitments

Employees

Plan Description

Employees of Smith County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Smith County participate in the TCRS as individual entities and are liable for all costs

associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs

Funding Policy

Smith County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 6.47 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Smith County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2009, Smith County's annual pension cost of \$398,778 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Smith County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was eight years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-09	\$398,778	100%	\$0
6-30-08	378,903	100	0
6-30-07	347,449	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 92.94 percent funded. The actuarial accrued liability for benefits was \$11.53 million, and the actuarial value of assets was \$10.71 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.82 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.28 million, and the ratio of the UAAL to the covered payroll was 15.4 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

School Teachers

Plan Description

The School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of TCA. State statutes are amended by the Tennessee General

Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2009, was 6.42 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2009, 2008, and 2005, were \$722,336, \$683,663, and \$620,747, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Plan Description

Smith County and the School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA), for local education employees and Section 8-27-207, TCA, for local governments. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plans are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year, Smith County and the School Department contributed \$9,692 and \$111,894, respectively, to other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>School</u>
	<u>Activities</u>	<u>Activities</u>	<u>Department</u>
	Local	Local	Local
	Government	Government	Education
	Group	Group	Group
	Plan	Plan	Plan
ARC	\$ 14,180	\$ 238	\$ 251,272
Interest on the NPO	179	21	4,333
Adjustment to the ARC	(174)	(20)	(4,218)
Annual OPEB cost	\$ 14,185	\$ 239	\$ 251,387
Amount of contribution	(9,613)	(79)	(111,894)
Increase/decrease in NPO	\$ 4,572	\$ 160	\$ 139,493
Net OPEB obligation, 7-1-08	3,974	466	96,297
Net OPEB obligation, 6-30-09	\$ 8,546	\$ 626	\$ 235,790

Fiscal Year Ended*	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
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Primary Government

Governmental Activities:

6-30-08	Local Government Group	\$ 14,018	72%	\$ 3,974
6-30-09	"	14,185	68	8,546

Business-type Activities:

6-30-08	Local Government Group	709	34	466
6-30-09	"	239	33	626

Discretely Presented Smith
County School Department

6-30-08	Local Education Group	248,186	61	96,297
6-30-09	"	251,387	45	235,790

* Data only available for two years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

	Primary Government		
	Governmental Activities	Business-type Activities	School Department
	Local Government Group Plan	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-07	7-1-07	7-1-07
Actuarial accrued liability (AAL)	\$ 127	\$ 5	\$ 2,414
Actuarial value of plan assets	0	0	0
Unfunded actuarial accrued liability (UAAL)	127	5	2,414
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	3,885	241	12,798
UAAL as a % of covered payroll	3%	2%	19%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

J. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA), which provide for all purchases exceeding \$10,000 (except for emergency purchases) to be made after public advertisement and solicitation of competitive bids.

Office of Road Commissioner

Purchasing procedures for the Highway Department are governed by the Uniform Road Law, Section 54-7-113, TCA, which provides for purchases of \$10,000 or more to be made after public advertisement and solicitation of competitive bids.

Office of Director of Schools

Purchasing procedures for the School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, TCA, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

VI. OTHER NOTES – SMITH COUNTY LIBRARY SYSTEM (SPECIAL REVENUE FUND)

A. Summary of Significant Accounting Policies

The Smith County Library System – Smith County Library Board funds (board) is a part of the Smith County Library System, which is a department of Smith County, Tennessee. Smith County, Tennessee, has allowed the Smith County Library System – Smith County Library Board funds to have authority over certain funds, primarily funds donated to the Library Board and earned from various fines and fees. The audit of the Smith County Library System – Smith County Library Board funds presented here is only for those funds mentioned in the following paragraph. The Smith County Library System – Smith County Library Board funds do not contain any of the capital assets of the Smith County Library System. Books purchased by the Smith County Library System – Smith County Library Board funds become the property of Smith County, Tennessee. Additionally, Smith County, Tennessee, provides for certain insurance and occupancy costs of the Smith County Library System.

The Smith County Library Board funds is comprised of a certificate of deposit (Memorial Trust), Children’s Fund, operating account, Carthage book funds, Gordonsville book funds, and a construction account, which was closed during the year.

1. Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, requires that financial statements present the reporting entity, which consists of the primary government and any component unit organizations for which the primary government is financially accountable and any other component unit organizations for which the nature and significance of their relationship with the primary government are such that an exclusion could cause the board’s financial statements to be misleading. There were no component units requiring blended or discrete presentation under the requirements of GASB Statement No. 14.

2. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Governmental fund revenues 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 collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded generally when a liability is incurred, as under accrual accounting.

3. **Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of deposit accounts and certificates of deposit with original maturities of three months or less. When both restricted and unrestricted resources are available for use, it is the board's policy to use restricted resources first, then unrestricted resources as they are needed. There are no endowment funds.

4. **Fund Equity**

In the financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose.

5. **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

6. **Deferred Revenue**

Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to resources, the deferred revenue is removed from the balance sheet and revenue is recognized. There was no deferred revenue at year end.

7. Budgets and Budgetary Accounting

The Smith County Library System – Smith County Library Board follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Formal budgets are adopted and approved by board vote on an annual basis. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. The budget amounts are not shown in the financial statements as these amounts were not approved by the County Commission, which is required by Tennessee Code Annotated, and as such the library does not have a legally adopted budget. The board does approve an annual budget.

B. Cash and Cash Equivalents

The board is authorized to invest funds in financial institution demand deposit accounts and certificates of deposit. During the year, the board invested funds that were not immediately needed in certificates of deposits and savings accounts. The board has deposit policies to minimize custodial credit risks. Deposits in financial institutions are required by state statute to be secured and collateralized by the institutions.

The collateral must meet certain requirements and be deposited in an escrow account in a second bank for the benefit of the board and must total a minimum 105 percent of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. The board's deposits with financial institutions are fully insured or collateralized by securities held in the government's name.

C. Risk Management

The activities of the Smith County Library System are covered under the insurance policies of Smith County, Tennessee. The Smith County Library System – Smith County Library Board funds does not carry insurance for their activities. Based on discussion with the board's management, additional insurance coverage is not carried given their limited activities.

VII. OTHER NOTES – DISCRETELY PRESENTED SMITH COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Summary of Significant Accounting Policies

1. Reporting Entity

The Smith County E-911 Emergency Communications District was established to provide an enhanced level of 911 service to Smith

County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and effectively due to increased speed in the transmittal of critical information and improved reliability of addresses and information. It is a component unit of Smith County. The Smith County E-911 Emergency Communications District is run by a board of directors, which is appointed by Smith County. The district must file a budget with Smith County each year. Any bond issued by the district is subject to approval by Smith County.

2. Basis of Accounting

The district uses the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board. As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the board has elected not to apply, to its proprietary activities, Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989.

3. Depreciation

Depreciation is computed at rates designed to amortize the cost of the individual assets over their useful lives. Depreciation begins when the capital assets are placed in service. Depreciation is summarized as follows:

	<u>Method</u>	<u>Estimated Useful Life in Years</u>	<u>2009 Depreciation</u>
Communications Equipment	S/L	5 - 12	\$ 29,775
Vehicles	S/L	5 - 10	5,921
Office Equipment	S/L	5 - 15	<u>5,763</u>
Total Depreciation			<u>\$ 41,459</u>

4. Major Source of Revenue

The major source of operating revenue is emergency telephone and wireless surcharges. Nonoperating revenue consists of interest income, a contract with Upper Cumberland Electric Membership Corporation to answer after-hours phone calls, and insurance reimbursements.

B. Cash and Cash Investments

The following is a schedule of bank accounts at June 30, 2009:

	<u>Balance</u> <u>6-30-09</u>
Checking - Citizens Bank	\$ 50,159
Money Market - Citizens Bank	39,523
Certificate of Deposit - Citizens Bank	<u>30,000</u>
 Total Cash	 <u><u>\$ 119,682</u></u>

At June 30, 2009, the carrying amount of the district's cash deposits was \$119,682. The district's deposit accounts are covered up to \$250,000 by the Federal Deposit Insurance Corporation. Any amounts over \$250,000 are covered under the State of Tennessee Government Collateralization Pool of which Citizens Bank is a member. The district is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of the Tennessee Code Annotated.

C. Bonding

The district had a bond covering certain members of the board at June 30, 2009. The district also has a general liability policy, which covers building and contents. There have been no losses or settlements that have exceeded coverage during the past three years.

D. Capital Assets

The following is a schedule of equipment at June 30, 2009:

<u>Assets</u>	<u>Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net</u>
<u>Non-Depreciable</u>			
Construction in Progress	\$ 237,852	\$ 0	<u>\$ 237,852</u>
<u>Depreciable</u>			
Communication Equipment	\$ 306,463	\$ 201,078	\$ 105,385
Office Equipment	41,020	31,972	9,048
Vehicle	28,814	13,447	15,367
Total Depreciable	<u>\$ 376,297</u>	<u>\$ 246,497</u>	<u>\$ 129,800</u>
 Total Assets	 <u><u>\$ 614,149</u></u>	 <u><u>\$ 246,497</u></u>	 <u><u>\$ 367,652</u></u>

<u>Assets</u>	Balance 7-1-08	Additions	Balance 6-30-09
<u>Non-Depreciable</u>			
Construction in Progress	\$ 0	\$ 237,852	\$ 237,852
<u>Depreciable</u>			
Communication Equipment	\$ 284,924	\$ 21,539	\$ 306,463
Office Equipment	34,878	6,142	41,020
Vehicle	28,814	0	28,814
Total Depreciable	<u>\$ 348,616</u>	<u>\$ 27,681</u>	<u>\$ 376,297</u>
Total Assets	<u>\$ 348,616</u>	<u>\$ 265,533</u>	<u>\$ 614,149</u>

E. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with original maturities of three months or less with local financial institutions.

F. Accounts Receivable/Due from State Emergency Communications Board

The amounts due to the district from the subscriber services and wireless charges include the following:

North Central Telephone Co-op	\$ 2,034
UCEMC Contract	5,463
AT&T Telephone Co-op	<u>3,128</u>
Subtotal	\$ 10,625
State Emergency Communications Board	<u>133,849</u>
Total	<u>\$ 144,474</u>

G. Compensated Absences

There were no employees at June 30, 2009.

H. Invested in Capital Assets, Net of Related Debt

Total Non-current Assets	\$ 367,652
Equipment Purchase in A/P	<u>(3,943)</u>
Invested in Capital Assets	<u>\$ 363,709</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

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Exhibit F-1

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 3,506,956	\$ 0	\$ 0	\$ 3,506,956	\$ 3,454,548	\$ 3,454,548	\$ 52,408
Licenses and Permits	62,005	0	0	62,005	89,000	89,000	(26,995)
Fines, Forfeitures, and Penalties	31,166	0	0	31,166	43,300	43,300	(12,134)
Charges for Current Services	58,907	0	0	58,907	53,600	59,040	(133)
Other Local Revenues	314,721	0	0	314,721	382,643	402,525	(87,804)
Fees Received from County Officials	906,634	0	0	906,634	907,000	907,000	(366)
State of Tennessee	722,563	0	0	722,563	750,914	752,914	(30,351)
Federal Government	75,796	0	0	75,796	60,468	64,368	11,428
Other Governments and Citizens Groups	59,255	0	0	59,255	66,800	67,000	(7,745)
Total Revenues	\$ 5,738,003	\$ 0	\$ 0	\$ 5,738,003	\$ 5,808,273	\$ 5,839,695	\$ (101,692)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	27,019	0	0	27,019	31,386	31,386	4,367
Board of Equalization	2,100	0	0	2,100	2,100	2,100	0
County Mayor/Executive	171,252	(65)	0	171,187	173,418	174,132	2,945
County Attorney	39,500	0	0	39,500	30,000	39,500	0
Election Commission	152,433	(1,659)	643	151,417	173,263	173,263	21,846
Register of Deeds	136,865	(350)	0	136,515	147,503	147,503	10,988
Planning	12,450	0	0	12,450	13,750	13,750	1,300
Codes Compliance	77,235	(689)	55	76,601	87,476	88,564	11,963
County Buildings	435,841	(679)	2,780	437,942	347,090	441,838	3,896
<u>Finance</u>							
Property Assessor's Office	191,921	0	0	191,921	151,195	197,342	5,421
Reappraisal Program	16,669	0	0	16,669	20,243	17,448	779

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Trustee's Office	\$ 137,728	\$ 0	\$ 0	\$ 137,728	\$ 141,184	\$ 141,184	\$ 3,456
County Clerk's Office	200,196	(44)	22	200,174	209,010	209,010	8,836
<u>Administration of Justice</u>							
Circuit Court	244,025	(325)	0	243,700	256,337	256,337	12,637
General Sessions Judge	93,420	(183)	0	93,237	102,060	99,907	6,670
Chancery Court	105,472	0	248	105,720	111,170	111,170	5,450
Judicial Commissioners	19,959	0	0	19,959	18,750	20,903	944
Other Administration of Justice	1,750	0	0	1,750	2,500	2,500	750
<u>Public Safety</u>							
Sheriff's Department	1,710,715	(7,044)	14,112	1,717,783	1,665,490	1,751,709	33,926
Traffic Control	1,189	0	0	1,189	1,100	1,250	61
Jail	232,771	(6,955)	15,288	241,104	306,874	300,625	59,521
Correctional Incentive Program Improvements	360,109	0	0	360,109	416,364	375,418	15,309
Juvenile Services	37,285	0	0	37,285	38,471	41,021	3,736
Fire Prevention and Control	1,510,152	0	5,342	1,515,494	267,631	1,522,131	6,637
Rescue Squad	20,000	0	0	20,000	20,000	20,000	0
Other Emergency Management	71,494	(115)	5,354	76,733	73,816	78,770	2,037
Inspection and Regulation	2,584	0	0	2,584	2,584	2,584	0
County Coroner/Medical Examiner	37,100	0	0	37,100	28,000	38,000	900
Other Public Safety	206,902	0	0	206,902	192,118	207,855	953
<u>Public Health and Welfare</u>							
Local Health Center	21,134	(100)	0	21,034	20,996	23,746	2,712
Other Local Health Services	22,619	(84)	169	22,704	9,043	30,033	7,329
Appropriation to State	13,772	0	0	13,772	13,772	13,772	0

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	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>							
Aid to Dependent Children	\$ 1,408	\$ (1,408)	\$ 0	\$ 0	\$ 1,500	\$ 1,500	\$ 1,500
Other Local Welfare Services	5,000	0	0	5,000	5,000	5,000	0
Waste Pickup	25,436	(1,090)	300	24,646	34,668	34,668	10,022
Other Public Health and Welfare	8,847	(4,222)	0	4,625	5,600	5,600	975
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	47,114	0	431	47,545	52,526	49,856	2,311
Libraries	0	0	0	0	67,065	0	0
Parks and Fair Boards	113,401	0	350	113,751	113,600	115,728	1,977
Other Social, Cultural, and Recreational	11,565	(560)	0	11,005	15,500	13,370	2,365
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	56,402	0	0	56,402	58,818	58,818	2,416
Soil Conservation	11,000	0	0	11,000	11,000	11,000	0
<u>Other Operations</u>							
Tourism	1,300	0	0	1,300	1,300	1,300	0
Industrial Development	1,516	0	0	1,516	9,061	9,061	7,545
Other Economic and Community Development	32,867	0	0	32,867	32,867	32,867	0
Veterans' Services	10,930	(87)	0	10,843	13,850	13,850	3,007
Other Charges	187,603	0	0	187,603	194,850	194,850	7,247
Employee Benefits	39,806	0	0	39,806	38,844	40,078	272
Miscellaneous	403,983	(20)	1,570	405,533	530,870	488,528	82,995
<u>Principal on Debt</u>							
General Government	97,971	0	0	97,971	0	97,971	0
<u>Interest on Debt</u>							
General Government	7,742	0	0	7,742	0	7,742	0

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Debt Service</u>							
General Government	\$ 8,500	\$ 0	\$ 0	\$ 8,500	\$ 0	\$ 8,500	\$ 0
Total Expenditures	\$ 7,386,052	\$ (25,679)	\$ 46,664	\$ 7,407,037	\$ 6,261,613	\$ 7,765,038	\$ 358,001
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ (1,648,049)	\$ 25,679	\$ (46,664)	\$ (1,669,034)	\$ (453,340)	\$ (1,925,343)	\$ 256,309
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 1,250,000	\$ 0	\$ 0	\$ 1,250,000	\$ 0	\$ 1,250,000	\$ 0
Notes Issued	134,409	0	0	134,409	0	134,409	0
Insurance Recovery	10,307	0	0	10,307	0	4,936	5,371
Transfers Out	(67,065)	0	0	(67,065)	0	(67,065)	0
Total Other Financing Sources (Uses)	\$ 1,327,651	\$ 0	\$ 0	\$ 1,327,651	\$ 0	\$ 1,322,280	\$ 5,371
<u>Net Change in Fund Balance Fund Balance, July 1, 2008</u>	\$ (320,398)	\$ 25,679	\$ (46,664)	\$ (341,383)	\$ (453,340)	\$ (603,063)	\$ 261,680
<u>Fund Balance, June 30, 2009</u>	\$ 1,604,364	\$ (25,679)	\$ 0	\$ 1,578,685	\$ 1,615,484	\$ 1,615,484	\$ (36,799)
<u>Fund Balance, July 1, 2008</u>	\$ 1,283,966	\$ 0	\$ (46,664)	\$ 1,237,302	\$ 1,162,144	\$ 1,012,421	\$ 224,881

Exhibit F-2

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Courthouse and Jail Maintenance Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive Negative
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 318,110	\$ 0	\$ 0	\$ 318,110	\$ 336,000	\$ 336,000	\$ (17,890)
Fines, Forfeitures, and Penalties	370	0	0	370	400	400	(30)
Other Local Revenues	3,301	0	0	3,301	0	0	3,301
Total Revenues	\$ 321,781	\$ 0	\$ 0	\$ 321,781	\$ 336,400	\$ 336,400	\$ (14,619)
<u>Expenditures</u>							
<u>General Government</u>							
County Buildings	\$ 20,350	\$ 0	\$ 0	\$ 20,350	\$ 22,200	\$ 22,200	\$ 1,850
Other Operations	2,944	0	0	2,944	3,500	3,500	556
Principal on Debt	21,462	0	0	21,462	43,800	42,924	21,462
Interest on Debt	113,295	0	0	113,295	205,500	205,144	91,849
General Government							
Capital Projects	3,290,091	(424,291)	5,926,655	8,792,455	7,300,028	9,102,221	309,766
Administration of Justice Projects	3,448,142	(424,291)	5,926,655	8,950,506	7,575,028	9,375,989	425,483
Total Expenditures	\$ (3,126,361)	\$ 424,291	\$ (5,926,655)	\$ (8,628,725)	\$ (7,238,628)	\$ (9,039,589)	\$ 410,864
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,300,028	\$ 7,300,028	\$ (7,300,028)
<u>Other Financing Sources (Uses)</u>							
Notes Issued	3,314,281	0	0	3,314,281	0	3,314,281	0
Other Loans Issued	3,314,281	0	0	3,314,281	7,300,028	10,614,309	(7,300,028)
Total Other Financing Sources (Uses)	\$ 187,920	\$ 424,291	\$ (5,926,655)	\$ (5,314,444)	\$ 61,400	\$ 1,574,720	\$ (6,889,164)
Net Change in Fund Balance Fund Balance, July 1, 2008	276,513	(424,291)	0	(147,778)	255,209	255,209	(402,987)
Fund Balance, June 30, 2009	\$ 464,433	\$ 0	\$ (5,926,655)	\$ (5,462,222)	\$ 316,609	\$ 1,829,929	\$ (7,292,151)

Exhibit F-3

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 248,235	\$ 282,354	\$ 283,444	\$ (35,209)
Other Local Revenues	12,316	21,000	21,000	(8,684)
State of Tennessee	1,437,103	1,707,994	1,707,994	(270,891)
Total Revenues	<u>\$ 1,697,654</u>	<u>\$ 2,011,348</u>	<u>\$ 2,012,438</u>	<u>\$ (314,784)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 155,009	\$ 169,568	\$ 171,168	\$ 16,159
Highway and Bridge Maintenance	728,510	1,165,721	1,116,563	388,053
Operation and Maintenance of Equipment	271,493	304,008	322,287	50,794
Other Charges	73,541	72,380	82,880	9,339
Employee Benefits	343,101	365,777	368,777	25,676
Capital Outlay	35,769	262,893	279,762	243,993
<u>Principal on Debt</u>				
Highways and Streets	50,000	50,000	50,000	0
<u>Interest on Debt</u>				
Highways and Streets	5,551	7,607	7,607	2,056
Total Expenditures	<u>\$ 1,662,974</u>	<u>\$ 2,397,954</u>	<u>\$ 2,399,044</u>	<u>\$ 736,070</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 34,680</u>	<u>\$ (386,606)</u>	<u>\$ (386,606)</u>	<u>\$ 421,286</u>
Net Change in Fund Balance	\$ 34,680	\$ (386,606)	\$ (386,606)	\$ 421,286
Fund Balance, July 1, 2008	365,255	386,606	386,606	(21,351)
Fund Balance, June 30, 2009	<u>\$ 399,935</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 399,935</u>

Exhibit F-4

Smith County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Smith County School Department
June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-08	7-1-07	\$ 10,716	\$ 11,530	814	92.94 %	\$ 5,287	15.40 %
6-30-09	7-1-07	10,716	11,530	814	92.94	5,287	15.40

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the 2007-08 year, therefore, data is only presented for two years.

Exhibit F-5

Smith County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Smith County School Department
June 30, 2009

(Dollar amounts in thousands)

Plans	Fiscal Year Ended	Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>Primary Government</u>								
Governmental Activities:								
Local Government Group Insurance	6-30-08	7-1-07	\$ 0	127	\$ 127	0 %	\$ 3,885	3 %
"	6-30-09	7-1-07	0	127	127	0	3,885	3
Business-type Activities:								
Local Government Group Insurance	6-30-08	7-1-07	0	5	5	0	241	2
"	6-30-09	7-1-07	0	5	5	0	241	2
<u>Discretely Presented Smith County School Department</u>								
Local Education Group Insurance	6-30-08	7-1-07	0	2,414	2,414	0	12,798	19
"	6-30-09	7-1-07	0	2,414	2,414	0	12,798	19

*Data available for two years.

SMITH COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2009

A. BUDGETARY INFORMATION

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 generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

B. FUND DEFICIT

The Courthouse and Jail Maintenance Fund had a deficit in unreserved fund balance of \$5,954,127 at June 30, 2009. This deficit resulted from the unperformed portions of construction contracts of \$5,926,655 being reserved as encumbrances. Funding to liquidate this deficit is expected to be received through future litigation tax collections and other loans.

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

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Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Public Library Fund – The Public Library Fund is used to account for revenues received at the library from donations, fines, and fees. This fund was audited by other auditors and the amounts reflected in the financial statements of this report were taken from the published report of the other auditors.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions involving solid waste collections.

Ambulance Service Fund – The Ambulance Service Fund is used to account for transactions of the Ambulance Service.

Special Purpose Fund – The Special Purpose Fund is used to account for transactions of the Smith County Fair.

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, and sheriff.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

General Capital Projects Fund – The General Capital Projects Fund is used to account for funds used for construction of major capital facilities.

Farmer’s Market Projects Fund – The Farmer’s Market Projects Fund is used to account for capital expenditures for the construction of a farmer’s market.

Head Start Building Projects Fund – The Head Start Building Projects Fund is used to account for capital expenditures for the construction of a head start facility.

HUD Grant Projects Fund – The HUD Grant Projects Fund is used to account for grants proceeds received for low-income home construction and renovation projects.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for capital expenditures for the expansion of Bonnell Aluminum.

Capital Projects - Career Fund – The Capital Projects - Career Fund is used to account for capital expenditures for the construction of a senior/career center and an agriculture center.

Exhibit G-1

Smith County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2009

	Special Revenue Funds						Total
	Public Library	Solid Waste / Sanitation	Ambulance Service	Special Purpose	Drug Control		
\$ 55,511	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,511	
0	7,436	193,122	19,624	38,618		258,800	
0	0	890,850	0	0		890,850	
0	0	(579,053)	0	0		(579,053)	
\$ 55,511	\$ 7,436	\$ 504,919	\$ 19,624	\$ 38,618	\$	626,108	

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Allowance for Uncollectibles
 Total Assets

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>						
Accounts Payable	\$ 1,051	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,051
Payroll Deductions Payable	0	298	1,135	0	0	1,433
Other Deferred Revenues	0	0	251,797	0	0	251,797
Total Liabilities	\$ 1,051	\$ 298	\$ 252,932	\$ 0	\$ 0	\$ 254,281
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 0	\$ 1,582	\$ 8,193	\$ 277	\$ 112	\$ 10,164
Unreserved	54,460	5,556	243,794	19,347	38,506	361,663
Total Fund Balances	\$ 54,460	\$ 7,138	\$ 251,987	\$ 19,624	\$ 38,618	\$ 371,827
Total Liabilities and Fund Balances	\$ 55,511	\$ 7,436	\$ 504,919	\$ 19,624	\$ 38,618	\$ 626,108

(Continued)

Exhibit G-1

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

	Capital Projects Funds					Total Nonmajor Governmental Funds
	General Capital Projects	Farmer's Market Projects	Head Start Building Projects	Capital Projects - Career	Total	
\$	0 \$	0 \$	0 \$	0 \$	0 \$	55,511
	92,295	261	31	8,896	101,483	360,283
	0	0	0	0	0	890,850
	0	0	0	0	0	(579,053)
\$	92,295 \$	261 \$	31 \$	8,896 \$	101,483 \$	727,591
\$	0 \$	0 \$	0 \$	0 \$	0 \$	1,051
	0	0	0	0	0	1,433
	0	0	0	0	0	251,797
\$	0 \$	0 \$	0 \$	0 \$	0 \$	254,281
\$	0 \$	0 \$	0 \$	1,059 \$	1,059 \$	11,223
	92,295	261	31	7,837	100,424	462,087
\$	92,295 \$	261 \$	31 \$	8,896 \$	101,483 \$	473,310
\$	92,295 \$	261 \$	31 \$	8,896 \$	101,483 \$	727,591

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Allowance for Uncollectibles
 Total Assets

LIABILITIES AND FUND BALANCES

Liabilities
 Accounts Payable
 Payroll Deductions Payable
 Other Deferred Revenues
 Total Liabilities
Fund Balances
 Reserved for Encumbrances
 Unreserved
 Total Fund Balances
 Total Liabilities and Fund Balances

Exhibit G-2

Smith County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2009

	Special Revenue Funds						Total
	Public Library	Solid Waste / Sanitation	Ambulance Service	Special Purpose	Drug Control	Constitutional Officers - Fees	
Revenues							
Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 412	\$ 0	\$ 0	\$ 412
Fines, Forfeitures, and Penalties	0	0	0	0	10,394	0	10,394
Charges for Current Services	16,167	0	943,698	33,234	0	15,253	1,008,352
Other Local Revenues	150	5,326	8,265	65,614	0	0	79,355
State of Tennessee	0	33,500	0	0	0	0	33,500
Other Governments and Citizens Groups	11,000	0	0	0	0	0	11,000
Total Revenues	\$ 27,317	\$ 38,826	\$ 951,963	\$ 99,260	\$ 10,394	\$ 15,253	\$ 1,143,013
Expenditures							
Current:							
Administration of Justice	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,253	\$ 15,253
Public Safety	0	0	0	0	9,297	0	9,297
Public Health and Welfare	0	276,636	986,882	0	0	0	1,263,518
Social, Cultural, and Recreational Services	85,005	0	0	0	0	0	85,005
Other Operations	0	577	0	102,490	0	0	103,067
Debt Service:							
Principal on Debt	0	69,374	0	0	0	0	69,374
Interest on Debt	0	6,294	0	0	0	0	6,294
Capital Projects	0	0	0	0	0	0	0
Total Expenditures	\$ 85,005	\$ 352,881	\$ 986,882	\$ 102,490	\$ 9,297	\$ 15,253	\$ 1,551,808
Excess (Deficiency) of Revenues Over Expenditures	\$ (57,688)	\$ (314,055)	\$ (34,919)	\$ (3,230)	\$ 1,097	\$ 0	\$ (408,795)
Other Financing Sources (Uses)							
Notes Issued	\$ 0	\$ 0	\$ 72,000	\$ 0	\$ 0	\$ 0	\$ 72,000
Other Loans Issued	0	0	0	0	0	0	0
Transfers In	67,065	336,500	0	0	0	0	403,565
Transfers Out	0	(20,520)	0	0	0	0	(20,520)
Total Other Financing Sources (Uses)	\$ 67,065	\$ 315,980	\$ 72,000	\$ 0	\$ 0	\$ 0	\$ 455,045
Net Change in Fund Balances	\$ 9,377	\$ 1,925	\$ 37,081	\$ (3,230)	\$ 1,097	\$ 0	\$ 46,250
Fund Balance, July 1, 2008	45,083	5,213	214,906	22,854	37,521	0	325,577
Fund Balance, June 30, 2009	\$ 54,460	\$ 7,138	\$ 251,987	\$ 19,624	\$ 38,618	\$ 0	\$ 371,827

(Continued)

Exhibit G-2

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

	Capital Projects Funds							Total Nonmajor Governmental Funds
	General Capital Projects	Farmer's Market Projects	Head Start Building Projects	HUD Grant Projects	Other Capital Projects	Capital Projects - Career	Total	
Revenues								
Licenses and Permits	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	412
Fines, Forfeitures, and Penalties	0	0	0	0	0	0	0	10,394
Charges for Current Services	0	0	0	0	0	0	0	1,008,352
Other Local Revenues	60	0	30	0	0	25,325	25,415	104,770
State of Tennessee	0	0	0	0	258,457	0	258,457	291,957
Other Governments and Citizens Groups	0	60	0	0	54,700	0	54,760	65,760
Total Revenues	\$ 60 \$	60 \$	30 \$	0 \$	313,157 \$	25,325 \$	338,632 \$	1,481,645
Expenditures								
Current:								
Administration of Justice	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	15,253
Public Safety	0	0	0	0	0	0	0	9,297
Public Health and Welfare	0	0	0	0	0	0	0	1,263,518
Social, Cultural, and Recreational Services	0	0	0	0	0	0	0	85,005
Other Operations	0	0	0	2,500	313,157	31,022	346,679	449,746
Debt Service:								
Principal on Debt	0	0	0	0	0	0	0	69,374
Interest on Debt	0	0	0	0	0	0	0	6,294
Capital Projects	115,420	0	673,231	0	0	0	788,651	788,651
Total Expenditures	\$ 115,420 \$	0 \$	673,231 \$	2,500 \$	313,157 \$	31,022 \$	1,135,330 \$	2,687,138
Excess (Deficiency) of Revenues Over Expenditures	\$ (115,360) \$	60 \$	(673,201) \$	(2,500) \$	0 \$	(5,697) \$	(796,698) \$	(1,205,493)
Other Financing Sources (Uses)								
Notes Issued	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	72,000
Other Loans Issued	0	0	674,208	0	0	0	674,208	674,208
Transfers In	0	0	0	0	0	0	0	403,565
Transfers Out	0	0	0	0	0	0	0	(20,520)
Total Other Financing Sources (Uses)	\$ 0 \$	0 \$	674,208 \$	0 \$	0 \$	0 \$	674,208 \$	1,129,253
Net Change in Fund Balances	\$ (115,360) \$	60 \$	1,007 \$	(2,500) \$	0 \$	(5,697) \$	(122,490) \$	(76,240)
Fund Balance, July 1, 2008	207,655	201	(976)	2,500	0	14,593	223,973	549,550
Fund Balance, June 30, 2009	\$ 92,295 \$	261 \$	31 \$	0 \$	0 \$	8,896 \$	101,483 \$	473,310

Exhibit G-3

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Other Local Revenues	\$ 5,326	\$ 0	\$ 0	\$ 5,326	\$ 7,000	\$ 7,000	\$ (1,674)
State of Tennessee	33,500	0	0	33,500	0	22,478	11,022
Total Revenues	\$ 38,826	\$ 0	\$ 0	\$ 38,826	\$ 7,000	\$ 29,478	\$ 9,348
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Waste Pickup	\$ 107,370	\$ 0	\$ 732	\$ 108,102	\$ 211,575	\$ 135,957	\$ 27,855
Convenience Centers	169,214	(1,950)	850	168,114	198,595	200,496	32,382
Other Waste Disposal	52	0	0	52	75	75	23
Other Operations	577	0	0	577	570	577	0
Employee Benefits							
Principal on Debt	69,374	0	0	69,374	0	69,374	0
General Government							
Interest on Debt	6,294	0	0	6,294	0	6,294	0
General Government							
Total Expenditures	\$ 352,881	\$ (1,950)	\$ 1,582	\$ 352,513	\$ 410,815	\$ 412,773	\$ 60,260
Excess (Deficiency) of Revenues Over Expenditures	\$ (314,055)	\$ 1,950	\$ (1,582)	\$ (313,687)	\$ (403,815)	\$ (383,295)	\$ 69,608
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 336,500	\$ 0	\$ 0	\$ 336,500	\$ 392,609	\$ 392,609	\$ (56,109)
Transfers Out	(20,520)	0	0	(20,520)	0	(20,520)	0
Total Other Financing Sources (Uses)	\$ 315,980	\$ 0	\$ 0	\$ 315,980	\$ 392,609	\$ 372,089	\$ (56,109)
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 1,925	\$ 1,950	\$ (1,582)	\$ 2,293	\$ (11,206)	\$ (11,206)	\$ 13,499
Fund Balance, June 30, 2009	5,213	(1,950)	0	3,263	11,206	11,206	(7,943)
Fund Balance, June 30, 2009	\$ 7,138	\$ 0	\$ (1,582)	\$ 5,556	\$ 0	\$ 0	\$ 5,556

Exhibit G-4

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Ambulance Service Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 943,698	\$ 0	\$ 0	\$ 943,698	\$ 880,240	\$ 880,240	\$ 63,458
Other Local Revenues	8,265	0	0	8,265	3,500	3,500	4,765
Total Revenues	\$ 951,963	\$ 0	\$ 0	\$ 951,963	\$ 883,740	\$ 883,740	\$ 68,223
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Ambulance/Emergency Medical Services	\$ 986,882	\$ (3,524)	\$ 8,193	\$ 991,551	\$ 1,040,674	\$ 1,040,674	\$ 49,123
Total Expenditures	\$ 986,882	\$ (3,524)	\$ 8,193	\$ 991,551	\$ 1,040,674	\$ 1,040,674	\$ 49,123
Excess (Deficiency) of Revenues Over Expenditures	\$ (34,919)	\$ 3,524	\$ (8,193)	\$ (39,588)	\$ (156,934)	\$ (156,934)	\$ 117,346
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 72,000	\$ 0	\$ 0	\$ 72,000	\$ 72,000	\$ 72,000	\$ 0
Total Other Financing Sources (Uses)	\$ 72,000	\$ 0	\$ 0	\$ 72,000	\$ 72,000	\$ 72,000	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 37,081	\$ 3,524	\$ (8,193)	\$ 32,412	\$ (84,934)	\$ (84,934)	\$ 117,346
Fund Balance, June 30, 2009	214,906	(3,524)	0	211,382	223,180	223,180	(11,798)
	\$ 251,987	\$ 0	\$ (8,193)	\$ 243,794	\$ 138,246	\$ 138,246	\$ 105,548

Exhibit G-5

Smith County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Drug Control Fund
 For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 10,394	0	\$ 10,394	\$ 11,000	\$ 11,000	\$ (606)
Total Revenues	\$ 10,394	0	\$ 10,394	\$ 11,000	\$ 11,000	\$ (606)
<u>Expenditures</u>						
<u>Public Safety</u>						
Sheriff's Department	\$ 9,251	112	\$ 9,363	\$ 9,000	\$ 9,365	\$ 2
Drug Enforcement	46	0	46	50	25	(21)
Total Expenditures	\$ 9,297	112	\$ 9,409	\$ 9,050	\$ 9,390	\$ (19)
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,097	(112)	\$ 985	\$ 1,950	\$ 1,610	\$ (625)
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 1,097	(112)	\$ 985	\$ 1,950	\$ 1,610	\$ (625)
	37,521	0	37,521	37,520	37,520	1
Fund Balance, June 30, 2009	\$ 38,618	(112)	\$ 38,506	\$ 39,470	\$ 39,130	\$ (624)

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Major Governmental Funds

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

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

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

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Exhibit H-1

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 457,121	\$ 453,625	\$ 453,625	\$ 3,496
Other Local Revenues	47,623	47,583	47,583	40
Total Revenues	<u>\$ 504,744</u>	<u>\$ 501,208</u>	<u>\$ 501,208</u>	<u>\$ 3,536</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 427,085	\$ 463,570	\$ 452,826	\$ 25,741
<u>Interest on Debt</u>				
General Government	122,096	158,888	170,864	48,768
<u>Other Debt Service</u>				
General Government	9,414	9,500	9,500	86
Total Expenditures	<u>\$ 558,595</u>	<u>\$ 631,958</u>	<u>\$ 633,190</u>	<u>\$ 74,595</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (53,851)</u>	<u>\$ (130,750)</u>	<u>\$ (131,982)</u>	<u>\$ 78,131</u>
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 0	\$ 10,000	\$ 10,000	\$ (10,000)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ (10,000)</u>
Net Change in Fund Balance	\$ (53,851)	\$ (120,750)	\$ (121,982)	\$ 68,131
Fund Balance, July 1, 2008	520,356	541,758	541,758	(21,402)
Fund Balance, June 30, 2009	<u>\$ 466,505</u>	<u>\$ 421,008</u>	<u>\$ 419,776</u>	<u>\$ 46,729</u>

Exhibit H-2

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,713,816	\$ 1,650,935	\$ 1,650,935	\$ 62,881
Other Governments and Citizens Groups	296,000	296,000	296,000	0
Total Revenues	<u>\$ 2,009,816</u>	<u>\$ 1,946,935</u>	<u>\$ 1,946,935</u>	<u>\$ 62,881</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 985,000	\$ 985,000	\$ 985,000	\$ 0
<u>Interest on Debt</u>				
Education	845,850	845,850	845,850	0
<u>Other Debt Service</u>				
Education	21,385	21,100	21,100	(285)
Total Expenditures	<u>\$ 1,852,235</u>	<u>\$ 1,851,950</u>	<u>\$ 1,851,950</u>	<u>\$ (285)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 157,581</u>	<u>\$ 94,985</u>	<u>\$ 94,985</u>	<u>\$ 62,596</u>
Net Change in Fund Balance	\$ 157,581	\$ 94,985	\$ 94,985	\$ 62,596
Fund Balance, July 1, 2008	<u>1,159,472</u>	<u>1,159,472</u>	<u>1,159,472</u>	<u>0</u>
Fund Balance, June 30, 2009	<u>\$ 1,317,053</u>	<u>\$ 1,254,457</u>	<u>\$ 1,254,457</u>	<u>\$ 62,596</u>

Fiduciary Funds

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

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

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

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Exhibit I-1

Smith County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2009

	<u>Agency Funds</u>		
	Cities -	Constitu-	
	Sales	tional	
	Tax	Officers -	
		Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,243,808	\$ 1,243,808
Investments	0	38,326	38,326
Accounts Receivable	0	989	989
Due from Other Governments	187,607	0	187,607
	<hr/>		
Total Assets	\$ 187,607	\$ 1,283,123	\$ 1,470,730
<u>LIABILITIES</u>			
Cash Overdraft	\$ 0	\$ 916	\$ 916
Due to Other Taxing Units	187,607	0	187,607
Due to Litigants, Heirs, and Others	0	1,282,207	1,282,207
	<hr/>		
Total Liabilities	\$ 187,607	\$ 1,283,123	\$ 1,470,730

Exhibit I-2

Smith County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,092,634	\$ 1,092,634	\$ 0
Due from Other Governments	202,943	187,607	202,943	187,607
Total Assets	\$ 202,943	\$ 1,280,241	\$ 1,295,577	\$ 187,607
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 202,943	\$ 1,280,241	\$ 1,295,577	\$ 187,607
Total Liabilities	\$ 202,943	\$ 1,280,241	\$ 1,295,577	\$ 187,607
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,160,035	\$ 5,589,450	\$ 5,505,677	\$ 1,243,808
Investments	44,769	38,326	44,769	38,326
Accounts Receivable	1,169	989	1,169	989
Cash Shortage	819	0	819	0
Total Assets	\$ 1,206,792	\$ 5,628,765	\$ 5,552,434	\$ 1,283,123
<u>Liabilities</u>				
Cash Overdraft	\$ 892	\$ 916	\$ 892	\$ 916
Due to Litigants, Heirs, and Others	1,205,900	5,627,849	5,551,542	1,282,207
Total Liabilities	\$ 1,206,792	\$ 5,628,765	\$ 5,552,434	\$ 1,283,123
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,160,035	\$ 5,589,450	\$ 5,505,677	\$ 1,243,808
Equity in Pooled Cash and Investments	0	1,092,634	1,092,634	0
Investments	44,769	38,326	44,769	38,326
Accounts Receivable	1,169	989	1,169	989
Due from Other Governments	202,943	187,607	202,943	187,607
Cash Shortage	819	0	819	0
Total Assets	\$ 1,409,735	\$ 6,909,006	\$ 6,848,011	\$ 1,470,730
<u>Liabilities</u>				
Cash Overdraft	\$ 892	\$ 916	\$ 892	\$ 916
Due to Other Taxing Units	202,943	1,280,241	1,295,577	187,607
Due to Litigants, Heirs, and Others	1,205,900	5,627,849	5,551,542	1,282,207
Total Liabilities	\$ 1,409,735	\$ 6,909,006	\$ 6,848,011	\$ 1,470,730

Smith County School Department

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

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

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

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

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Exhibit J-1

Smith County, Tennessee
Statement of Activities
Discretely Presented Smith County School Department
For the Year Ended June 30, 2009

Functions/Programs	Program Revenues			Expenses	Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Total	Governmental Activities
Governmental Activities:						
Instruction	\$ 14,248,560	\$ 32,086	\$ 1,425,641	\$ 6,000	\$ (12,784,833)	
Support Services	6,913,137	28,034	82,553	0	(6,802,550)	
Operation of Non-Instructional Services	2,263,060	687,575	1,128,282	0	(447,203)	
Other Debt Service	296,000	0	0	0	(296,000)	
Total Governmental Activities	\$ 23,720,757	\$ 747,695	\$ 2,636,476	\$ 6,000	\$ (20,330,586)	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 2,923,545	
Local Option Sales Taxes					1,250,274	
Mineral Severance Tax					4	
Interstate Telecommunications Tax					1,503	
Grants and Contributions Not Restricted for Specific Programs					15,788,924	
Interest Income					9,499	
Miscellaneous					38,716	
Total General Revenues					\$ 20,012,465	
Change in Net Assets					\$ (318,121)	
Prior-period Adjustment					(96,297)	
Net Assets, July 1, 2008					36,682,519	
Net Assets, June 30, 2009					\$ 36,268,101	

Exhibit J-2

Smith County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Smith County School Department
June 30, 2009

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 2,439,813	\$ 471,690	\$ 2,911,503
Accounts Receivable	546	1,266	1,812
Due from Other Governments	276,647	127,011	403,658
Property Taxes Receivable	3,144,027	0	3,144,027
Allowance for Uncollectible Property Taxes	(123,374)	0	(123,374)
Total Assets	<u>\$ 5,737,659</u>	<u>\$ 599,967</u>	<u>\$ 6,337,626</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 215,620	\$ 640	\$ 216,260
Accrued Payroll	1,123	1,071	2,194
Payroll Deductions Payable	504,563	23,473	528,036
Deferred Revenue - Current Property Taxes	2,890,938	0	2,890,938
Deferred Revenue - Delinquent Property Taxes	122,446	0	122,446
Other Deferred Revenues	112,597	0	112,597
Total Liabilities	<u>\$ 3,847,287</u>	<u>\$ 25,184</u>	<u>\$ 3,872,471</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 120,346	\$ 35,449	\$ 155,795
Reserved for Vocational Projects	209,381	86	209,467
Reserved for Career Ladder - Extended Contract	74,858	0	74,858
Reserved for Career Ladder Program	18,801	0	18,801
Reserved for Basic Education Program	1,318,631	0	1,318,631
Reserved for Title I Grants to Local Education Agencies	0	15,719	15,719
Other Federal Reserves	0	28,608	28,608
Unreserved, Reported In:			
General Fund	148,355	0	148,355
Special Revenue Funds	0	494,921	494,921
Total Fund Balances	<u>\$ 1,890,372</u>	<u>\$ 574,783</u>	<u>\$ 2,465,155</u>
Total Liabilities and Fund Balances	<u>\$ 5,737,659</u>	<u>\$ 599,967</u>	<u>\$ 6,337,626</u>

Exhibit J-3

Smith County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Smith County School Department
June 30, 2009

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	2,465,155
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,226,738	
Add: infrastructure net of accumulated depreciation		109,381	
Add: buildings and improvements net of accumulated depreciation		31,230,403	
Add: other capital assets net of accumulated depreciation		<u>1,292,845</u>	33,859,367
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			235,043
(3) 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	\$	(55,674)	
Less: other postemployment benefits liability		<u>(235,790)</u>	<u>(291,464)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 36,268,101</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, 2009

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 4,283,308	\$ 0	\$ 4,283,308
Licenses and Permits	1,568	0	1,568
Charges for Current Services	27,978	686,800	714,778
Other Local Revenues	71,906	13,511	85,417
State of Tennessee	15,767,994	45,767	15,813,761
Federal Government	23,080	2,320,199	2,343,279
Other Governments and Citizens Groups	12,247	0	12,247
Total Revenues	\$ 20,188,081	\$ 3,066,277	\$ 23,254,358
<u>Expenditures</u>			
Current:			
Instruction	\$ 12,126,771	\$ 1,073,305	\$ 13,200,076
Support Services	6,761,344	378,785	7,140,129
Operation of Non-Instructional Services	542,474	1,570,177	2,112,651
Capital Outlay	115,505	0	115,505
Debt Service:			
Other Debt Service	296,000	0	296,000
Total Expenditures	\$ 19,842,094	\$ 3,022,267	\$ 22,864,361
Excess (Deficiency) of Revenues			
Over Expenditures	\$ 345,987	\$ 44,010	\$ 389,997
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 64,176	\$ 0	\$ 64,176
Transfers In	46,101	0	46,101
Transfers Out	0	(46,101)	(46,101)
Total Other Financing Sources (Uses)	\$ 110,277	\$ (46,101)	\$ 64,176
Net Change in Fund Balances	\$ 456,264	\$ (2,091)	\$ 454,173
Fund Balance, July 1, 2008	1,434,108	576,874	2,010,982
Fund Balance, June 30, 2009	\$ 1,890,372	\$ 574,783	\$ 2,465,155

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, 2009

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)		\$ 454,173
(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 outlays purchased in the current period	\$ 400,669	
Less: current year depreciation expense	<u>(1,023,155)</u>	(622,486)
(2) 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, 2008	\$ (236,495)	
Add: deferred delinquent property taxes and other deferred June 30, 2009	<u>235,043</u>	(1,452)
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ (8,863)	
Change in other postemployment benefits liability	<u>(139,493)</u>	<u>(148,356)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (318,121)</u>

Exhibit J-6

Smith County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Smith County School Department
June 30, 2009

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 50,239	\$ 421,451	\$ 471,690
Accounts Receivable	999	267	1,266
Due from Other Governments	52,964	74,047	127,011
Total Assets	<u>\$ 104,202</u>	<u>\$ 495,765</u>	<u>\$ 599,967</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 640	\$ 0	\$ 640
Accrued Payroll	1,071	0	1,071
Payroll Deductions Payable	22,629	844	23,473
Total Liabilities	<u>\$ 24,340</u>	<u>\$ 844</u>	<u>\$ 25,184</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 35,449	\$ 0	\$ 35,449
Reserved for Vocational Projects	86	0	86
Reserved for Title I Grants to Local Education Agencies	15,719	0	15,719
Other Federal Reserves	28,608	0	28,608
Unreserved	0	494,921	494,921
Total Fund Balances	<u>\$ 79,862</u>	<u>\$ 494,921</u>	<u>\$ 574,783</u>
Total Liabilities and Fund Balances	<u>\$ 104,202</u>	<u>\$ 495,765</u>	<u>\$ 599,967</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, 2009

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 686,800	\$ 686,800
Other Local Revenues	0	13,511	13,511
State of Tennessee	25,384	20,383	45,767
Federal Government	1,362,030	958,169	2,320,199
Total Revenues	<u>\$ 1,387,414</u>	<u>\$ 1,678,863</u>	<u>\$ 3,066,277</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,073,305	\$ 0	\$ 1,073,305
Support Services	378,785	0	378,785
Operation of Non-Instructional Services	0	1,570,177	1,570,177
Total Expenditures	<u>\$ 1,452,090</u>	<u>\$ 1,570,177</u>	<u>\$ 3,022,267</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (64,676)</u>	<u>\$ 108,686</u>	<u>\$ 44,010</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (46,101)	\$ 0	\$ (46,101)
Total Other Financing Sources (Uses)	<u>\$ (46,101)</u>	<u>\$ 0</u>	<u>\$ (46,101)</u>
Net Change in Fund Balances	\$ (110,777)	\$ 108,686	\$ (2,091)
Fund Balance, July 1, 2008	<u>190,639</u>	<u>386,235</u>	<u>576,874</u>
Fund Balance, June 30, 2009	<u>\$ 79,862</u>	<u>\$ 494,921</u>	<u>\$ 574,783</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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,283,308	\$ 0	\$ 0	\$ 4,283,308	\$ 4,199,000	\$ 4,199,000	\$ 84,308
Licenses and Permits	1,568	0	0	1,568	1,500	1,500	68
Charges for Current Services	27,978	0	0	27,978	31,500	31,500	(3,522)
Other Local Revenues	71,906	0	0	71,906	61,200	61,200	10,706
State of Tennessee	15,767,994	0	0	15,767,994	15,403,960	15,502,788	265,206
Federal Government	23,080	0	0	23,080	0	0	23,080
Other Governments and Citizens Groups	12,247	0	0	12,247	0	0	12,247
Total Revenues	\$ 20,188,081	\$ 0	\$ 0	\$ 20,188,081	\$ 19,697,160	\$ 19,795,988	\$ 392,093
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 10,183,264	\$ (1,681)	\$ 18,175	\$ 10,199,758	\$ 10,373,600	\$ 10,373,600	\$ 173,842
Alternative Instruction Program	56,693	0	0	56,693	57,830	57,830	1,137
Special Education Program	1,159,953	0	0	1,159,953	1,243,500	1,243,500	83,547
Vocational Education Program	726,861	0	207	727,068	745,150	745,150	18,082
<u>Support Services</u>							
Attendance	118,858	(2,034)	234	117,058	128,890	128,890	11,832
Health Services	222,704	(2,512)	0	220,192	222,720	223,320	3,128
Other Student Support	474,120	0	0	474,120	474,470	483,566	9,446
Regular Instruction Program	568,216	(419)	1,644	569,441	662,100	662,100	92,659
Special Education Program	153,941	0	0	153,941	168,850	168,850	14,909
Vocational Education Program	70,608	0	0	70,608	75,230	75,230	4,622
Other Programs	82,553	0	0	82,553	0	82,553	0
Board of Education	384,440	(236)	0	384,204	365,900	425,900	41,696
Director of Schools	160,099	(3,724)	4,863	161,238	173,740	173,740	12,502
Office of the Principal	1,180,272	(628)	0	1,179,644	1,224,750	1,224,750	45,106

(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 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original		
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 205,678	\$ (3,798)	\$ 65	\$ 201,945	\$ 202,410	\$ 202,410	\$ 465
Operation of Plant	1,535,946	0	0	1,535,946	1,556,200	1,601,200	65,254
Maintenance of Plant	428,156	(2,000)	621	426,777	459,650	459,650	32,873
Transportation	1,175,753	(20,367)	82,226	1,237,612	1,427,600	1,322,600	84,988
<u>Operation of Non-Instructional Services</u>							
Food Service	1,140	0	0	1,140	1,190	1,190	50
Community Services	46,130	0	0	46,130	50,000	50,000	3,870
Early Childhood Education	495,204	(28,481)	5,182	471,905	459,650	475,925	4,020
<u>Capital Outlay</u>							
Regular Capital Outlay	115,505	0	7,129	122,634	169,500	169,500	46,866
Principal on Debt	0	0	0	0	296,000	0	0
Education							
Other Debt Service							
Education	296,000	0	0	296,000	0	296,000	0
Total Expenditures	\$ 19,842,094	\$ (65,880)	\$ 120,346	\$ 19,896,560	\$ 20,538,930	\$ 20,647,454	\$ 750,894
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 345,987	\$ 65,880	\$ (120,346)	\$ 291,521	\$ (841,770)	\$ (851,466)	\$ 1,142,987
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 64,176	\$ 0	\$ 0	\$ 64,176	\$ 0	\$ 0	\$ 64,176
Transfers In	46,101	0	0	46,101	43,000	33,304	12,797
Total Other Financing Sources (Uses)	\$ 110,277	\$ 0	\$ 0	\$ 110,277	\$ 43,000	\$ 33,304	\$ 76,973
Net Change in Fund Balance	\$ 456,264	\$ 65,880	\$ (120,346)	\$ 401,798	\$ (798,770)	\$ (818,162)	\$ 1,219,960
Fund Balance, July 1, 2008	1,434,108	(65,880)	0	1,368,228	1,571,758	1,571,758	(203,530)
Fund Balance, June 30, 2009	\$ 1,890,372	\$ 0	\$ (120,346)	\$ 1,770,026	\$ 772,988	\$ 753,596	\$ 1,016,430

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, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
State of Tennessee	\$ 25,384	\$ 0	\$ 0	\$ 25,384	\$ 0	\$ 25,384	\$ 0
Federal Government	1,362,030	0	0	1,362,030	1,811,604	1,763,163	(401,133)
Total Revenues	\$ 1,387,414	\$ 0	\$ 0	\$ 1,387,414	\$ 1,811,604	\$ 1,788,547	\$ (401,133)
Expenditures							
Instruction							
Regular Instruction Program	\$ 496,642	\$ 0	\$ 0	\$ 496,642	\$ 635,429	\$ 635,622	\$ 138,980
Special Education Program	522,184	0	448	522,632	711,852	684,695	162,063
Vocational Education Program	34,518	(1,278)	6,261	39,501	42,924	39,824	323
Adult Education Program	19,961	0	6,874	26,835	82,974	57,149	30,314
Support Services							
Health Services	0	0	0	0	9,896	0	0
Other Student Support	16,195	(197)	440	16,438	14,646	17,746	1,308
Regular Instruction Program	124,873	(8,161)	15,690	132,402	233,350	222,454	90,052
Special Education Program	135,016	(530)	5,736	140,222	133,701	151,340	11,118
Adult Programs	71,031	0	0	71,031	62,473	75,800	4,769
Transportation	31,670	0	0	31,670	50,622	33,818	2,148
Total Expenditures	\$ 1,452,090	\$ (10,166)	\$ 35,449	\$ 1,477,373	\$ 1,977,867	\$ 1,918,448	\$ 441,075
Excess (Deficiency) of Revenues Over Expenditures	\$ (64,676)	\$ 10,166	\$ (35,449)	\$ (89,959)	\$ (166,263)	\$ (129,901)	\$ 39,942
Other Financing Sources (Uses)							
Transfers In	0	0	0	0	75,923	92,623	(92,623)
Transfers Out	(46,101)	0	0	(46,101)	(90,078)	(143,141)	97,040
Total Other Financing Sources (Uses)	\$ (46,101)	\$ 0	\$ 0	\$ (46,101)	\$ (14,155)	\$ (50,518)	\$ 4,417
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ (110,777)	\$ 10,166	\$ (35,449)	\$ (136,060)	\$ (180,418)	\$ (180,419)	\$ 44,359
	190,639	(10,166)	0	180,473	190,639	190,639	(10,166)
Fund Balance, June 30, 2009	\$ 79,862	\$ 0	\$ (35,449)	\$ 44,413	\$ 10,221	\$ 10,220	\$ 34,193

Exhibit J-10

Smith County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Smith County School Department
 Central Cafeteria Fund
 For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 686,800	\$ 0	\$ 686,800	\$ 797,000	\$ 797,000	\$ (110,200)
Other Local Revenues	13,511	0	13,511	12,500	12,500	1,011
State of Tennessee	20,383	0	20,383	25,000	25,000	(4,617)
Federal Government	958,169	0	958,169	920,000	920,000	38,169
Total Revenues	\$ 1,678,863	\$ 0	\$ 1,678,863	\$ 1,754,500	\$ 1,754,500	\$ (75,637)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 1,570,177	(21,010)	\$ 1,549,167	\$ 1,848,650	\$ 1,848,650	\$ 299,483
Total Expenditures	\$ 1,570,177	(21,010)	\$ 1,549,167	\$ 1,848,650	\$ 1,848,650	\$ 299,483
Excess (Deficiency) of Revenues Over Expenditures	\$ 108,686	21,010	\$ 129,696	(94,150)	(94,150)	\$ 223,846
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 108,686	21,010	\$ 129,696	(94,150)	(94,150)	\$ 223,846
	386,235	(21,010)	365,225	373,534	373,534	(8,309)
Fund Balance, June 30, 2009	\$ 494,921	0	\$ 494,921	\$ 279,384	\$ 279,384	\$ 215,537

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MISCELLANEOUS SCHEDULES

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Exhibit K-1

Smith County, Tennessee
Schedule of Changes in Long-term Notes,
Capital Leases, Other Loans, and Bonds
For the Year Ended June 30, 2009

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
NOTES PAYABLE								
<u>Payable through General Fund</u>								
Patrol Cars	\$ 134,409	3.95	2-3-09	2-3-12	\$ 0	\$ 134,409	0	\$ 134,409
Total Payable through General Fund					\$ 0	\$ 134,409	0	\$ 134,409
<u>Payable through General Debt Service Fund</u>								
Ambulance	68,605	4.14	12-22-05	12-22-08	\$ 22,869	\$ 0	22,869	\$ 0
Courthouse and Turner Building Renovations	215,000	4.25	10-9-06	10-9-09	143,332	0	71,666	71,666
Ambulance	54,760	4.3	1-5-07	1-5-10	36,507	0	18,253	18,254
Health Department, Boat Ramp, Playground	1,066,800	3.85	1-16-07	1-16-19	977,900	0	88,900	889,000
Land Purchase (Jail Site)	280,000	4.22	3-27-07	3-27-16	248,889	0	31,111	217,778
Dump Trucks	350,224	4.15	11-5-07	11-5-12	350,224	0	70,045	280,179
Ambulance	64,654	4.12	4-8-08	4-8-11	64,654	0	21,551	43,103
Health Wellness Center	260,000	3.65	3-7-08	3-7-20	260,000	0	21,667	238,333
Ambulance Remount	72,000	3.3	5-19-09	4-8-11	0	72,000	0	72,000
Total Payable through General Debt Service Fund					\$ 2,104,375	\$ 72,000	\$ 346,062	\$ 1,830,313
<u>Payable through Highway/Public Works Fund</u>								
Highway Projects	200,000	4.4	11-27-06	11-27-10	\$ 150,000	\$ 0	\$ 50,000	\$ 100,000
Total Notes Payable					\$ 2,254,375	\$ 206,409	\$ 396,062	\$ 2,064,722
CAPITAL LEASES PAYABLE								
<u>Payable through General Fund</u>								
Patrol Cars	225,441	4.45	7-8-05	8-8-08	\$ 51,555	\$ 0	51,555	\$ 0
Patrol Cars	74,768	5.71	3-19-07	3-19-10	37,327	0	18,145	19,182
Patrol Cars	116,490	5.71	3-19-07	3-19-10	58,155	0	28,271	29,884
Total Payable through General Fund					\$ 147,037	\$ 0	\$ 97,971	\$ 49,066
<u>Payable through Solid Waste/Sanitation Fund</u>								
Roll-Off Trucks	208,252	4.35	10-23-06	10-20-09	\$ 141,826	\$ 0	\$ 69,374	\$ 72,452
Total Capital Leases Payable					\$ 288,863	\$ 0	\$ 167,345	\$ 121,518

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Career/Agriculture Center Construction	\$ 1,250,000	variable	12-7-05	5-25-25	\$ 1,100,000	\$ 0	\$ 53,000	\$ 1,047,000
Head Start Facility and New Jail Facility	704,413	variable	10-31-07	5-25-27	9,269	674,208	22,338	661,139
Total Payable through General Debt Service Fund					\$ 1,109,269	\$ 674,208	\$ 75,338	\$ 1,708,139
<u>Payable through Courthouse and Jail Maintenance Fund</u>								
Head Start Facility and New Jail Facility	674,186	variable	10-31-07	5-25-27	\$ 654,072	\$ 0	\$ 21,462	\$ 632,610
Jail Facility	(1)	variable	5-30-08	5-25-20	203,773	3,314,281	0	3,518,054
Total Payable through Courthouse and Jail Maintenance Fund					\$ 857,845	\$ 3,314,281	\$ 21,462	\$ 4,150,664
Total Other Loans Payable					\$ 1,967,114	\$ 3,988,489	\$ 96,800	\$ 5,858,803
BONDS PAYABLE								
<u>Payable through General Fund</u>								
Fire Trucks	1,250,000	4.5 %	6-17-09	6-17-29	\$ 0	\$ 1,250,000	\$ 0	\$ 1,250,000
Total Payable through General Debt Service Fund					\$ 0	\$ 1,250,000	\$ 0	\$ 1,250,000
<u>Payable through General Debt Service Fund</u>								
Welcome Center	90,000	4.25	10-16-03	10-16-42	\$ 81,400	\$ 0	\$ 2,500	\$ 78,900
USDA - Community Facility	257,200	4.63	5-26-06	5-26-42	227,102	0	3,185	223,917
Total Payable through General Debt Service Fund					\$ 308,502	\$ 0	\$ 5,685	\$ 302,817
<u>Payable through Education Debt Service Fund</u>								
School Bonds, Series 2000	8,500,000	4.7 to 5.5	12-14-00	4-1-11	\$ 720,000	\$ 0	\$ 230,000	\$ 490,000
School Bonds, Series 2001	9,000,000	4.7 to 5.5	12-14-00	4-1-11	720,000	0	230,000	490,000
School Bonds, Series 2002	5,400,000	3 to 4.75	4-11-02	4-11-13	2,850,000	0	525,000	2,325,000
School Refunding Bonds, Series 2005	12,800,000	5	1-1-05	4-1-21	12,800,000	0	0	12,800,000
Total Payable through Education Debt Service Fund					\$ 17,090,000	\$ 0	\$ 985,000	\$ 16,105,000
Total Bonds Payable					\$ 17,398,502	\$ 1,250,000	\$ 990,685	\$ 17,657,817

(1) Amount available under a loan agreement with the Montgomery County Public Building Authority is \$10,000,000, of which, \$3,518,054 had been received at June 30, 2009.

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 441,997	\$ 82,086	\$ 524,083
2011	352,078	62,560	414,638
2012	280,526	49,315	329,841
2013	211,722	37,977	249,699
2014	141,678	30,998	172,676
2015	141,678	25,318	166,996
2016	141,679	19,637	161,316
2017	110,567	13,958	124,525
2018	110,567	9,591	120,158
2019	110,567	6,719	117,286
2020	21,663	854	22,517
Total	\$ 2,064,722	\$ 339,013	\$ 2,403,735

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2010	\$ 121,518	\$ 6,017	\$ 127,535
Total	\$ 121,518	\$ 6,017	\$ 127,535

Year Ending June 30	Other Loans		
	Principal	Interest	Other Fees
2010	\$ 99,990	\$ 253,493	\$ 29,662
2011	405,290	272,316	29,139
2012	425,700	263,253	27,686
2013	444,240	253,715	26,164
2014	465,900	243,733	24,576
2015	487,690	233,245	22,913
2016	510,630	222,225	21,175
Total	\$ 3,133,450	\$ 1,545,175	\$ 173,396

(Continued)

Exhibit K-2

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

Year Ending June 30	Other Loans (Cont.)			
	Principal	Interest	Other Fees	Total
2017	\$ 533,710	\$ 210,669	\$ 19,358	\$ 763,737
2018	559,940	123,255	17,462	700,657
2019	585,340	185,816	15,477	786,633
2020	326,964	158,519	13,378	498,861
2021	149,650	3,953	6,109	159,712
2022	155,590	3,369	5,472	164,431
2023	161,720	2,762	4,812	169,294
2024	167,050	2,132	4,126	173,308
2025	173,610	1,479	3,337	178,426
2026	100,390	803	1,672	102,865
2027	105,399	411	1,254	107,064
Total	\$ 5,858,803	\$ 2,435,148	\$ 273,772	\$ 8,567,723

Year Ending June 30	Bonds		
	Principal	Interest	Total
2010	\$ 1,074,282	\$ 870,103	\$ 1,944,385
2011	1,121,275	816,185	1,937,460
2012	1,148,359	760,663	1,909,022
2013	1,170,538	707,086	1,877,624
2014	1,282,814	651,809	1,934,623
2015	1,360,191	587,932	1,948,123
2016	1,427,678	520,195	1,947,873
2017	1,500,275	449,098	1,949,373
2018	1,562,989	374,384	1,937,373
2019	1,635,825	296,548	1,932,373
2020	1,713,790	215,083	1,928,873
2021	1,791,888	129,735	1,921,623
2022	75,126	40,497	115,623
2023	78,509	37,116	115,625
2024	82,044	33,579	115,623
2025	85,739	29,884	115,623
2026	89,600	26,023	115,623
2027	93,636	21,987	115,623
2028	97,853	17,770	115,623
2029	102,109	13,363	115,472

(Continued)

Exhibit K-2

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

Year Ending June 30	Bonds (Cont.)		
	Principal	Interest	Total
2030	\$ 10,759	\$ 8,764	\$ 19,523
2031	11,246	8,277	19,523
2032	11,757	7,766	19,523
2033	12,290	7,232	19,522
2034	12,848	6,675	19,523
2035	13,431	6,092	19,523
2036	14,041	5,482	19,523
2037	14,678	4,845	19,523
2038	15,344	4,179	19,523
2039	16,040	3,482	19,522
2040	16,769	2,754	19,523
2041	7,335	1,993	9,328
2042	4,164	1,063	5,227
2043	2,595	975	3,570
Total	\$ 17,657,817	\$ 6,668,619	\$ 24,326,436

Exhibit K-3

Smith County, Tennessee
Schedule of Investments
For the Year Ended June 30, 2009

<u>Fund and Type</u>	<u>Amount</u>
<u>Constitutional Officers - Agency Fund</u>	
<u>Clerk and Master</u>	
College Bound Mutual Funds	\$ 38,326
Total Investments	\$ 38,326

Exhibit K-4

Smith County, Tennessee
Schedule of Notes Receivable
For the Year Ended June 30, 2009

Description	Payee	Original Amount of Loan	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-09
General Debt Service Fund	Industrial Development Board of Smith County	\$ 100,000	3-20-07	3-20-17	0%	\$ 80,000
Total						<u>\$ 80,000</u>

Exhibit K-5

Smith County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Smith County School Department
For the Year Ended June 30, 2009

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Public Library	Contributions	\$ 67,065
Solid Waste/Sanitation	Solid Waste Disposal	Equipment contribution	20,520
Solid Waste Disposal	Solid Waste/Sanitation	Operations	336,500
Total Transfers Primary Government			<u>\$ 424,085</u>
<u>DISCRETELY PRESENTED SMITH COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Help fund a school bus purchase	\$ 26,667
School Federal Projects	General Purpose School	Indirect costs	9,738
School Federal Projects	General Purpose School	Guidance personnel salary	9,696
Total Transfers Discretely Presented Smith County School Department			<u>\$ 46,101</u>

Exhibit K-6

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, 2009

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 66,702	\$ 100,000	The Cincinnati Insurance Company
Road Commissioner	Section 8-24-102, <u>TCA</u>	63,527	100,000	"
Director of Schools	State Board of Education and Smith County Board of Education	83,361 (1)	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	57,751	560,800	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	57,751	12,500	"
County Clerk	Section 8-24-102, <u>TCA</u>	57,751	50,000	Western Surety Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	57,751	50,000	The Cincinnati Insurance Company
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	57,751 (2)	50,000	"
Register	Section 8-24-102, <u>TCA</u>	57,751	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> and Section 8-8-102, <u>TCA</u>	63,527 (3)	25,000	"
Employee Dishonesty Bond Coverage:				
General County and Highway Department Employees			150,000	Local Government Property and Casualty Fund
School Department Employees			250,000	The Cincinnati Insurance Company

(1) Includes a \$1,000 chief executive officer training supplement and a \$1,200 contract supplement.

(2) Does not include \$15,253 of special commissioner fees.

(3) Does not include a \$600 law enforcement training supplement.

Exhibit K-7

Smith County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2009

	Special Revenue Funds							
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Ambulance Service	Special Purpose	Drug Control	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 2,352,145	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	96,105	0	0	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	45,986	0	0	0	0	0	0	0
Interest and Penalty	17,275	0	0	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	975	0	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	10,930	0	0	0	0	0	0	0
<u>County Local Option Taxes</u>								
Local Option Sales Tax	640,048	0	0	0	0	0	0	0
Wheel Tax	0	249,382	0	0	0	0	0	0
Litigation Tax - General	71,670	22,355	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	46,373	0	0	0	0	0	0
Business Tax	113,668	0	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0	0
<u>Statutory Local Taxes</u>								
Bank Excise Tax	80,318	0	0	0	0	0	0	0
Wholesale Beer Tax	76,234	0	0	0	0	0	0	0
Interstate Telecommunications Tax	1,602	0	0	0	0	0	0	0
Total Local Taxes	\$ 3,506,956	\$ 318,110	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Animal Registration	0	0	0	0	0	412	0	0
Cable TV Franchise	11,919	0	0	0	0	0	0	0
<u>Permits</u>								
Beer Permits	1,926	0	0	0	0	0	0	0
Building Permits	48,100	0	0	0	0	0	0	0
Other Permits	60	0	0	0	0	0	0	0
Total Licenses and Permits	\$ 62,005	\$ 0	\$ 0	\$ 0	\$ 0	\$ 412	\$ 0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Ambulance Service	Special Purpose	Drug Control
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	48 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Jail Fees	0	370	0	0	0	0	0
Data Entry Fee - Circuit Court	444	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	1,623	0	0	0	0	0	0
Game and Fish Fines	365	0	0	0	0	0	0
Drug Control Fines	864	0	0	0	0	0	0
Drug Court Fees	0	0	0	0	0	0	10,394
Jail Fees	12,172	0	0	0	0	0	0
DUI Treatment Fines	3,569	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	6,813	0	0	0	0	0	0
Courtroom Security Fee	1,950	0	0	0	0	0	0
<u>Juvenile Court</u>							
Data Entry Fee - Juvenile Court	200	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	2,202	0	0	0	0	0	0
Data Entry Fee - Chancery Court	916	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 31,166	\$ 370	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,394
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Patient Charges	0 \$	0 \$	0 \$	0 \$	943,342 \$	0 \$	0
Other General Service Charges	700	0	0	0	0	0	0
<u>Fees</u>							
Recreation Fees	12,629	0	0	0	0	5,615	0
Copy Fees	4,217	0	0	0	356	0	0
Library Fees	0	0	16,167	0	0	0	0
Telephone Commissions	2,293	0	0	0	0	0	0
Vending Machine Collections	0	0	0	0	0	3,806	0
Tourism Fees	0	0	0	0	0	17,255	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Ambulance Service	Special Purpose	Drug Control
<u>Charges for Current Services (Cont.)</u>							
<u>Fees (Cont.)</u>	\$	\$	\$	\$	\$	\$	\$
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0	0
Data Processing Fee - Register	7,720	0	0	0	0	0	0
Data Processing Fee - Sheriff	6,019	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	3,000	0	0	0	0	0	0
Data Processing Fee - County Clerk	1,186	0	0	0	0	0	0
<u>Education Charges</u>							
Tuition - Regular Day Students	0	0	0	0	0	210	0
Tuition - Adult Education	0	0	0	0	0	5,452	0
Tuition - Other	19,808	0	0	0	0	896	0
<u>Other Charges for Services</u>							
Other Charges for Services	1,335	0	0	0	0	0	0
<u>Total Charges for Current Services</u>	\$ 58,907	\$ 0	\$ 16,167	\$ 0	\$ 943,698	\$ 33,234	\$ 0
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	188,062	0	150	0	0	0	0
Lease/Rentals	7,250	0	0	5,326	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	30,308	0
Sale of Gasoline	0	0	0	0	3,600	0	0
Sale of Maps	2,688	3,301	0	0	0	0	0
Miscellaneous Refunds	18,342	0	0	0	4,665	20,092	0
<u>Nonrecurring Items</u>							
Sale of Equipment	2,500	0	0	0	0	0	0
Damages Recovered from Individuals	12,247	0	0	0	0	0	0
Contributions and Gifts	5,170	0	0	0	0	3,250	0
<u>Other Local Revenues</u>							
Other Local Revenues	78,462	0	0	0	0	11,964	0
<u>Total Other Local Revenues</u>	\$ 314,721	\$ 3,301	\$ 150	\$ 5,326	\$ 8,265	\$ 65,614	\$ 0

(Continued)

Exhibit K-7

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

	Special Revenue Funds							
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Ambulance Service	Special Purpose	Drug Control	
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 180,941	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	63,351	0	0	0	0	0	0	0
General Sessions Court Clerk	203,693	0	0	0	0	0	0	0
Clerk and Master	64,241	0	0	0	0	0	0	0
Register	82,272	0	0	0	0	0	0	0
Sheriff	62,008	0	0	0	0	0	0	0
Trustee	250,128	0	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 906,634	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 11,250	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	13,127	0	0	0	0	0	0	0
State Reappraisal Grant	7,190	0	0	0	0	0	0	0
Solid Waste Grants	0	0	0	33,500	0	0	0	0
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	14,600	0	0	0	0	0	0	0
Health and Welfare Grants	5,785	0	0	0	0	0	0	0
Health Department Programs								
<u>Public Works Grants</u>								
Litter Program	27,326	0	0	0	0	0	0	0
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0	0	0
<u>Other State Revenues</u>								
Flood Control	5,782	0	0	0	0	0	0	0
Income Tax	41,121	0	0	0	0	0	0	0
Beer Tax	18,701	0	0	0	0	0	0	0
Alcoholic Beverage Tax	31,185	0	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	388,396	0	0	0	0	0	0	0
Contracted Prisoner Boarding	143,188	0	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds							
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Ambulance Service	Special Purpose	Drug Control	
<u>State of Tennessee (Cont.)</u>								
<u>Other State Revenues (Cont.)</u>								
Petroleum Special Tax	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Registrar's Salary Supplement	14,912	0	0	0	0	0	0	0
Total State of Tennessee	\$ 722,563 \$	0 \$	0 \$	33,500 \$	0 \$	0 \$	0 \$	0
<u>Federal Government</u>								
<u>Federal Through State</u>								
Homeland Security Grants	\$ 56,058 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Other Federal through State	400	0	0	0	0	0	0	0
<u>Direct Federal Revenue</u>								
Police Service (Lake Area)	19,338	0	0	0	0	0	0	0
Total Federal Government	\$ 75,796 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contributions	\$ 59,055 \$	0 \$	11,000 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Citizens Groups</u>								
Donations	200	0	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 59,255 \$	0 \$	11,000 \$	0 \$	0 \$	0 \$	0 \$	0
Total	\$ 5,738,003 \$	321,781 \$	27,317 \$	38,826 \$	951,963 \$	99,260 \$	10,394	0

Exhibit K-7

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Funds			Head Start Building Projects
	Constitutional Officers - Fees	Highway / Public Works		General Debt Service	Education Debt Service	General Capital Projects	Farmer's Market Projects			
Local Taxes										
<u>County Property Taxes</u>										
Current Property Tax	\$ 0	\$ 165,061	\$ 412,657	\$ 357,638	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	0	6,745	16,860	14,612	0	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	0	3,227	8,068	6,992	0	0	0	0	0	0
Interest and Penalty	0	1,212	3,031	2,628	0	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	0	68	171	148	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	0	767	1,918	1,662	0	0	0	0	0	0
<u>County Local Option Taxes</u>										
Local Option Sales Tax	0	0	0	474,150	0	0	0	0	0	0
Wheel Tax	0	0	0	843,033	0	0	0	0	0	0
Litigation Tax - General	0	0	0	0	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	0	0	0	0
Business Tax	0	0	0	0	0	0	0	0	0	0
Mineral Severance Tax	0	54,679	0	0	0	0	0	0	0	0
<u>Statutory Local Taxes</u>										
Bank Excise Tax	0	16,476	14,416	12,357	0	0	0	0	0	0
Wholesale Beer Tax	0	0	0	0	0	0	0	0	0	0
Interstate Telecommunications Tax	0	0	0	596	0	0	0	0	0	0
Total Local Taxes	\$ 0	\$ 248,235	\$ 457,121	\$ 1,713,816	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Licenses and Permits										
<u>Licenses</u>										
Animal Registration	\$ 0	0	0	0	0	0	0	0	0	0
Cable TV Franchise	0	0	0	0	0	0	0	0	0	0
<u>Permits</u>										
Beer Permits	0	0	0	0	0	0	0	0	0	0
Building Permits	0	0	0	0	0	0	0	0	0	0
Other Permits	0	0	0	0	0	0	0	0	0	0
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Funds			Head Start Building Projects
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Farmer's Market Projects				
<u>Fines, Forfeitures, and Penalties</u>										
<u>Circuit Court</u>										
Fines	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0	0
Jail Fees	0	0	0	0	0	0	0	0	0	0
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	0	0	0
<u>General Sessions Court</u>										
Fines	0	0	0	0	0	0	0	0	0	0
Game and Fish Fines	0	0	0	0	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	0	0	0	0	0
Drug Court Fees	0	0	0	0	0	0	0	0	0	0
Jail Fees	0	0	0	0	0	0	0	0	0	0
DUI Treatment Fines	0	0	0	0	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	0	0	0
Courtroom Security Fee	0	0	0	0	0	0	0	0	0	0
<u>Juvenile Court</u>										
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	0	0	0	0
<u>Chancery Court</u>										
Officers Costs	0	0	0	0	0	0	0	0	0	0
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Charges for Current Services</u>										
<u>General Service Charges</u>										
Patient Charges	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Other General Service Charges	0	0	0	0	0	0	0	0	0	0
<u>Fees</u>										
Recreation Fees	0	0	0	0	0	0	0	0	0	0
Copy Fees	0	0	0	0	0	0	0	0	0	0
Library Fees	0	0	0	0	0	0	0	0	0	0
Telephone Commissions	0	0	0	0	0	0	0	0	0	0
Vending Machine Collections	0	0	0	0	0	0	0	0	0	0
Tourism Fees	0	0	0	0	0	0	0	0	0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds		Head Start Building Projects
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Farmer's Market Projects	
<u>Charges for Current Services (Cont.)</u>							
<u>Fees (Cont.)</u>	\$ 15,253	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0	0
Data Processing Fee - Register	0	0	0	0	0	0	0
Data Processing Fee - Sheriff	0	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0
Data Processing Fee - County Clerk	0	0	0	0	0	0	0
<u>Education Charges</u>							
Tuition - Regular Day Students	0	0	0	0	0	0	0
Tuition - Adult Education	0	0	0	0	0	0	0
Tuition - Other	0	0	0	0	0	0	0
<u>Other Charges for Services</u>							
Other Charges for Services	0	0	0	0	0	0	0
Total Charges for Current Services	\$ 15,253	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	0	0	0	0	0	0	0
Lease/Rentals	0	0	47,583	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0	30
Sale of Gasoline	0	0	0	0	0	0	0
Sale of Maps	0	0	0	0	0	0	0
Miscellaneous Refunds	0	144	40	0	0	0	0
<u>Nonrecurring Items</u>							
Sale of Equipment	0	0	0	0	0	0	0
Damages Recovered from Individuals	0	0	0	0	0	0	0
Contributions and Gifts	0	0	0	0	0	0	0
<u>Other Local Revenues</u>							
Other Local Revenues	0	12,172	0	0	60	0	0
Total Other Local Revenues	\$ 0	\$ 12,316	\$ 47,623	\$ 0	\$ 60	\$ 0	\$ 30

(Continued)

Exhibit K-7

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

	Special Revenue Funds			Debt Service Funds			Capital Projects Funds			Head Start Building Projects
	Constitutional Officers - Fees	Highway / Public Works		General Debt Service	Education Debt Service		General Capital Projects	Farmer's Market Projects		
<u>Fees Received from County Officials</u>										
<u>Fees in-Lieu-of Salary</u>										
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	0	0	0	0	0	0	0	0	0	0
General Sessions Court Clerk	0	0	0	0	0	0	0	0	0	0
Clerk and Master	0	0	0	0	0	0	0	0	0	0
Register	0	0	0	0	0	0	0	0	0	0
Sheriff	0	0	0	0	0	0	0	0	0	0
Trustee	0	0	0	0	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>										
<u>General Government Grants</u>										
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	0	0	0	0	0	0	0	0	0	0
State Reappraisal Grant	0	0	0	0	0	0	0	0	0	0
Solid Waste Grants	0	0	0	0	0	0	0	0	0	0
<u>Public Safety Grants</u>										
Law Enforcement Training Programs	0	0	0	0	0	0	0	0	0	0
Health and Welfare Grants	0	0	0	0	0	0	0	0	0	0
Health Department Programs	0	0	0	0	0	0	0	0	0	0
<u>Public Works Grants</u>										
Litter Program	0	0	0	0	0	0	0	0	0	0
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0	0	0	0	0
<u>Other State Revenues</u>										
Flood Control	0	0	0	0	0	0	0	0	0	0
Income Tax	0	0	0	0	0	0	0	0	0	0
Beer Tax	0	0	0	0	0	0	0	0	0	0
Alcoholic Beverage Tax	0	0	0	0	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	0	0	0	0
Contracted Prisoner Boarding	0	0	0	0	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	1,422,880	0	0	0	0	0	0	0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds		Debt Service Funds		Capital Projects Funds			Head Start Building Projects
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service	General Capital Projects	Farmer's Market Projects		
<u>State of Tennessee (Cont.)</u>								
<u>Other State Revenues (Cont.)</u>								
Petroleum Special Tax	\$ 0 \$	14,223 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Registrar's Salary Supplement	0	0	0	0	0	0	0	0
Total State of Tennessee	\$ 0 \$	1,437,103 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Federal Government</u>								
<u>Federal Through State</u>								
Homeland Security Grants	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Other Federal through State	0	0	0	0	0	0	0	0
<u>Direct Federal Revenue</u>								
Police Service (Lake Area)	0	0	0	0	0	0	0	0
Total Federal Government	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contributions	\$ 0 \$	0 \$	0 \$	296,000 \$	0 \$	60 \$	0	0
<u>Citizens Groups</u>								
Donations	0	0	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 0 \$	0 \$	0 \$	296,000 \$	0 \$	60 \$	0	0
Total	\$ 15,253 \$	1,697,654 \$	504,744 \$	2,009,816 \$	60 \$	60 \$	60 \$	30

(Continued)

Exhibit K-7

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

	Capital Projects Funds			Total
	Other Capital Projects	Capital Projects - Career		
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$	0 \$	0 \$	3,287,501
Trustee's Collections - Prior Year		0	0	134,322
Circuit/Clerk & Master Collections - Prior Years		0	0	64,273
Interest and Penalty		0	0	24,146
Payments in-Lieu-of Taxes - T.V.A.		0	0	1,362
Payments in-Lieu-of Taxes - Other		0	0	15,277
<u>County Local Option Taxes</u>				
Local Option Sales Tax		0	0	1,114,198
Wheel Tax		0	0	1,092,415
Litigation Tax - General		0	0	94,025
Litigation Tax - Jail, Workhouse, or Courthouse		0	0	46,373
Business Tax		0	0	113,668
Mineral Severance Tax		0	0	54,679
<u>Statutory Local Taxes</u>				
Bank Excise Tax		0	0	123,567
Wholesale Beer Tax		0	0	76,234
Interstate Telecommunications Tax		0	0	2,198
Total Local Taxes	\$	0 \$	0 \$	6,244,238
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Animal Registration	\$	0 \$	0 \$	412
Cable TV Franchise		0	0	11,919
<u>Permits</u>				
Beer Permits		0	0	1,926
Building Permits		0	0	48,100
Other Permits		0	0	60
Total Licenses and Permits	\$	0 \$	0 \$	62,417

(Continued)

Exhibit K-7

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

	Capital Projects Funds			Total
	Other Capital Projects	Capital Projects - Career		
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	0 \$	0 \$	0 \$	48
Jail Fees	0	0	0	370
Data Entry Fee - Circuit Court	0	0	0	444
<u>General Sessions Court</u>				
Fines	0	0	0	1,623
Game and Fish Fines	0	0	0	365
Drug Control Fines	0	0	0	864
Drug Court Fees	0	0	0	10,394
Jail Fees	0	0	0	12,172
DUI Treatment Fines	0	0	0	3,569
Data Entry Fee - General Sessions Court	0	0	0	6,813
Courtroom Security Fee	0	0	0	1,950
<u>Juvenile Court</u>				
Data Entry Fee - Juvenile Court	0	0	0	200
<u>Chancery Court</u>				
Officers Costs	0	0	0	2,202
Data Entry Fee - Chancery Court	0	0	0	916
Total Fines, Forfeitures, and Penalties	0 \$	0 \$	0 \$	41,930
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Patient Charges	0 \$	0 \$	0 \$	943,342
Other General Service Charges	0	0	0	700
<u>Fees</u>				
Recreation Fees	0	0	0	18,244
Copy Fees	0	0	0	4,573
Library Fees	0	0	0	16,167
Telephone Commissions	0	0	0	2,293
Vending Machine Collections	0	0	0	3,806
Tourism Fees	0	0	0	17,255

(Continued)

Exhibit K-7

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

	Capital Projects Funds			Total
	Other Capital Projects	Capital Projects - Career		
<u>Charges for Current Services (Cont.)</u>				
<u>Fees (Cont.)</u>				
Special Commissioner Fees/Special Master Fees		0 \$	0 \$	15,253
Data Processing Fee - Register	0	0	0	7,720
Data Processing Fee - Sheriff	0	0	0	6,019
Sexual Offender Registration Fees - Sheriff	0	0	0	3,000
Data Processing Fee - County Clerk	0	0	0	1,186
<u>Education Charges</u>				
Tuition - Regular Day Students	0	0	0	210
Tuition - Adult Education	0	0	0	5,452
Tuition - Other	0	0	0	20,704
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	0	1,335
Total Charges for Current Services	0 \$	0 \$	0 \$	1,067,259
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	0	0	0	188,212
Lease/Rentals	0	12,500	0	72,659
Sale of Materials and Supplies	0	0	0	30,338
Sale of Gasoline	0	0	0	3,600
Sale of Maps	0	0	0	5,989
Miscellaneous Refunds	0	0	0	43,283
<u>Nonrecurring Items</u>				
Sale of Equipment	0	0	0	2,500
Damages Recovered from Individuals	0	0	0	12,247
Contributions and Gifts	0	12,825	0	21,245
<u>Other Local Revenues</u>				
Other Local Revenues	0	0	0	102,658
Total Other Local Revenues	0 \$	25,325 \$	0 \$	482,731

(Continued)

Exhibit K-7

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

	Capital Projects Funds			Total
	Other Capital Projects	Capital Projects - Career	Capital Projects	
<u>Fees Received from County Officials</u>				
<u>Fees in-Lieu-of Salary</u>				
County Clerk	0 \$	0 \$	0 \$	180,941
Circuit Court Clerk	0	0	0	63,351
General Sessions Court Clerk	0	0	0	203,693
Clerk and Master	0	0	0	64,241
Register	0	0	0	82,272
Sheriff	0	0	0	62,008
Trustee	0	0	0	250,128
Total Fees Received from County Officials	0 \$	0 \$	0 \$	906,634
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	0 \$	0 \$	0 \$	11,250
Aging Programs	0	0	0	13,127
State Reappraisal Grant	0	0	0	7,190
Solid Waste Grants	0	0	0	33,500
<u>Public Safety Grants</u>				
Law Enforcement Training Programs	0	0	0	14,600
Health and Welfare Grants	0	0	0	5,785
Health Department Programs	0	0	0	
<u>Public Works Grants</u>				
Litter Program	0	0	0	27,326
Tennessee Industrial Infrastructure Program	258,457	0	0	258,457
<u>Other State Revenues</u>				
Flood Control	0	0	0	5,782
Income Tax	0	0	0	41,121
Beer Tax	0	0	0	18,701
Alcoholic Beverage Tax	0	0	0	31,185
State Revenue Sharing - T.V.A.	0	0	0	388,396
Contracted Prisoner Boarding	0	0	0	143,188
Gasoline and Motor Fuel Tax	0	0	0	1,422,880

(Continued)

Exhibit K-7

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

	Capital Projects Funds		Total
	Other Capital Projects	Capital Projects - Career	
State of Tennessee (Cont.)			
<u>Other State Revenues (Cont.)</u>			
Petroleum Special Tax	0 \$	0 \$	14,223
Registrar's Salary Supplement	0	0	14,912
Total State of Tennessee	<u>258,457 \$</u>	<u>0 \$</u>	<u>2,451,623</u>
Federal Government			
<u>Federal Through State</u>			
Homeland Security Grants	0 \$	0 \$	56,058
Other Federal through State	0	0	400
<u>Direct Federal Revenue</u>			
Police Service (Lake Area)	0	0	19,338
Total Federal Government	<u>0 \$</u>	<u>0 \$</u>	<u>75,796</u>
Other Governments and Citizens Groups			
<u>Other Governments</u>			
Contributions	54,700 \$	0 \$	420,815
<u>Citizens Groups</u>			
Donations	0	0	200
Total Other Governments and Citizens Groups	<u>54,700 \$</u>	<u>0 \$</u>	<u>421,015</u>
Total	<u>313,157 \$</u>	<u>25,325 \$</u>	<u>11,753,643</u>

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Smith County School Department
For the Year Ended June 30, 2009

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 2,737,294	\$ 0	\$ 0	\$ 2,737,294
Trustee's Collections - Prior Year	111,841	0	0	111,841
Circuit/Clerk & Master Collections - Prior Years	53,516	0	0	53,516
Interest and Penalty	20,104	0	0	20,104
Payments in-Lieu-of Taxes - T.V.A.	1,135	0	0	1,135
Payments in-Lieu-of Taxes - Other	12,720	0	0	12,720
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,252,454	0	0	1,252,454
Mineral Severance Tax	4	0	0	4
<u>Statutory Local Taxes</u>				
Bank Excise Tax	92,675	0	0	92,675
Interstate Telecommunications Tax	1,565	0	0	1,565
Total Local Taxes	\$ 4,283,308	\$ 0	\$ 0	\$ 4,283,308
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,568	\$ 0	\$ 0	\$ 1,568
Total Licenses and Permits	\$ 1,568	\$ 0	\$ 0	\$ 1,568
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 1,320	\$ 0	\$ 0	\$ 1,320
Lunch Payments - Children	0	0	441,672	441,672
Lunch Payments - Adults	0	0	67,043	67,043
Income from Breakfast	0	0	68,846	68,846
Special Milk Sales	0	0	16,152	16,152
A la carte Sales	0	0	91,574	91,574
Receipts from Individual Schools	25,883	0	1,513	27,396
<u>Other Charges for Services</u>				
Other Charges for Services	775	0	0	775
Total Charges for Current Services	\$ 27,978	\$ 0	\$ 686,800	\$ 714,778
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 5,535	\$ 0	\$ 3,964	\$ 9,499
Lease/Rentals	4,883	0	0	4,883
Refund of Telecommunication and Internet Fees (E-Rate)	28,034	0	0	28,034
Miscellaneous Refunds	29,022	0	9,547	38,569
<u>Nonrecurring Items</u>				
Contributions and Gifts	4,285	0	0	4,285
<u>Other Local Revenues</u>				
Other Local Revenues	147	0	0	147
Total Other Local Revenues	\$ 71,906	\$ 0	\$ 13,511	\$ 85,417

(Continued)

Exhibit K-8

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 82,553	\$ 0	\$ 0	\$ 82,553
<u>State Education Funds</u>				
Basic Education Program	14,725,757	0	0	14,725,757
Early Childhood Education	475,923	0	0	475,923
School Food Service	0	0	20,383	20,383
Driver Education	3,416	0	0	3,416
Other State Education Funds	264,453	25,384	0	289,837
Career Ladder Program	158,892	0	0	158,892
Career Ladder - Extended Contract	51,000	0	0	51,000
<u>Other State Revenues</u>				
Other State Revenues	6,000	0	0	6,000
Total State of Tennessee	\$ 15,767,994	\$ 25,384	\$ 20,383	\$ 15,813,761
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 699,547	\$ 699,547
Breakfast	0	0	258,622	258,622
Adult Education State Grant Program	0	67,042	0	67,042
Vocational Education - Basic Grants to States	0	50,474	0	50,474
Title I Grants to Local Education Agencies	0	462,614	0	462,614
Special Education - Grants to States	0	651,042	0	651,042
Special Education Preschool Grants	0	21,712	0	21,712
Safe and Drug-free Schools - State Grants	0	9,796	0	9,796
Eisenhower Professional Development State Grants	0	95,350	0	95,350
Other Federal through State	23,080	4,000	0	27,080
Total Federal Government	\$ 23,080	\$ 1,362,030	\$ 958,169	\$ 2,343,279
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 12,247	\$ 0	\$ 0	\$ 12,247
Total Other Governments and Citizens Groups	\$ 12,247	\$ 0	\$ 0	\$ 12,247
Total	\$ 20,188,081	\$ 1,387,414	\$ 1,678,863	\$ 23,254,358

Exhibit K-9

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2009

General Fund

General Government

County Commission

Other Salaries and Wages	\$	379	
Board and Committee Members Fees		10,800	
Other Per Diem and Fees		4,708	
Social Security		813	
Audit Services		5,314	
Dues and Memberships		2,366	
Other Contracted Services		2,639	
Total County Commission			\$ 27,019

Board of Equalization

Board and Committee Members Fees	\$	2,100	
Total Board of Equalization			2,100

County Mayor/Executive

County Official/Administrative Officer	\$	66,702	
Salary Supplements		800	
Secretary(ies)		57,792	
Overtime Pay		809	
Social Security		9,529	
State Retirement		7,435	
Medical Insurance		880	
Communication		5,409	
Dues and Memberships		1,200	
Operating Lease Payments		3,698	
Maintenance and Repair Services - Office Equipment		60	
Travel		1,000	
Office Supplies		7,749	
Premiums on Corporate Surety Bonds		506	
Data Processing Equipment		5,826	
Office Equipment		1,857	
Total County Mayor/Executive			171,252

County Attorney

County Official/Administrative Officer	\$	39,500	
Total County Attorney			39,500

Election Commission

County Official/Administrative Officer	\$	51,976	
Clerical Personnel		24,566	
Custodial Personnel		7,672	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Part-time Personnel	\$	9,115	
Overtime Pay		4,195	
Election Commission		5,100	
Election Workers		20,490	
Social Security		6,750	
State Retirement		4,952	
Advertising		2,852	
Communication		1,104	
Postal Charges		1,999	
Printing, Stationery, and Forms		1,409	
Rentals		550	
Travel		972	
Office Supplies		2,635	
Other Charges		6,096	
Total Election Commission			\$ 152,433

Register of Deeds

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		48,018	
Data Processing Personnel		7,474	
Social Security		8,043	
State Retirement		6,843	
Communication		660	
Dues and Memberships		397	
Operating Lease Payments		3,739	
Office Supplies		3,815	
Premiums on Corporate Surety Bonds		125	
Total Register of Deeds			136,865

Planning

Other Per Diem and Fees	\$	3,200	
Dues and Memberships		9,250	
Total Planning			12,450

Codes Compliance

County Official/Administrative Officer	\$	41,975	
Deputy(ies)		11,795	
Social Security		3,848	
State Retirement		2,716	
Medical Insurance		2,640	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

Codes Compliance (Cont.)

Advertising	\$	406	
Communication		1,679	
Maintenance and Repair Services - Vehicles		192	
Gasoline		612	
Office Supplies		2,379	
Road Signs		7,888	
Office Equipment		1,105	
Total Codes Compliance			\$ 77,235

County Buildings

Deputy(ies)	\$	106,149	
Overtime Pay		2,645	
Social Security		7,712	
State Retirement		5,102	
Medical Insurance		6,820	
Communication		5,882	
Contracts with Private Agencies		4,873	
Maintenance and Repair Services - Buildings		103,541	
Maintenance and Repair Services - Equipment		3,443	
Maintenance and Repair Services - Vehicles		678	
Rentals		4,614	
Custodial Supplies		4,665	
Gasoline		10,178	
Utilities		158,658	
Other Supplies and Materials		2,981	
Building Improvements		7,900	
Total County Buildings			435,841

Finance

Property Assessor's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		48,018	
Social Security		8,061	
State Retirement		6,843	
Advertising		104	
Communication		1,892	
Contracts with Government Agencies		6,998	
Dues and Memberships		1,080	
Postal Charges		1,123	
Travel		4,471	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Other Contracted Services	\$	9,058	
Office Supplies		800	
Premiums on Corporate Surety Bonds		75	
Refunds		41,352	
Office Equipment		4,295	
Total Property Assessor's Office			\$ 191,921

Reappraisal Program

Deputy(ies)	\$	13,650	
Social Security		1,044	
Contracts with Government Agencies		1,975	
Total Reappraisal Program			16,669

County Trustee's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		48,018	
Social Security		7,546	
State Retirement		6,843	
Communication		1,069	
Dues and Memberships		397	
Legal Notices, Recording, and Court Costs		75	
Postal Charges		6,258	
Office Supplies		849	
Premiums on Corporate Surety Bonds		2,936	
Data Processing Equipment		5,895	
Office Equipment		91	
Total County Trustee's Office			137,728

County Clerk's Office

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		95,288	
Overtime Pay		3,226	
Social Security		10,800	
State Retirement		10,110	
Medical Insurance		5,280	
Advertising		54	
Communication		700	
Dues and Memberships		497	
Postal Charges		2,623	
Printing, Stationery, and Forms		950	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Office Supplies	\$	1,401	
Premiums on Corporate Surety Bonds		400	
Office Equipment		11,116	
Total County Clerk's Office			\$ 200,196

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	57,751	
Deputy(ies)		118,413	
Board and Committee Members Fees		311	
Jury and Witness Fees		7,741	
Social Security		12,826	
State Retirement		11,048	
Medical Insurance		7,920	
Communication		3,586	
Dues and Memberships		397	
Operating Lease Payments		503	
Postal Charges		2,084	
Other Contracted Services		1,093	
Office Supplies		10,294	
Premiums on Corporate Surety Bonds		775	
Data Processing Equipment		9,283	
Total Circuit Court			244,025

General Sessions Judge

Judge(s)	\$	79,310	
In-Service Training		175	
Social Security		6,006	
State Retirement		5,131	
Communication		220	
Travel		770	
Office Supplies		46	
Other Charges		1,762	
Total General Sessions Judge			93,420

Chancery Court

County Official/Administrative Officer	\$	57,751
Deputy(ies)		24,566
Social Security		5,978
State Retirement		5,326

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Medical Insurance	\$	2,640	
Communication		1,367	
Dues and Memberships		397	
Operating Lease Payments		1,660	
Office Supplies		2,616	
Premiums on Corporate Surety Bonds		275	
Data Processing Equipment		2,896	
Total Chancery Court			\$ 105,472

Judicial Commissioners

County Official/Administrative Officer	\$	15,893	
Other Salaries and Wages		1,333	
Social Security		1,313	
Communication		602	
Travel		728	
Office Supplies		90	
Total Judicial Commissioners			19,959

Other Administration of Justice

Other Charges	\$	1,750	
Total Other Administration of Justice			1,750

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	63,527	
Deputy(ies)		233,452	
Detective(s)		69,407	
Investigator(s)		35,013	
Captain(s)		46,000	
Sergeant(s)		204,623	
Paraprofessionals		31,651	
Salary Supplements		14,600	
Dispatchers/Radio Operators		108,063	
Guards		28,270	
Clerical Personnel		30,776	
Attendants		77,950	
School Resource Officer		52,666	
Overtime Pay		115,849	
Other Salaries and Wages		28,226	
In-Service Training		12,450	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Social Security	\$	84,703	
State Retirement		68,673	
Medical Insurance		20,900	
Communication		15,844	
Dues and Memberships		1,200	
Operating Lease Payments		3,852	
Maintenance and Repair Services - Office Equipment		1,617	
Maintenance and Repair Services - Vehicles		47,375	
Medical and Dental Services		140	
Travel		746	
Gasoline		85,213	
Office Supplies		16,135	
Uniforms		9,911	
Other Supplies and Materials		601	
Premiums on Corporate Surety Bonds		250	
Refunds		150	
Other Charges		700	
Law Enforcement Equipment		10,817	
Motor Vehicles		181,366	
Other Equipment		7,999	
Total Sheriff's Department			\$ 1,710,715

Traffic Control

Traffic Control Equipment	\$	1,189	
Total Traffic Control			1,189

Jail

Cafeteria Personnel	\$	45,005	
Longevity Pay		250	
Overtime Pay		376	
Social Security		3,443	
State Retirement		1,800	
Medical and Dental Services		129,867	
Custodial Supplies		5,751	
Food Supplies		42,735	
Other Supplies and Materials		3,544	
Total Jail			232,771

Correctional Incentive Program Improvements

Deputy(ies)	\$	294,324	
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(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Safety (Cont.)

Correctional Incentive Program Improvements (Cont.)

Overtime Pay	\$	15,283	
Other Salaries and Wages		246	
Election Workers		191	
Social Security		22,364	
State Retirement		13,401	
Medical Insurance		14,300	
Total Correctional Incentive Program Improvements	\$		360,109

Juvenile Services

Youth Service Officer(s)	\$	25,000	
Social Security		1,992	
State Retirement		1,617	
Communication		960	
Travel		61	
Other Contracted Services		6,000	
Drugs and Medical Supplies		150	
Office Supplies		460	
Other Charges		1,045	
Total Juvenile Services			37,285

Fire Prevention and Control

Deputy(ies)	\$	16,828	
Social Security		1,287	
Advertising		124	
Maintenance and Repair Services - Equipment		3,009	
Maintenance and Repair Services - Vehicles		33,572	
Rentals		12,170	
Other Contracted Services		67,155	
Gasoline		2,787	
Office Supplies		681	
Utilities		9,360	
Other Charges		5,341	
Motor Vehicles		1,349,703	
Other Equipment		8,135	
Total Fire Prevention and Control			1,510,152

Rescue Squad

Contributions	\$	20,000	
Total Rescue Squad			20,000

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Supervisor/Director	\$	15,500	
Social Security		1,186	
Communication		3,590	
Maintenance and Repair Services - Vehicles		750	
Other Contracted Services		1,200	
Gasoline		2,115	
Other Supplies and Materials		42,465	
Office Equipment		265	
Other Equipment		4,423	
Total Other Emergency Management	\$		71,494

Inspection and Regulation

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

County Coroner/Medical Examiner

Other Contracted Services	\$	36,500	
Other Supplies and Materials		600	
Total County Coroner/Medical Examiner			37,100

Other Public Safety

Deputy(ies)	\$	9,120	
Dispatchers/Radio Operators		148,320	
Longevity Pay		2,680	
Overtime Pay		16,180	
Social Security		12,716	
State Retirement		10,846	
Medical Insurance		7,040	
Total Other Public Safety			206,902

Public Health and Welfare

Local Health Center

Communication	\$	3,300	
Dues and Memberships		150	
Maintenance and Repair Services - Buildings		1,435	
Custodial Supplies		485	
Drugs and Medical Supplies		337	
Office Supplies		174	
Utilities		15,008	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Other Charges	\$ 245	
Total Local Health Center		\$ 21,134

Other Local Health Services

Supervisor/Director	\$ 16,874	
Social Security	1,291	
State Retirement	202	
Contributions	1,750	
Other Charges	2,502	
Total Other Local Health Services		22,619

Appropriation to State

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

Aid to Dependent Children

Other Supplies and Materials	\$ 1,408	
Total Aid to Dependent Children		1,408

Other Local Welfare Services

Contributions	\$ 5,000	
Total Other Local Welfare Services		5,000

Waste Pickup

Supervisor/Director	\$ 13,913	
Social Security	1,064	
Maintenance and Repair Services - Vehicles	921	
Gasoline	3,053	
Instructional Supplies and Materials	4,191	
Other Charges	2,294	
Total Waste Pickup		25,436

Other Public Health and Welfare

Other Salaries and Wages	\$ 3,380	
Social Security	259	
Travel	1,215	
Other Charges	3,993	
Total Other Public Health and Welfare		8,847

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	23,452	
Social Security		1,497	
State Retirement		1,517	
Medical Insurance		2,640	
Communication		630	
Travel		1,332	
Office Supplies		1,478	
Utilities		14,022	
Other Supplies and Materials		546	
Total Senior Citizens Assistance			\$ 47,114

Parks and Fair Boards

Communication	\$	591	
Other Supplies and Materials		4,183	
Other Charges		12,112	
Building Improvements		89,885	
Other Equipment		6,630	
Total Parks and Fair Boards			113,401

Other Social, Cultural, and Recreational

Other Supplies and Materials	\$	2,048	
Site Development		9,517	
Total Other Social, Cultural, and Recreational			11,565

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	29,403	
Secretary(ies)		6,877	
Social Security		2,360	
State Retirement		4,419	
Communication		2,703	
Rentals		7,140	
Other Charges		3,500	
Total Agriculture Extension Service			56,402

Soil Conservation

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

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Other Operations

Tourism

Contributions	\$	300	
Printing, Stationery, and Forms		1,000	
Total Tourism			\$ 1,300

Industrial Development

Contributions	\$	800	
Dues and Memberships		20	
Office Supplies		696	
Total Industrial Development			1,516

Other Economic and Community Development

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

Veterans' Services

Supervisor/Director	\$	8,944	
Social Security		684	
Communication		444	
Travel		508	
Office Supplies		263	
Other Charges		87	
Total Veterans' Services			10,930

Other Charges

Building and Contents Insurance	\$	16,301	
Liability Insurance		45,000	
Vehicle and Equipment Insurance		27,298	
Workers' Compensation Insurance		90,327	
Other Charges		8,677	
Total Other Charges			187,603

Employee Benefits

Longevity Pay	\$	17,505	
Social Security		1,339	
State Retirement		1,133	
Life Insurance		3,424	
Unemployment Compensation		16,405	
Total Employee Benefits			39,806

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Contributions	\$	22,082	
Dues and Memberships		2,357	
Other Supplies and Materials		349	
Premiums on Corporate Surety Bonds		300	
Refunds		18,772	
Trustee's Commission		68,653	
Other Charges		42,315	
Building Construction		729	
Building Improvements		248,426	
Total Miscellaneous	\$		403,983

Principal on Debt

General Government

Principal on Capital Leases	\$	97,971	
Total General Government			97,971

Interest on Debt

General Government

Interest on Capital Leases	\$	7,742	
Total General Government			7,742

Other Debt Service

General Government

Other Debt Issuance Charges	\$	8,500	
Total General Government			8,500

Total General Fund \$ 7,386,052

Courthouse and Jail Maintenance Fund

General Government

County Buildings

Maintenance and Repair Services - Buildings	\$	20,350	
Total County Buildings	\$		20,350

Other Operations

Miscellaneous

Trustee's Commission	\$	2,944	
Total Miscellaneous			2,944

(Continued)

Exhibit K-9

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

Courthouse and Jail Maintenance Fund (Cont.)

Principal on Debt

General Government

Principal on Other Loans	\$ 21,462	
Total General Government		\$ 21,462

Interest on Debt

General Government

Interest on Other Loans	\$ 113,295	
Total General Government		113,295

Capital Projects

Administration of Justice Projects

Engineering Services	\$ 407,801	
Permits	17,060	
Other Charges	97	
Building Construction	2,865,133	
Total Administration of Justice Projects		<u>3,290,091</u>

Total Courthouse and Jail Maintenance Fund		\$ 3,448,142
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Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Other Salaries and Wages	\$ 54,046	
Travel	316	
Library Books/Media	19,032	
Office Supplies	6,385	
Utilities	5,226	
Total Libraries		<u>\$ 85,005</u>

Total Public Library Fund		85,005
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Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Overtime Pay	\$ 827	
Other Salaries and Wages	56,501	
Social Security	4,092	
State Retirement	3,709	
Medical Insurance	2,640	
Communication	410	
Maintenance and Repair Services - Equipment	8,147	

(Continued)

Exhibit K-9

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Gasoline	\$	30,535	
Other Supplies and Materials		509	
Total Waste Pickup			\$ 107,370

Convenience Centers

Overtime Pay	\$	90	
Other Salaries and Wages		134,065	
Social Security		10,263	
Communication		3,045	
Maintenance and Repair Services - Buildings		1,368	
Maintenance and Repair Services - Equipment		313	
Rentals		6,090	
Utilities		6,738	
Other Supplies and Materials		3,242	
Other Equipment		4,000	
Total Convenience Centers			169,214

Other Waste Disposal

Trustee's Commission	\$	52	
Total Other Waste Disposal			52

Other Operations

Employee Benefits

Longevity Pay	\$	505	
Social Security		39	
State Retirement		33	
Total Employee Benefits			577

Principal on Debt

General Government

Principal on Capital Leases	\$	69,374	
Total General Government			69,374

Interest on Debt

General Government

Interest on Capital Leases	\$	6,294	
Total General Government			6,294

Total Solid Waste/Sanitation Fund \$ 352,881

(Continued)

Exhibit K-9

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

<u>Ambulance Service Fund</u>		
<u>Public Health and Welfare</u>		
<u>Ambulance/Emergency Medical Services</u>		
Medical Personnel	\$	414,234
Longevity Pay		4,132
Overtime Pay		142,674
In-Service Training		6,229
Social Security		41,726
State Retirement		26,957
Medical Insurance		13,270
Communication		13,446
Laundry Service		4,037
Licenses		2,018
Maintenance and Repair Services - Equipment		5,271
Maintenance and Repair Services - Vehicles		17,262
Medical and Dental Services		210
Printing, Stationery, and Forms		949
Custodial Supplies		2,765
Drugs and Medical Supplies		35,153
Gasoline		43,215
Office Supplies		6,142
Uniforms		9,101
Utilities		19,185
Other Supplies and Materials		9,888
Building and Contents Insurance		1,150
Liability Insurance		1,200
Premiums on Corporate Surety Bonds		200
Refunds		3,791
Trustee's Commission		9,425
Vehicle and Equipment Insurance		4,000
Workers' Compensation Insurance		65,913
Building Improvements		6,424
Data Processing Equipment		4,000
Motor Vehicles		72,915
Total Ambulance/Emergency Medical Services		<u>\$ 986,882</u>
Total Ambulance Service Fund	\$	986,882
<u>Special Purpose Fund</u>		
<u>Other Operations</u>		
<u>Miscellaneous</u>		
Trustee's Commission	\$	228
Other Charges		102,262
Total Miscellaneous		<u>\$ 102,490</u>
Total Special Purpose Fund		102,490

(Continued)

Exhibit K-9

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

Drug Control Fund

Public Safety

Sheriff's Department

Instructional Supplies and Materials	\$	1,232	
Other Charges		6,500	
Law Enforcement Equipment		1,519	
Total Sheriff's Department			\$ 9,251

Drug Enforcement

Trustee's Commission	\$	46	
Total Drug Enforcement			46

Total Drug Control Fund \$ 9,297

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	15,253	
Total Chancery Court			\$ 15,253

Total Constitutional Officers - Fees Fund 15,253

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	63,527
Accountants/Bookkeepers		36,999
Overtime Pay		528
Other Salaries and Wages		19,761
Advertising		536
Communication		4,799
Data Processing Services		5,616
Dues and Memberships		2,948
Freight Expenses		31
Maintenance and Repair Services - Office Equipment		481
Medical and Dental Services		879
Postal Charges		504
Printing, Stationery, and Forms		223
Drugs and Medical Supplies		188
Electricity		5,097
Natural Gas		6,123
Office Supplies		4,416
Water and Sewer		356

(Continued)

Exhibit K-9

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Other Charges	\$	1,867	
Communication Equipment		130	
Total Administration			\$ 155,009

Highway and Bridge Maintenance

Foremen	\$	37,139	
Equipment Operators		140,559	
Truck Drivers		83,750	
Laborers		137,359	
Overtime Pay		1,857	
Other Contracted Services		85,489	
Asphalt - Cold Mix		120,949	
Concrete		264	
Crushed Stone		81,814	
Other Road Supplies		1,378	
Pipe		31,735	
Road Signs		1,110	
Salt		449	
Wood Products		3,226	
Other Charges		1,432	
Total Highway and Bridge Maintenance			728,510

Operation and Maintenance of Equipment

Mechanic(s)	\$	57,756	
Overtime Pay		30	
Freight Expenses		544	
Maintenance and Repair Services - Equipment		1,315	
Custodial Supplies		4,491	
Diesel Fuel		51,140	
Equipment and Machinery Parts		60,023	
Garage Supplies		1,933	
Gasoline		41,025	
Lubricants		7,470	
Small Tools		2,341	
Tires and Tubes		10,703	
Vehicle Parts		29,710	
Other Supplies and Materials		1,914	
Other Charges		1,098	
Total Operation and Maintenance of Equipment			271,493

(Continued)

Exhibit K-9

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Contributions	\$	100	
Building and Contents Insurance		1,237	
Liability Insurance		2,355	
Trustee's Commission		18,555	
Vehicle and Equipment Insurance		11,667	
Workers' Compensation Insurance		39,627	
Total Other Charges			\$ 73,541

Employee Benefits

Social Security	\$	44,315	
State Retirement		37,669	
Employee and Dependent Insurance		255,948	
Unemployment Compensation		5,169	
Total Employee Benefits			343,101

Capital Outlay

Building Improvements	\$	1,044	
Highway Equipment		15,825	
Motor Vehicles		18,900	
Total Capital Outlay			35,769

Principal on Debt

Highways and Streets

Principal on Notes	\$	50,000	
Total Highways and Streets			50,000

Interest on Debt

Highways and Streets

Interest on Notes	\$	5,551	
Total Highways and Streets			5,551

Total Highway/Public Works Fund \$ 1,662,974

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	5,685	
Principal on Notes		346,062	
Principal on Other Loans		75,338	
Total General Government			\$ 427,085

(Continued)

Exhibit K-9

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 15,080	
Interest on Notes	84,011	
Interest on Other Loans	<u>23,005</u>	
Total General Government		\$ 122,096

Other Debt Service

General Government

Trustee's Commission	\$ 9,414	
Total General Government	<u>9,414</u>	<u>9,414</u>

Total General Debt Service Fund \$ 558,595

Education Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 985,000	
Total Education	<u>985,000</u>	\$ 985,000

Interest on Debt

Education

Interest on Bonds	\$ 845,850	
Total Education	<u>845,850</u>	845,850

Other Debt Service

Education

Bank Charges	\$ 1,295	
Trustee's Commission	<u>20,090</u>	
Total Education		<u>21,385</u>

Total Education Debt Service Fund 1,852,235

General Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Engineering Services	\$ 1,726	
Site Development	<u>3,330</u>	
Total Public Health and Welfare Projects		\$ 5,056

Social, Cultural, and Recreation Projects

Engineering Services	\$ 6,000	
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(Continued)

Exhibit K-9

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Social, Cultural, and Recreation Projects (Cont.)

Other Charges	\$	6,461	
Site Development		38,835	
Total Social, Cultural, and Recreation Projects			\$ 51,296

Other General Government Projects

Advertising	\$	18	
Engineering Services		58,800	
Other Charges		250	
Total Other General Government Projects			<u>59,068</u>

Total General Capital Projects Fund \$ 115,420

Head Start Building Projects Fund

Capital Projects

Education Capital Projects

Engineering Services	\$	11,209	
Other Charges		3,864	
Site Development		658,158	
Total Education Capital Projects			<u>\$ 673,231</u>

Total Head Start Building Projects Fund 673,231

HUD Grant Projects Fund

Other Operations

Miscellaneous

Other Charges	\$	2,500	
Total Miscellaneous			<u>\$ 2,500</u>

Total HUD Grant Projects Fund 2,500

Other Capital Projects Fund

Other Operations

Miscellaneous

Engineering Services	\$	52,062	
Other Charges		261,095	
Total Miscellaneous			<u>\$ 313,157</u>

Total Other Capital Projects Fund 313,157

(Continued)

Exhibit K-9

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

<u>Capital Projects - Career Fund</u>			
<u>Other Operations</u>			
<u>Miscellaneous</u>			
Trustee's Commission	\$	125	
Other Charges		<u>30,897</u>	
Total Miscellaneous			<u>\$ 31,022</u>
Total Capital Projects - Career Fund			<u>\$ 31,022</u>
Total Governmental Funds - Primary Government			<u>\$ 17,595,136</u>

Exhibit K-10

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Smith County School Department
For the Year Ended June 30, 2009

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 6,977,345	
Career Ladder Program	92,290	
Career Ladder Extended Contracts	28,326	
Educational Assistants	271,107	
Other Salaries and Wages	700	
Certified Substitute Teachers	36,855	
Non-certified Substitute Teachers	45,643	
Social Security	435,422	
State Retirement	465,311	
Medical Insurance	1,141,313	
Unemployment Compensation	2,946	
Employer Medicare	102,813	
Maintenance and Repair Services - Equipment	10,015	
Other Contracted Services	633	
Instructional Supplies and Materials	114,912	
Textbooks	298,645	
Other Supplies and Materials	10,930	
Fee Waivers	14,751	
Other Charges	15,498	
Regular Instruction Equipment	117,809	
Total Regular Instruction Program		\$ 10,183,264

Alternative Instruction Program

Teachers	\$ 41,693	
Career Ladder Program	1,000	
Career Ladder Extended Contracts	2,545	
Social Security	2,788	
State Retirement	2,904	
Medical Insurance	5,065	
Unemployment Compensation	13	
Employer Medicare	652	
Other Supplies and Materials	33	
Total Alternative Instruction Program		56,693

Special Education Program

Teachers	\$ 780,863
Career Ladder Program	9,970
Career Ladder Extended Contracts	3,545
Educational Assistants	49,930

(Continued)

Exhibit K-10

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.)

Speech Pathologist	\$	36,698	
Other Salaries and Wages		1,267	
Certified Substitute Teachers		1,698	
Non-certified Substitute Teachers		3,315	
Social Security		52,489	
State Retirement		55,249	
Medical Insurance		141,263	
Unemployment Compensation		379	
Employer Medicare		12,274	
Maintenance and Repair Services - Equipment		129	
Instructional Supplies and Materials		10,794	
Other Supplies and Materials		90	
Total Special Education Program			\$ 1,159,953

Vocational Education Program

Teachers	\$	528,637	
Career Ladder Program		4,902	
Career Ladder Extended Contracts		1,091	
Certified Substitute Teachers		7,442	
Non-certified Substitute Teachers		3,800	
Social Security		32,045	
State Retirement		34,312	
Medical Insurance		96,765	
Unemployment Compensation		219	
Employer Medicare		7,495	
Instructional Supplies and Materials		10,153	
Total Vocational Education Program			726,861

Support Services

Attendance

Supervisor/Director	\$	47,397	
Career Ladder Extended Contracts		4,000	
Social Workers		33,366	
Social Security		5,228	
State Retirement		5,423	
Medical Insurance		11,010	
Unemployment Compensation		26	
Employer Medicare		1,223	
Travel		1,629	

(Continued)

Exhibit K-10

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.)

Attendance (Cont.)

Other Contracted Services	\$	538	
Other Supplies and Materials		1,042	
Attendance Equipment		7,976	
Total Attendance			\$ 118,858

Health Services

Supervisor/Director	\$	48,500	
Medical Personnel		73,922	
Other Salaries and Wages		17,740	
Social Security		8,064	
State Retirement		8,989	
Medical Insurance		23,559	
Unemployment Compensation		54	
Employer Medicare		1,886	
Travel		8,587	
Drugs and Medical Supplies		459	
Other Supplies and Materials		26,534	
Health Equipment		4,410	
Total Health Services			222,704

Other Student Support

Career Ladder Program	\$	4,900	
Guidance Personnel		268,360	
Career Ladder Extended Contracts		4,289	
Social Security		16,060	
State Retirement		17,819	
Medical Insurance		44,712	
Unemployment Compensation		79	
Employer Medicare		3,756	
Contracts with Government Agencies		58,055	
Evaluation and Testing		51,633	
Travel		225	
Other Charges		4,232	
Total Other Student Support			474,120

Regular Instruction Program

Supervisor/Director	\$	92,127
Career Ladder Program		6,000
Career Ladder Extended Contracts		1,000

(Continued)

Exhibit K-10

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.)

Regular Instruction Program (Cont.)

Librarians	\$	221,804	
Instructional Computer Personnel		89,032	
Social Security		24,734	
State Retirement		25,403	
Medical Insurance		51,621	
Unemployment Compensation		149	
Employer Medicare		5,785	
Travel		15,380	
Other Contracted Services		147	
Library Books/Media		3,707	
Other Supplies and Materials		671	
In Service/Staff Development		30,017	
Other Equipment		639	
Total Regular Instruction Program			\$ 568,216

Special Education Program

Supervisor/Director	\$	63,282	
Career Ladder Program		1,000	
Psychological Personnel		43,989	
Social Security		6,590	
State Retirement		6,951	
Medical Insurance		16,734	
Unemployment Compensation		27	
Employer Medicare		1,541	
Communication		25	
Travel		12,846	
Other Supplies and Materials		216	
In Service/Staff Development		199	
Other Charges		541	
Total Special Education Program			153,941

Vocational Education Program

Supervisor/Director	\$	50,599
Clerical Personnel		5,248
Social Security		3,462
State Retirement		3,588
Medical Insurance		5,527
Unemployment Compensation		16
Employer Medicare		810

(Continued)

Exhibit K-10

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.)

Vocational Education Program (Cont.)

Travel	\$	1,177	
Other Supplies and Materials		181	
Total Vocational Education Program			\$ 70,608

Other Programs

On-Behalf Payments to OPEB	\$	82,553	
Total Other Programs			82,553

Board of Education

Secretary to Board	\$	1,250	
Board and Committee Members Fees		12,320	
Social Security		841	
State Retirement		80	
Medical Insurance		110	
Unemployment Compensation		24	
Employer Medicare		197	
Audit Services		7,000	
Contracts with Government Agencies		3,514	
Contracts with Private Agencies		10,955	
Dues and Memberships		7,894	
Legal Services		96,660	
Other Contracted Services		4,481	
Other Supplies and Materials		181	
Liability Insurance		24,920	
Premiums on Corporate Surety Bonds		320	
Trustee's Commission		99,220	
Workers' Compensation Insurance		105,505	
Criminal Investigation of Applicants - TBI		2,040	
Refund to Applicant for Criminal Investigation		2,208	
Other Charges		4,720	
Total Board of Education			384,440

Director of Schools

County Official/Administrative Officer	\$	83,361	
Social Security		5,168	
State Retirement		5,354	
Medical Insurance		5,527	
Unemployment Compensation		13	
Employer Medicare		1,209	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Communication	\$	51,555	
Dues and Memberships		1,572	
Travel		4,467	
Other Charges		1,873	
Total Director of Schools			\$ 160,099

Office of the Principal

Principals	\$	540,544	
Career Ladder Program		10,000	
Accountants/Bookkeepers		95,754	
Career Ladder Extended Contracts		6,773	
Assistant Principals		207,271	
Clerical Personnel		83,561	
Social Security		56,081	
State Retirement		61,227	
Medical Insurance		95,223	
Unemployment Compensation		344	
Employer Medicare		13,116	
Communication		3,739	
Dues and Memberships		5,850	
Other Charges		161	
Administration Equipment		628	
Total Office of the Principal			1,180,272

Fiscal Services

Accountants/Bookkeepers	\$	98,863	
Clerical Personnel		36,346	
Social Security		8,349	
State Retirement		8,748	
Medical Insurance		21,184	
Unemployment Compensation		62	
Employer Medicare		1,953	
Data Processing Services		9,006	
Maintenance and Repair Services - Office Equipment		6,837	
Travel		120	
Office Supplies		10,429	
Other Charges		50	
Administration Equipment		3,731	
Total Fiscal Services			205,678

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant

Custodial Personnel	\$	338,873	
Other Salaries and Wages		3,601	
Social Security		20,797	
State Retirement		17,127	
Medical Insurance		339	
Unemployment Compensation		380	
Employer Medicare		4,864	
Contracts with Government Agencies		4,895	
Contracts with Private Agencies		21,804	
Maintenance and Repair Services - Equipment		1,806	
Pest Control		1,625	
Other Contracted Services		350	
Custodial Supplies		40,559	
Electricity		838,620	
Natural Gas		117,161	
Water and Sewer		60,365	
Other Supplies and Materials		8,984	
Boiler Insurance		908	
Building and Contents Insurance		39,120	
Plant Operation Equipment		13,768	
Total Operation of Plant			\$ 1,535,946

Maintenance of Plant

Supervisor/Director	\$	57,785	
Maintenance Personnel		135,189	
Other Salaries and Wages		18,378	
Social Security		13,084	
State Retirement		13,636	
Medical Insurance		27,045	
Unemployment Compensation		87	
Employer Medicare		3,060	
Contracts with Government Agencies		180	
Laundry Service		2,653	
Maintenance and Repair Services - Buildings		16,108	
Maintenance and Repair Services - Equipment		71,174	
Other Contracted Services		13,019	
Other Supplies and Materials		50,258	
Maintenance Equipment		6,500	
Total Maintenance of Plant			428,156

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	37,008	
Mechanic(s)		78,083	
Bus Drivers		412,149	
Other Salaries and Wages		15,050	
Social Security		31,924	
State Retirement		28,736	
Medical Insurance		26,887	
Unemployment Compensation		480	
Employer Medicare		7,752	
Communication		1,633	
Contracts with Government Agencies		1,207	
Contracts with Private Agencies		1,548	
Contracts with Parents		3,302	
Laundry Service		2,287	
Maintenance and Repair Services - Equipment		432	
Maintenance and Repair Services - Vehicles		4,704	
Medical and Dental Services		1,950	
Tow-in Services		525	
Travel		400	
Diesel Fuel		110,282	
Equipment and Machinery Parts		410	
Garage Supplies		1,708	
Gasoline		18,800	
Lubricants		7,690	
Tires and Tubes		19,368	
Vehicle Parts		64,159	
Gravel and Chert		2,655	
Other Supplies and Materials		1,886	
Vehicle and Equipment Insurance		33,962	
Other Charges		425	
Transportation Equipment		258,351	
Total Transportation			\$ 1,175,753

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$	1,000	
Social Security		62	
State Retirement		64	
Employer Medicare		14	
Total Food Service			1,140

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services

Supervisor/Director	\$	33,160	
Social Security		2,025	
State Retirement		2,129	
Medical Insurance		5,065	
Unemployment Compensation		13	
Employer Medicare		474	
Travel		1,444	
Other Supplies and Materials		710	
Other Charges		1,110	
Total Community Services			\$ 46,130

Early Childhood Education

Supervisor/Director	\$	29,652	
Teachers		184,662	
Career Ladder Extended Contracts		500	
Educational Assistants		57,041	
Certified Substitute Teachers		798	
Non-certified Substitute Teachers		1,739	
Social Security		16,237	
State Retirement		17,055	
Medical Insurance		37,698	
Unemployment Compensation		138	
Employer Medicare		3,813	
Travel		441	
Instructional Supplies and Materials		45,732	
Other Supplies and Materials		19,380	
In Service/Staff Development		4,720	
Other Charges		2,280	
Other Equipment		73,318	
Total Early Childhood Education			495,204

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	69,417	
Furniture and Fixtures		20,140	
Site Development		5,633	
Other Capital Outlay		20,315	
Total Regular Capital Outlay			115,505

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Other Debt Service

Education

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

Total General Purpose School Fund \$ 19,842,094

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 302,740	
Educational Assistants	26,106	
Certified Substitute Teachers	1,169	
Non-certified Substitute Teachers	5,127	
Social Security	20,319	
State Retirement	20,712	
Medical Insurance	49,587	
Unemployment Compensation	252	
Employer Medicare	4,753	
Instructional Supplies and Materials	23,240	
Other Supplies and Materials	7,520	
Other Charges	78	
Regular Instruction Equipment	35,039	
Total Regular Instruction Program		\$ 496,642

Special Education Program

Educational Assistants	\$ 271,037	
Speech Pathologist	90,404	
Other Salaries and Wages	12,940	
Certified Substitute Teachers	3,331	
Non-certified Substitute Teachers	6,199	
Social Security	23,567	
State Retirement	21,506	
Medical Insurance	6,191	
Unemployment Compensation	612	
Employer Medicare	5,359	
Contracts with Private Agencies	65,671	
Other Contracted Services	2,784	
Instructional Supplies and Materials	5,321	
Other Supplies and Materials	6,435	
Special Education Equipment	827	
Total Special Education Program		522,184

(Continued)

Exhibit K-10

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.)

Vocational Education Program

Instructional Supplies and Materials	\$ 2,000	
Vocational Instruction Equipment	32,518	
Total Vocational Education Program		\$ 34,518

Adult Education Program

Teachers	\$ 15,466	
Social Security	352	
State Retirement	103	
Unemployment Compensation	34	
Employer Medicare	224	
Instructional Supplies and Materials	3,782	
Total Adult Education Program		19,961

Support Services

Other Student Support

Social Security	\$ 3	
State Retirement	3	
Employer Medicare	1	
Travel	7,660	
In Service/Staff Development	2,550	
Other Charges	5,978	
Total Other Student Support		16,195

Regular Instruction Program

Supervisor/Director	\$ 57,005	
In-Service Training	782	
Social Security	3,562	
State Retirement	3,710	
Medical Insurance	5,546	
Unemployment Compensation	23	
Employer Medicare	833	
Travel	1,211	
Other Supplies and Materials	16,135	
In Service/Staff Development	31,789	
Other Charges	900	
Other Equipment	3,377	
Total Regular Instruction Program		124,873

(Continued)

Exhibit K-10

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program

Assessment Personnel	\$	59,272	
Clerical Personnel		18,916	
Social Security		4,347	
State Retirement		5,029	
Medical Insurance		14,312	
Unemployment Compensation		41	
Employer Medicare		1,017	
Maintenance and Repair Services - Equipment		433	
Travel		10,393	
Other Supplies and Materials		11,323	
In Service/Staff Development		9,933	
Total Special Education Program			\$ 135,016

Adult Programs

Supervisor/Director	\$	36,507	
Other Salaries and Wages		19,928	
Social Security		3,472	
State Retirement		3,626	
Medical Insurance		5,527	
Unemployment Compensation		40	
Employer Medicare		812	
Communication		530	
Postal Charges		84	
Travel		365	
In Service/Staff Development		140	
Total Adult Programs			71,031

Transportation

Bus Drivers	\$	20,842	
Social Security		1,284	
State Retirement		1,338	
Unemployment Compensation		41	
Employer Medicare		298	
Contracts with Parents		7,867	
Total Transportation			31,670

Total School Federal Projects Fund \$ 1,452,090

(Continued)

Exhibit K-10

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	48,551	
Accountants/Bookkeepers		32,175	
Cafeteria Personnel		510,736	
Other Salaries and Wages		5,069	
Social Security		36,532	
State Retirement		35,245	
Medical Insurance		11,672	
Unemployment Compensation		297	
Employer Medicare		8,370	
Communication		1,934	
Legal Notices, Recording, and Court Costs		28	
Maintenance and Repair Services - Equipment		15,393	
Pest Control		3,240	
Printing, Stationery, and Forms		1,000	
Travel		2,598	
Other Contracted Services		7,011	
Data Processing Supplies		1,192	
Equipment and Machinery Parts		15,365	
Food Supplies		716,993	
Office Supplies		1,387	
Uniforms		1,265	
Other Supplies and Materials		65,822	
In Service/Staff Development		1,050	
Refund to Applicant for Criminal Investigation		600	
Food Service Equipment		46,652	
Total Food Service			\$ <u>1,570,177</u>

Total Central Cafeteria Fund \$ 1,570,177

Total Governmental Funds - Smith County School Department \$ 22,864,361

Exhibit K-11

Smith County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund
For the Year Ended June 30, 2009

	<u>Major Enterprise Fund Solid Waste Disposal</u>
<u>Revenues</u>	
<u>Operating Revenues</u>	
<u>Licenses and Permits</u>	
Other Permits	\$ 360
Total Licenses and Permits	<u>\$ 360</u>
<u>Charges for Current Services</u>	
Tipping Fees	\$ 1,080,939
Total Operating Revenues	<u>\$ 1,080,939</u>
<u>Nonoperating Revenues</u>	
<u>Recurring Items</u>	
Sale of Materials and Supplies	\$ 6,420
Sale of Recycled Materials	31,447
Miscellaneous Refunds	349
<u>Nonrecurring Items</u>	
Grants	11,108
Total Nonoperating Revenue	<u>\$ 49,324</u>
Total Revenues	<u>\$ 1,130,623</u>
<u>Expenses</u>	
<u>Operating Expenses</u>	
<u>Other Waste Collection</u>	
Contributions	\$ 1,000
Other Contracted Services	14,220
Total Other Waste Collection	<u>\$ 15,220</u>
<u>Landfill Operation and Maintenance</u>	
Supervisor/Director	\$ 40,500
Salary Supplements	400
Longevity Pay	603
Overtime Pay	1,005
Other Salaries and Wages	200,371
In-Service Training	250
Social Security	18,175
State Retirement	13,114
Medical Insurance	2,859
Advertising	239
Communication	3,960
Contracts with Private Agencies	3,816
Engineering Services	312,382
Maintenance and Repair Services - Equipment	76,588
Rentals	7,000
Other Contracted Services	43,715

(Continued)

Exhibit K-11

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

	Major Enterprise Fund
	<u>Solid Waste Disposal</u>
<hr/>	
<u>Expenses (Cont.)</u>	
<u>Operating Expenses (Cont.)</u>	
<u>Landfill Operation and Maintenance (Cont.)</u>	
Gasoline	\$ 104,185
Office Supplies	427
Utilities	6,727
Other Supplies and Materials	63,156
Building and Contents Insurance	1,450
Liability Insurance	450
Refunds	666
Trustee's Commission	10,449
Vehicle and Equipment Insurance	5,000
Workers' Compensation Insurance	52,241
Depreciation	194,308
Other Self-Insured Claims	626
Landfill Closure/Postclosure Care Costs	773
Building Construction	3,000
Data Processing Equipment	515
Motor Vehicles	7,500
Site Development	11,500
Other Equipment	3,650
Total Operating Expenses	<u>\$ 1,206,820</u>
<u>Nonoperating Expenses</u>	
Interest on Notes	\$ 27,833
Interest on Other Loans	78,856
Total Nonoperating Expenses	<u>\$ 106,689</u>
Total Expenses	<u>\$ 1,313,509</u>

Exhibit K-12

Smith County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2009

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	<u>\$ 1,092,634</u>
<u>Cash Disbursements</u>	
Trustee's Commission	\$ 10,926
Remittance of Revenues Collected	<u>1,081,708</u>
Total Cash Disbursements	<u>\$ 1,092,634</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0
Cash Balance, July 1, 2008	<u>0</u>
Cash Balance, June 30, 2009	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION

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

REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

March 19, 2010

Smith County Mayor and
Board of County Commissioners
Smith County, Tennessee

To the County Mayor and Board of County Commissioners:

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, 2009, which collectively comprise Smith County's basic financial statements and have issued our report thereon dated March 19, 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Smith County Emergency Communications District, a discretely presented component unit, and the Public Library Fund, a nonmajor special revenue fund, as described in our report on Smith County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Smith County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting.

Accordingly, we do not express an opinion on the effectiveness of Smith County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 09.01, 09.03, 09.05, 09.06, 09.07(A), 09.09, 09.10, 09.11, and 09.13.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Smith County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 09.01 and 09.03 to be material weaknesses.

Compliance and Other Matters

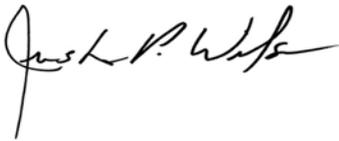
As part of obtaining reasonable assurance about whether Smith County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items: 09.02, 09.04, 09.07(B), and 09.08.

We consider item 09.12 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over the financial operations. We also noted certain matters that we reported to management of Smith County in separate communications.

Smith County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Smith County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county mayor, director of schools, road commissioner, Board of County Commissioners, Board of Education, others within Smith County, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

March 19, 2010

Smith County Mayor and
Board of County Commissioners
Smith County, Tennessee

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Smith County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Smith County's management. Our responsibility is to express an opinion on Smith County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Smith County's compliance with those requirements and performing

such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Smith County's compliance with those requirements.

In our opinion, Smith County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Smith County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Smith County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Smith County's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

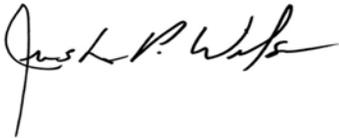
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Smith County, Tennessee, as of and for the year ended June 30, 2009, and have issued our report thereon dated March 19, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Smith County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as

required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Smith County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Smith County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county mayor, director of schools, road commissioner, Board of County Commissioners, Board of Education, others within Smith County, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a prominent vertical line extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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Smith County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2009

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 149,730 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	258,622
National School Lunch Program	10.555	N/A	699,547 (3)
Direct Program:			
Community Facilities Loans and Grants (Loan Guarantee)	10.766	N/A	1,250,000
Total U.S. Department of Agriculture			<u>\$ 2,357,899</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-08-233380	<u>\$ 400</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	Z-09-213505-00	\$ 87,958
Passed-through State Department of Education:			
Title I Grant to Local Educational Agencies	84.010	N/A	510,804
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	699,382
Special Education - Preschool Grants	84.173	N/A	21,686
Career and Technical Education - Basic Grants to States	84.048	N/A	43,773
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	10,089
State Grants for Innovative Programs	84.298	N/A	104
Education Technology State Grants	84.318	(2)	3,670
Improving Teacher Quality State Grants	84.367	N/A	127,034
Total U.S. Department of Education			<u>\$ 1,504,500</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grant	97.042	GG-08-26022	\$ 15,952
Homeland Security Grant Program	97.067	GG-08-24424	40,106
Total U.S. Department of Homeland Security			<u>\$ 56,058</u>
Total Expenditures of Federal Awards			<u>\$ 3,918,857</u>

State Grants		Contract Number	
ACT-EXP - Internet Connectivity - State Department of Education	N/A	(2)	\$ 15,664
Coordinate School Health Initiative - State Department of Education	N/A	(2)	108,340
Early Childhood Education - Pilot - State Department of Education	N/A	(2)	285,554
Early Childhood Education - Voluntary Lottery - State Department of Education	N/A	(2)	190,369
Family Resource Center - State Department of Education	N/A	(2)	29,970
Safe Schools Act of 2003 - State Department of Education	N/A	(2)	17,900
Health Department Programs - State Department of Health	N/A	(4)	5,785
Adult Education - State Department of Labor and Workforce	N/A	Z-09-217275-00	3,036
Aging Program - Upper Cumberland Development District	N/A	(2)	13,127
Juvenile Justice - State Commission on Children and Youth	N/A	(2)	11,250

(Continued)

Smith County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants (Cont.)</u>			
Law Enforcement Training - State Department of Public Safety	N/A	(2)	\$ 14,600
Litter Program - State Department of Transportation	N/A	(5)	27,326
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	7,190
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	11,108
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	DG-05-01884-01	33,500
FastTrack Industrial Grant - State Department of Economic and Community Development	N/A	GG-09-26934-00	<u>258,457</u>
Total State Grants			<u>\$ 1,033,176</u>

CFDA = Catalog of Federal Domestic Assistance
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$849,277.
- (4) Z-08-020386-00: \$1,343; Z-09-213767-00: \$4,442.
- (5) Z-08-021045-00: \$3,712; Z-09-212798-00: \$23,614.

Smith County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2009

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report of Smith County, Tennessee, for the year ended June 30, 2008, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.02(A)	203	The office had deficiencies in budget operations.
08.03	204	Deficiencies were noted in the maintenance of capital asset records

OFFICE OF ROAD COMMISSIONER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.05	206	The office had not adopted a formal travel policy and did not account for actual travel expenses incurred

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.11	209	Internal controls over evidence and seized property were not adequate

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.12	209	A central system of accounting, budgeting, and purchasing had not been adopted
08.13	210	Duties were not segregated adequately in the Offices of Road Commissioner, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff

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SMITH COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2009

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Smith County is unqualified.
2. The audit of the financial statements of Smith County disclosed significant deficiencies in internal control. Two of these deficiencies were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Smith County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Community Facilities Loans and Grants (CFDA No. 10.766), and the Title I Grants to Local Educational Agencies (CFDA No. 84.010), were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Smith County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county mayor and director of schools are paraphrased in this report.

OFFICE OF COUNTY MAYOR

FINDING 09.01 **THE COURTHOUSE AND JAIL MAINTENANCE FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**

(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2009, certain general ledger account balances related to accounts receivable, accounts payable, contracts payable, and retainage payable in the Courthouse and Jail Maintenance Fund were not materially correct, and audit adjustments 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 county's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the county has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Smith County sets up many accounts receivable and accounts payable but not many contracts payable and retainage payable. We acknowledge that this was an oversight and it will be corrected in the future.

FINDING 09.02 **THE PUBLIC LIBRARY AND SPECIAL PURPOSE FUNDS WERE NOT BUDGETED**

(Noncompliance Under Government Auditing Standards)

The Public Library and Special Purpose funds (special revenue funds) were not budgeted. Section 5-9-401, Tennessee Code Annotated, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments,

commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” This deficiency is a result of management’s decisions and resulted in unauthorized expenditures. Also, this deficiency exists due to the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The Public Library and Special Purpose funds should be budgeted as required by state statute.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

In the past, Smith County budgeted a contribution to the Smith County Library, and in the 2009-10 budget, Smith County budgeted a full expenditure budget. When a pay request is submitted from the Smith County Library, it is broken down into different expenditures. Also, the Special Purpose Fund was a special revenue fund in the 2008-09 year to account for the Smith County Fair; however, the fair’s budget was presented in the General Fund. These findings have been resolved in the 2009-10 budget.

FINDING 09.03 **DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF CAPITAL ASSET RECORDS** (Internal Control – Material Weakness Under Government Auditing Standards)

Our examination of the capital asset records revealed the following deficiencies. These deficiencies can be attributed in part to the lack of management oversight, the lack of technical skills to maintain accounting records in accordance with generally accepted accounting principles, and management’s failure to correct the finding noted in the prior-year audit. Audit adjustments were provided to and accepted by management to properly reflect capital assets in the financial statements of this report.

- A. On June 30, 2009, the county’s capital asset records reflected construction in progress of \$10,674,229. However, supporting documentation revealed that construction in progress totaled \$4,862,904 at June 30, 2009, a discrepancy of \$5,811,325.

- B. The beginning balances on the capital asset reports did not agree with prior-year ending balances. The difference resulted from the client entering amounts for the agriculture center building directly into the beginning balances, which had been previously omitted.

RECOMMENDATION

Management should provide the necessary oversight to ensure that its capital asset records are accurately maintained.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

This finding deals with Governmental Accounting Standards Board Statement No. 34 and the way Smith County records its capital assets. After a review of procedures, Smith County has corrected this finding.

FINDING 09.04 **COMPETITIVE BIDS WERE NOT SOLICITED FOR THE PURCHASE OF FUEL**
(Noncompliance Under Government Auditing Standards)

Competitive bids were not solicited for the purchase of fuel. Section 5-14-204 Tennessee Code Annotated, provides that fuel and fuel products may be purchased in the open market without newspaper notice, but shall whenever possible be based on a least three competitive bids. The failure to solicit competitive bids could result in the department paying more than the most competitive price.

RECOMMENDATION

Competitive bids should be solicited for the purchase of fuel.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The majority of Smith County employees have a fuel code to obtain fuel at Mixon Nollner Oil. Smith County is given a competitive price without taxes for the fuel received at Mixon Nollner Oil. Even with the complication of reissuing fuel codes and/or cards, Smith County will try to find a way to bid the fuel and not complicate the process for our employees.

FINDING 09.05 **THE OFFICE HAD NOT ADOPTED A FORMAL TRAVEL POLICY**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The Smith County Commission had not adopted formal policies and procedures governing travel reimbursements for county employees. During the year, the county paid employees and officials actual costs for meals and lodging. Without a formal travel policy, employees have no limitations placed on their lodging and meal expenses.

RECOMMENDATION

The County Commission should adopt formal policies and procedures for payment of travel expenses. These policies and procedures should establish maximum limits for the reimbursement of mileage, lodging, meals, and other travel expenses.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

An example of a travel policy has been received. After some adjustments have been made, the policy will be presented to the Smith County Commission in the May 2010 meeting for its consideration.

OFFICE OF ROAD COMMISSIONER

FINDING 09.06 TOOLS VALUED AT \$4,084.54 WERE STOLEN FROM HIGHWAY DEPARTMENT VEHICLES
(Internal Control – Significant Deficiency Under Government Auditing Standards)

On Thursday, October 8, 2009, Highway Department employees discovered that tools and miscellaneous items totaling \$4,084.54 were stolen from several highway trucks parked near the shop building. The keys to highway vehicles were in the ignition with the doors unlocked; however, no vehicles were stolen. The Highway Department does not have standard operating procedures directing employees how to secure the vehicles left overnight. Accounting standards provide that internal controls be designed to safeguard assets. The City of Gordonsville Police Department is investigating the theft. The department's insurance carrier paid the department \$3,584.54, which is less a \$500 deductible, on November 23, 2009.

RECOMMENDATION

Management should establish policies and procedures for the storage of keys to vehicles and tool boxes. Also, management should perform a risk assessment to determine areas susceptible to theft, and develop procedures to mitigate those risks.

FINDING 09.07 THE OFFICE HAD NOT ADOPTED A FORMAL TRAVEL POLICY AND DID NOT ACCOUNT FOR ACTUAL TRAVEL EXPENSES INCURRED
(A. – Internal Control – Significant Deficiency Under Government Auditing Standards; B. – Noncompliance Under Government Auditing Standards)

We noted the following deficiencies related to business travel. These deficiencies are the result of a lack of management oversight, which increase the risks of fraud and abuse.

- A. The Highway Department had not adopted formal policies and procedures governing travel reimbursements for its employees. Without a formal travel policy, employees have no limitations placed on their mileage, lodging, and meal expenses.

- B. The department did not require employees who received travel allowances to file itemized statements listing the actual miles traveled or other actual expenses incurred for which they were being compensated. Section 8-26-109, Tennessee Code Annotated, states in part that “every state and county officer, who is authorized by law to incur official expenses, which are to be paid by the state or any county or out of any public funds of any character, is directed and required to make out accurate, itemized statements of such expenses, showing date and amount of each separate item, and the purpose for which it was expended.”

RECOMMENDATION

The Highway Department should adopt formal policies and procedures for payment of travel expenses. These policies and procedures should establish maximum limits for the reimbursement of mileage, lodging, meals, and other travel expenses. In addition, any employee incurring business travel expenses should file itemized statements of such expenses as required by state statute.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 09.08 COMPETITIVE BIDS WERE NOT SOLICITED FOR THE PURCHASE OF INSURANCE
(Noncompliance Under Government Auditing Standards)

Competitive bids were not solicited for the purchase of liability insurance (\$24,920), vehicle and equipment insurance (\$32,674), and buildings and contents insurance (\$37,705). Section 49-2-203, Tennessee Code Annotated, requires all purchases exceeding \$10,000 to be based on competitive bids solicited through public advertisement. The failure to solicit competitive bids could result in the county paying more than the competitive price.

RECOMMENDATION

Competitive bids should be solicited for all purchases exceeding \$10,000 as required by state statute.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

Competitive bids will be taken on liability, building, equipment, and vehicle insurance per board approval.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 09.09 **THE EXECUTION DOCKET TRIAL BALANCE FOR CIRCUIT COURT DID NOT RECONCILE WITH GENERAL LEDGER ACCOUNTS**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

As of June 30, 2009, the circuit court clerk had prepared a trial balance of execution docket cause balances as required by Section 18-2-103, Tennessee Code Annotated (TCA). However, this trial balance failed to reconcile with general ledger accounts by \$52,336. Therefore, we were unable to determine if the circuit court clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-101, TCA. This statute provides that any funds held by the courts for more than one year and unclaimed by the owner are considered abandoned. Section 66-29-113, TCA, further requires these funds to be reported and paid to the state Treasurer's Office.

RECOMMENDATION

The clerk should reconcile the trial balance of execution docket cause balances with general ledger accounts. To comply with state statutes, the clerk should report and pay to the state Treasurer's Office any unclaimed funds held for more than one year.

OFFICE OF CLERK AND MASTER

FINDING 09.10 **THE OFFICE DID NOT REVIEW SOFTWARE AUDIT LOGS** (Internal Control – Significant Deficiency Under Government Auditing Standards)

The software application used by the office generated a daily log that displayed changes made by users. This log provides the only audit trail of these changes and should be reviewed daily for inappropriate activity. Since management was not aware of its importance, officials did not begin reviewing this log until we brought it to their attention several months into the fiscal year. Procedures for reviewing this log are currently in place.

OFFICE OF SHERIFF

FINDING 09.11 **INTERNAL CONTROLS OVER EVIDENCE AND SEIZED PROPERTY WERE NOT ADEQUATE** (Internal Control – Significant Deficiency Under Government Auditing Standards)

The Sheriff's Department maintains evidence and seized property in two locked storage rooms. Two log books were present; however, the log books reflected only a few entries. Therefore, we were unable to determine if the office properly accounted for all the evidence

and seized property. The failure to adequately inventory evidence and seized property is the result of management's failure to correct the finding noted in the prior-year audit report and increases the risk of property loss.

RECOMMENDATION

A perpetual log should be maintained for all evidence and seized property. At a minimum, the log should include the following: date received, defendant, case number, description, location, signatures of individuals signing evidence in and out, and disposition.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 09.12 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**
(Internal Control – Control Deficiency Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. This deficiency exists due to the failure of management to correct the finding noted in the prior-year audit report. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort.

RECOMMENDATION

County officials should consider adopting either the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Smith County would like to consider a central system of accounting in the near future.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

At this time it would not be feasible for the Smith County School System to participate in a system of central accounting, budgeting, and purchasing.

FINDING 09.13

DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE AMBULANCE SERVICE DEPARTMENT AND THE OFFICES OF COUNTY MAYOR, ROAD COMMISSIONER, DIRECTOR OF SCHOOLS, TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF

(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Ambulance Service Department and the Offices of County Mayor, Road Commissioner, Director of Schools, Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Clerk and Master, Register, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency exists due to the failure of management to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Employees of the Ambulance Service and the County Mayor's Office will correct this finding. Money will be receipted at the Ambulance Service by one employee, entered into the system by another employee, and then be delivered to the Smith County Mayor's Office. One of the mayor's employees will tabulate and compare the funds and then take the money to the county trustee for deposit.

The Landfill Department will correct the finding by this method: The money will be received and tabulated by one of the county mayor's employees, and will be checked by another employee who will take it to the trustee for deposit. Then the employee of the county landfill will enter the data into the TMS system.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Due to limited resources and personnel, we are not able to properly segregate duties among our employees.

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

There were no findings and questioned costs for federal awards.

SMITH COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2009

There were no audit findings relative to federal awards presented in the prior- or current-years' Schedules of Findings and Questioned Costs.