ANNUAL FINANCIAL REPORT

SMITH COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2017

TENNESSEE COMPTROLLER OF THE TREASURY

DIVISION OF LOCAL GOVERNMENT AUDIT

ANNUAL FINANCIAL REPORT

SMITH COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2017

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

STEVE REEDER, CPA, CGFM, CFE
Audit Manager

ANITA SCARLETT, CPA
Auditor 4

COURTNEY DYER, CPA
KELLEY J. MCNEAL, CPA, CGFM
State Auditors

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

SMITH COUNTY, TENNESSEE
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Summary of Audit Findings

Annual Financial Report
Smith County, Tennessee
For the Year Ended June 30, 2017

Scope

We have audited the basic financial statements of Smith County as of and for the year ended June 30, 2017.

Results

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

Our audit resulted in eight 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 Solid Waste Disposal Fund had a deficit in unrestricted net position.

OFFICE OF ROAD COMMISSIONER

- The office had deficiencies in purchasing procedures.

OFFICE OF DIRECTOR OF SCHOOLS

- The director of schools was not paid in accordance with either the contract approved by the Board of Education or the budget approved by the county commission.
- Salaries exceeded appropriations.

OFFICE OF COUNTY CLERK

- The office did not review all software audit logs.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- The execution docket trial balance for Circuit Court did not reconcile with general ledger accounts.
- Unclaimed funds were not reported and paid to the state.

OFFICE OF CLERK AND MASTER

- Duties were not segregated adequately.

Introductory Section

Smith County Officials
June 30, 2017

Officials

Michael Nesbitt, County Mayor
Steve Coble, Road Commissioner
Barry Smith, Director of Schools
Lee Ann Williams, Trustee
Terry Collins, Assessor of Property
Clifa Norris, County Clerk
Tommy Turner, Circuit and General Sessions Courts Clerk
Thomas Dillehay, Clerk and Master
Jerri Lin Vaden, Register of Deeds
Steve Hopper, Sheriff

Board of County Commissioners

Michael Nesbitt, County Mayor, Chairman
Tommy Bane
Billy Bass
Pamela Billington
Carolyn Boles
Ronald Cowan
Daniel Cripps
Phillip Enoch
Thomas Gibbs
Randy Glover
David Gross
Dennis Hackett
Billy Halliburton
Matthew Inyart
Mark Jones
Barbara Kannapel
Charles Kent
Shannon Minchey
Joseph Nixon
Linda Nixon
Glen Reece
Andy Rutherford
James Winfree
Billy Woodard
Frank Woodard

Board of Education

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

Audit Committee

Larry Wilkerson, Chairman
Anthony Apple
Joseph Nixon
Laura Piper
David West

Financial Section

TENNESSEE COMPTROLLER OF THE TREASURY

JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Smith County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

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financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Smith County, Tennessee, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability (asset) and related ratios, schedule of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefits plans, on pages 92-99 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on

the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Smith County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the Education Debt Service Fund, combining and individual fund financial statements of the Smith County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2018, on our consideration of Smith County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Smith County's internal control over financial reporting or on compliance. That report is an integral

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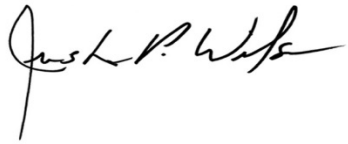
part of an audit performed in accordance with *Government Auditing Standards* in considering Smith County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 25, 2018

JPW/yu

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Basic Financial Statements

Exhibit A

Smith County, Tennessee
Statement of Net Position
June 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Smith County School Department
ASSETS				
Cash	$ 11,851	$ 0	$ 11,851	$ 0
Equity in Pooled Cash and Investments	5,486,119	2,425,585	7,911,704	7,685,866
Accounts Receivable	796,722	395,673	1,192,395	510
Allowance for Uncollectibles	(269,097)	0	(269,097)	0
Due from Other Governments	833,024	0	833,024	401,461
Due from Other Funds	0	2,185	2,185	0
Due from Component Units	92,859	0	92,859	0
Property Taxes Receivable	4,766,618	0	4,766,618	3,437,089
Allowance for Uncollectible Property Taxes	(151,365)	0	(151,365)	(108,954)
Net Pension Asset - Agent Plan	368,991	24,592	393,583	218,140
Net Pension Asset - Teacher Retirement Plan	0	0	0	18,531
Capital Assets:				
Assets Not Depreciated:				
Land	974,935	2,052,484	3,027,419	1,264,538
Construction in Progress	184,037	490,795	674,832	0
Intangible Assets - Indefinite Life	1,009,865	0	1,009,865	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	13,146,517	45,272	13,191,789	24,312,604
Infrastructure	21,122,565	0	21,122,565	83,581
Other Capital Assets	2,105,364	1,552,695	3,658,059	1,440,234
Landfill Facilities and Development	0	4,280,238	4,280,238	0
Total Assets	$ 50,479,005	$ 11,269,519	$ 61,748,524	$ 38,753,600
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	$ 79,653	$ 0	$ 79,653	$ 0
Pension Changes in Experience	0	0	0	81,095
Pension Changes in Investment Earnings	380,094	25,331	405,425	2,331,603
Pension Other Deferrals	0	0	0	41,549
Pension Changes in Contributions after Measurement Date	365,219	25,916	391,135	1,199,418
Total Deferred Outflows of Resources	$ 824,966	$ 51,247	$ 876,213	$ 3,653,665

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Smith County School Department
LIABILITIES				
Accounts Payable	$ 67,229	$ 112,128	$ 179,357	$ 15,744
Accrued Payroll	0	0	0	51,400
Payroll Deductions Payable	191,411	18,216	209,627	619,400
Due to Other Funds	2,185	0	2,185	0
Due to Primary Government	0	0	0	92,859
Due to State of Tennessee	1,256	0	1,256	0
Accrued Interest Payable	65,134	0	65,134	0
Noncurrent Liabilities:				
Due Within One Year	2,837,291	808,659	3,645,950	48,878
Due in More Than One Year	16,236,932	9,023,761	25,260,693	2,525,338
Total Liabilities	$ 19,401,438	$ 9,962,764	$ 29,364,202	$ 3,353,619
DEFERRED INFLOWS OF RESOURCES				
Deferred Current Property Taxes	$ 4,483,702	$ 0	$ 4,483,702	$ 3,233,613
Pension Changes in Experience	401,251	26,741	427,992	2,520,632
Pension Other Deferrals	0	0	0	9,743
Total Deferred Inflows of Resources	$ 4,884,953	$ 26,741	$ 4,911,694	$ 5,763,988
NET POSITION				
Net Investment in Capital Assets	$ 26,400,893	$ 3,093,456	$ 29,494,349	$ 27,100,957
Restricted for:				
General Government	12,994	0	12,994	0
Finance	18,848	0	18,848	0
Administration of Justice	6,318	0	6,318	0
Public Safety	353,964	0	353,964	0
Public Health and Welfare	85,072	0	85,072	0
Social, Cultural, and Recreational Services	22,154	0	22,154	0
Highway/Public Works	297,855	0	297,855	0
Debt Service	4,304,187	0	4,304,187	0
Education	0	0	0	937,122
Pensions	368,991	24,592	393,583	236,671
Unrestricted	(4,853,696)	(1,786,787)	(6,640,483)	5,014,908
Total Net Position	$ 27,017,580	$ 1,331,261	$ 28,348,841	$ 33,289,658

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, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Smith County School Department
Primary Government:								
Governmental Activities:								
General Government	$ 2,056,366	$ 349,350	$ 397,727	$ 0	$ (1,309,289)	$ 0	$ (1,309,289)	$ 0
Finance	583,407	535,974	0	0	(47,433)	0	(47,433)	0
Administration of Justice	605,853	519,269	61,341	0	(25,243)	0	(25,243)	0
Public Safety	4,534,183	1,302,119	221,402	237,484	(2,773,178)	0	(2,773,178)	0
Public Health and Welfare	1,989,361	1,166,580	399,367	208,248	(215,166)	0	(215,166)	0
Social, Cultural, and Recreational Services	381,961	29,657	65,108	0	(287,196)	0	(287,196)	0
Agriculture and Natural Resources	134,961	0	989	0	(133,972)	0	(133,972)	0
Highways/Public Works	2,008,236	0	1,653,172	687,348	332,284	0	332,284	0
Interest on Long-term Debt	492,359	0	0	0	(492,359)	0	(492,359)	0
Total Governmental Activities	$ 12,786,687	$ 3,902,949	$ 2,799,106	$ 1,133,080	$ (4,951,552)	$ 0	$ (4,951,552)	$ 0
Business-type Activities:								
Solid Waste Disposal	$ 3,076,984	$ 3,874,967	$ 0	$ 0	$ 0	$ 797,983	$ 797,983	$ 0
Total Business-type Activities	$ 3,076,984	$ 3,874,967	$ 0	$ 0	$ 0	$ 797,983	$ 797,983	$ 0
Total Primary Government	$ 15,863,671	$ 7,777,916	$ 2,799,106	$ 1,133,080	$ (4,951,552)	$ 797,983	$ (4,153,569)	$ 0
Component Unit:								
School Department	$ 25,150,655	$ 552,244	$ 2,856,936	$ 0	$ 0	$ 0	$ 0	$ (21,741,475)
Total Component Unit	$ 25,150,655	$ 552,244	$ 2,856,936	$ 0	$ 0	$ 0	$ 0	$ (21,741,475)

(Continued)

Exhibit B

Smith County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Smith County School Department
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					$ 3,907,959	$ 0	$ 3,907,959	$ 3,539,464
Property Taxes Levied for Debt Service					1,021,569	0	1,021,569	0
Local Option Sales Taxes					1,457,107	0	1,457,107	1,619,341
Wheel Tax					1,189,086	0	1,189,086	0
Litigation Tax - General					76,754	0	76,754	0
Litigation Tax - Special Purpose					5,663	0	5,663	0
Litigation Tax - Jail, Workhouse, or Courthouse					48,312	0	48,312	0
Business Tax					144,052	0	144,052	0
Mineral Severance Tax					79,342	0	79,342	0
Wholesale Beer Tax					50,190	0	50,190	0
Other Local Taxes					4,542	0	4,542	1,274
Grants and Contributions Not Restricted to Specific Purposes					761,367	0	761,367	17,981,039
Unrestricted Investment Income					61,533	0	61,533	1,297
Miscellaneous					69,554	0	69,554	78,141
Sale of Equipment					73,514	0	73,514	0
Amortized Premium					129,206	0	129,206	
Total General Revenues					$ 9,079,750	$ 0	$ 9,079,750	$ 23,220,556
Insurance Recovery					$ 9,731	$ 2,185	$ 11,916	$ 0
Change in Net Position					$ 4,137,929	$ 800,168	$ 4,938,097	$ 1,479,081
Net Position, July 1, 2016					22,879,651	$ 531,093	23,410,744	31,810,577
Net Position, June 30, 2017					$ 27,017,580	$ 1,331,261	$ 28,348,841	$ 33,289,658

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, 2017

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	Education Debt Service	Other Govern-mental Funds	Total Governmental Funds
ASSETS					
Cash	$ 0	$ 0	$ 0	$ 11,851	$ 11,851
Equity in Pooled Cash and Investments	1,027,302	162,658	3,799,542	496,617	5,486,119
Accounts Receivable	782,402	22	0	14,298	796,722
Allowance for Uncollectibles	(269,097)	0	0	0	(269,097)
Due from Other Governments	426,796	300,506	105,722	0	833,024
Due from Other Funds	26,149	0	0	0	26,149
Due from Component Units	92,859	0	0	0	92,859
Property Taxes Receivable	3,274,953	287,825	449,814	754,026	4,766,618
Allowance for Uncollectible Property Taxes	(107,453)	(9,056)	(14,428)	(20,428)	(151,365)
Total Assets	$ 5,253,911	$ 741,955	$ 4,340,650	$ 1,256,364	$ 11,592,880
LIABILITIES					
Accounts Payable	$ 67,229	$ 0	$ 0	$ 0	$ 67,229
Payroll Deductions Payable	142,976	48,421	0	0	191,397
Due to Other Funds	2,185	0	0	26,149	28,334
Due to State of Tennessee	0	1,256	0	0	1,256
Other Current Liabilities	14	0	0	0	14
Total Liabilities	$ 212,404	$ 49,677	$ 0	$ 26,149	$ 288,230
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	$ 3,071,029	$ 270,973	$ 422,718	$ 718,982	$ 4,483,702
Deferred Delinquent Property Taxes	81,742	6,605	10,734	12,385	111,466
Other Deferred/Unavailable Revenue	447,078	144,250	52,242	0	643,570
Total Deferred Inflows of Resources	$ 3,599,849	$ 421,828	$ 485,694	$ 731,367	$ 5,238,738

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	Education Debt Service	Other Govern-mental Funds	Total Governmental Funds
FUND BALANCES					
Nonspendable:					
Endowments	$ 0	$ 0	$ 0	$ 22,154	$ 22,154
Restricted:					
Restricted for General Government	12,994	0	0	0	12,994
Restricted for Finance	18,848	0	0	0	18,848
Restricted for Administration of Justice	6,318	0	0	0	6,318
Restricted for Public Safety	250,889	0	0	103,075	353,964
Restricted for Public Health and Welfare	85,072	0	0	0	85,072
Restricted for Highways/Public Works	0	270,450	0	0	270,450
Restricted for Debt Service	0	0	3,854,956	353,146	4,208,102
Committed:					
Committed for Administration of Justice	45,167	0	0	0	45,167
Committed for Social, Cultural, and Recreational Services	0	0	0	20,473	20,473
Assigned:					
Assigned for General Government	4,594	0	0	0	4,594
Assigned for Finance	784	0	0	0	784
Assigned for Administration of Justice	6,309	0	0	0	6,309
Assigned for Public Safety	104,922	0	0	0	104,922
Assigned for Public Health and Welfare	5,636	0	0	0	5,636
Assigned for Social, Cultural, and Recreational Services	15,151	0	0	0	15,151
Assigned for Agriculture and Natural Resources	5,624	0	0	0	5,624
Assigned for Other Operations	473	0	0	0	473
Unassigned	878,877	0	0	0	878,877
Total Fund Balances	$ 1,441,658	$ 270,450	$ 3,854,956	$ 498,848	$ 6,065,912
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 5,253,911	$ 741,955	$ 4,340,650	$ 1,256,364	$ 11,592,880

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

Exhibit C-2

Smith County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2017

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:			
Total fund balances - balance sheet - governmental funds (Exhibit C-1)			$ 6,065,912
(1)	Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
	Add: land	$ 974,935	
	Add: construction in progress	184,037	
	Add: intangible assets - indefinite life	1,009,865	
	Add: buildings and improvements net of accumulated depreciation	13,146,517	
	Add: infrastructure net of accumulated depreciation	21,122,565	
	Add: other capital assets net of accumulated depreciation	2,105,364	38,543,283
(2)	Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
	Less: bonds payable	$ (15,255,995)	
	Less: notes payable	(1,492,327)	
	Less: other loans payable	(1,394,600)	
	Less: capital leases payable	(54,193)	
	Add: deferred amount on refunding	79,653	
	Less: unamortized premium on debt	(512,315)	
	Less: compensated absences payable	(190,793)	
	Less: other postemployment benefits liability	(174,000)	
	Less: accrued interest on bonds and notes	(65,134)	(19,059,704)
(3)	Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
	Add: deferred outflows of resources related to pensions	$ 745,313	
	Less: deferred inflows of resources related to pensions	(401,251)	344,062
(4)	Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		368,991
(5)	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		755,036
Net position of governmental activities (Exhibit A)			$ 27,017,580

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, 2017

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	Education Debt Service	Other Govern-mental Funds	Total Governmental Funds
Revenues					
Local Taxes	$ 4,840,278	$ 379,724	$ 2,015,135	$ 907,356	$ 8,142,493
Licenses and Permits	140,114	0	0	0	140,114
Fines, Forfeitures, and Penalties	103,932	0	0	28,840	132,772
Charges for Current Services	1,342,805	0	0	0	1,342,805
Other Local Revenues	253,251	38,025	0	76,496	367,772
Fees Received From County Officials	963,779	0	0	0	963,779
State of Tennessee	2,006,297	2,295,062	0	0	4,301,359
Federal Government	705,323	0	0	0	705,323
Other Governments and Citizens Groups	349,848	0	296,000	0	645,848
Total Revenues	$ 10,705,627	$ 2,712,811	$ 2,311,135	$ 1,012,692	$ 16,742,265
Expenditures					
Current:					
General Government	$ 1,333,416	$ 0	$ 0	$ 0	$ 1,333,416
Finance	610,294	0	0	0	610,294
Administration of Justice	634,384	0	0	0	634,384
Public Safety	4,171,904	0	0	31,761	4,203,665
Public Health and Welfare	2,228,904	0	0	0	2,228,904
Social, Cultural, and Recreational Services	469,439	0	0	0	469,439
Agriculture and Natural Resources	139,695	0	0	0	139,695
Other Operations	887,884	0	0	0	887,884
Highways	0	2,922,229	0	0	2,922,229
Debt Service:					
Principal on Debt	208,414	77,774	1,400,000	1,224,905	2,911,093
Interest on Debt	46,331	5,896	283,300	267,104	602,631
Other Debt Service	0	0	25,149	26,759	51,908
Total Expenditures	$ 10,730,665	$ 3,005,899	$ 1,708,449	$ 1,550,529	$ 16,995,542

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	Education Debt Service	Other Govern-mental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	$ (25,038)	$ (293,088)	$ 602,686	$ (537,837)	$ (253,277)
Other Financing Sources (Uses)					
Notes Issued	$ 522,503	$ 482,000	$ 0	$ 0	$ 1,004,503
Capital Leases Issued	0	65,300	0	0	65,300
Insurance Recovery	5,501	4,230	0	0	9,731
Transfers In	0	0	0	441,200	441,200
Transfers Out	(441,200)	0	0	0	(441,200)
Total Other Financing Sources (Uses)	$ 86,804	$ 551,530	$ 0	$ 441,200	$ 1,079,534
Net Change in Fund Balances	$ 61,766	$ 258,442	$ 602,686	$ (96,637)	$ 826,257
Fund Balance, July 1, 2016	1,379,892	12,008	3,252,270	595,485	5,239,655
Fund Balance, June 30, 2017	$ 1,441,658	$ 270,450	$ 3,854,956	$ 498,848	$ 6,065,912

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, 2017

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)		$ 826,257
(1)	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
	Add: capital assets purchased in the current period	$ 1,800,256	
	Less: current-year depreciation expense	(823,583)	976,673
(2)	The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
	Less: book value of capital assets disposed		(11,151)
(3)	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
	Add: deferred delinquent property taxes and other deferred June 30, 2017	$ 755,036	
	Less: deferred delinquent property taxes and other deferred June 30, 2016	(702,157)	52,879
(4)	The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
	Less: note proceeds	$ (1,004,503)	
	Less: capital lease proceeds	(65,300)	
	Less: change in premium on debt issuances	129,206	
	Less: change in deferred amount on refunding debt	(38,120)	
	Add: principal payments on bonds	2,182,466	
	Add: principal payments on notes	588,810	
	Add: principal payments on other loans	128,710	
	Add: principal payments on capital leases	11,107	1,932,376
(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	$ 110,272	
	Change in compensated absences payable	(14,583)	
	Change in other postemployment benefits liability	18,585	
	Change in pension liability/asset	(106,196)	
	Change in deferred outflows related to pensions	403,618	
	Change in deferred inflows related to pensions	(50,801)	360,895
	Change in net position of governmental activities (Exhibit B)		$ 4,137,929

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

Exhibit C-5

Smith County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 4,840,278	$ 0	$ 0	$ 4,840,278	$ 4,770,702	$ 4,772,558	$ 67,720
Licenses and Permits	140,114	0	0	140,114	148,100	165,400	(25,286)
Fines, Forfeitures, and Penalties	103,932	0	0	103,932	104,050	118,050	(14,118)
Charges for Current Services	1,342,805	0	0	1,342,805	1,696,450	1,701,450	(358,645)
Other Local Revenues	253,251	0	0	253,251	271,996	256,528	(3,277)
Fees Received From County Officials	963,779	0	0	963,779	978,000	978,047	(14,268)
State of Tennessee	2,006,297	0	0	2,006,297	1,996,597	2,078,716	(72,419)
Federal Government	705,323	0	0	705,323	21,000	566,496	138,827
Other Governments and Citizens Groups	349,848	0	0	349,848	183,000	358,996	(9,148)
Total Revenues	$ 10,705,627	$ 0	$ 0	$ 10,705,627	$ 10,169,895	$ 10,996,241	$ (290,614)
Expenditures							
General Government							
County Commission	$ 34,872	$ 0	$ 0	$ 34,872	$ 33,945	$ 35,255	$ 383
Board of Equalization	2,150	0	0	2,150	2,150	2,150	0
County Mayor/Executive	197,606	(514)	0	197,092	188,130	197,775	683
County Attorney	30,281	0	0	30,281	40,000	30,281	0
Election Commission	201,035	(756)	12	200,291	220,134	220,134	19,843
Register of Deeds	162,359	(1,096)	0	161,263	161,406	163,915	2,652
Planning	13,519	0	0	13,519	15,000	13,740	221
Codes Compliance	111,817	(1,998)	397	110,216	98,785	121,885	11,669
County Buildings	579,777	(12,207)	4,185	571,755	557,733	588,517	16,762
Finance							
Property Assessor's Office	170,546	0	357	170,903	175,532	181,291	10,388
Reappraisal Program	16,910	0	0	16,910	14,555	17,055	145
County Trustee's Office	167,929	0	402	168,331	168,218	170,727	2,396
County Clerk's Office	254,909	(40)	25	254,894	261,004	263,513	8,619
Administration of Justice							
Circuit Court	286,985	(2,387)	1,799	286,397	296,515	299,192	12,795
General Sessions Judge	133,127	(320)	4,249	137,056	124,269	139,804	2,748

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Administration of Justice (Cont.)							
Drug Court	$ 58,361	$ (1,330)	$ 159	$ 57,190	$ 50,000	$ 70,000	$ 12,810
Chancery Court	125,226	(360)	103	124,969	126,380	128,889	3,920
Judicial Commissioners	23,200	0	0	23,200	23,895	23,895	695
Other Administration of Justice	7,485	0	0	7,485	7,500	7,500	15
Public Safety							
Sheriff's Department	2,210,590	(61,136)	9,026	2,158,480	2,424,174	2,375,803	217,323
Traffic Control	782	0	0	782	1,000	1,000	218
Jail	419,579	(15,479)	87,720	491,820	442,371	534,003	42,183
Correctional Incentive Program Improvements	756,441	0	0	756,441	807,599	807,599	51,158
Juvenile Services	53,307	(400)	0	52,907	48,667	58,667	5,760
Fire Prevention and Control	162,933	(950)	256,309	418,292	290,835	462,435	44,143
Rescue Squad	30,000	0	0	30,000	30,000	30,000	0
Other Emergency Management	78,286	(4,946)	1,108	74,448	76,241	76,241	1,793
Inspection and Regulation	2,756	0	0	2,756	2,756	2,756	0
County Coroner/Medical Examiner	53,100	0	0	53,100	45,600	55,600	2,500
Public Safety Grants Program	73,997	0	118	74,115	109,255	117,885	43,770
Other Public Safety	330,133	0	0	330,133	281,878	330,136	3
Public Health and Welfare							
Local Health Center	26,161	(112)	0	26,049	29,296	29,296	3,247
Ambulance/Emergency Medical Services	1,903,493	(31,510)	3,290	1,875,273	1,558,736	1,898,735	23,462
Alcohol and Drug Programs	11,094	(76)	0	11,018	24,604	38,360	27,342
Other Local Health Services	88,116	(45)	0	88,071	80,552	90,782	2,711
Appropriation to State	12,952	0	0	12,952	12,952	12,952	0
General Welfare Assistance	59,691	(119)	348	59,920	60,428	60,428	508
Other Local Welfare Services	13,724	0	0	13,724	10,000	24,000	10,276
Waste Pickup	31,727	(5,559)	600	26,768	33,700	33,700	6,932
Other Public Health and Welfare	81,946	0	1,398	83,344	73,100	109,300	25,956
Social, Cultural, and Recreational Services							
Senior Citizens Assistance	58,231	(223)	381	58,389	62,879	62,879	4,490

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Social, Cultural, and Recreational Services (Cont.)							
Libraries	$ 119,905	$ (3,322)	$ 851	$ 117,434	$ 126,085	$ 126,142	$ 8,708
Parks and Fair Boards	163,401	(5,167)	2,858	161,092	56,475	173,385	12,293
Other Social, Cultural, and Recreational	127,902	(590)	11,061	138,373	127,000	140,204	1,831
Agriculture and Natural Resources							
Agricultural Extension Service	62,407	0	0	62,407	66,305	66,305	3,898
Soil Conservation	11,000	0	0	11,000	11,000	11,000	0
Other Agriculture and Natural Resources	66,288	(1,088)	5,624	70,824	68,800	73,702	2,878
Other Operations							
Tourism	4,142	0	0	4,142	1,650	5,462	1,320
Industrial Development	10,550	0	0	10,550	9,898	18,398	7,848
Housing and Urban Development	64,281	0	0	64,281	0	109,281	45,000
Other Economic and Community Development	42,867	0	0	42,867	42,867	42,867	0
Veterans' Services	13,325	(260)	60	13,125	16,335	16,335	3,210
Other Charges	278,152	0	0	278,152	292,213	292,213	14,061
Employee Benefits	51,143	0	0	51,143	60,225	60,225	9,082
Miscellaneous	423,424	0	412	423,836	447,805	450,461	26,625
Principal on Debt							
General Government	208,414	0	0	208,414	0	208,415	1
Interest on Debt							
General Government	46,331	0	0	46,331	0	46,846	515
Total Expenditures	$ 10,730,665	$ (151,990)	$ 392,852	$ 10,971,527	$ 10,398,432	$ 11,729,316	$ 757,789
Excess (Deficiency) of Revenues Over Expenditures	$ (25,038)	$ 151,990	$ (392,852)	$ (265,900)	$ (228,537)	$ (733,075)	$ 467,175
Other Financing Sources (Uses)							
Notes Issued	$ 522,503	$ 0	$ 0	$ 522,503	$ 461,000	$ 743,161	$ (220,658)
Insurance Recovery	5,501	0	0	5,501	0	8,293	(2,792)
Transfers Out	(441,200)	0	0	(441,200)	(441,200)	(441,200)	0
Total Other Financing Sources	$ 86,804	$ 0	$ 0	$ 86,804	$ 19,800	$ 310,254	$ (223,450)

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Net Change in Fund Balance	$ 61,766	$ 151,990	$ (392,852)	$ (179,096)	$ (208,737)	$ (422,821)	$ 243,725
Fund Balance, July 1, 2016	1,379,892	(151,990)	0	1,227,902	1,200,000	1,200,000	27,902
Fund Balance, June 30, 2017	$ 1,441,658	$ 0	$ (392,852)	$ 1,048,806	$ 991,263	$ 777,179	$ 271,627

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

Exhibit C-6

Smith County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 379,724	$ 368,159	$ 368,159	$ 11,565
Other Local Revenues	38,025	50,500	106,368	(68,343)
State of Tennessee	2,295,062	2,702,893	2,732,893	(437,831)
Total Revenues	$ 2,712,811	$ 3,121,552	$ 3,207,420	$ (494,609)
Expenditures				
Highways				
Administration	$ 222,112	$ 198,313	$ 222,755	$ 643
Highway and Bridge Maintenance	1,241,956	1,081,205	1,493,300	251,344
Operation and Maintenance of Equipment	233,971	171,820	263,984	30,013
Other Charges	94,012	95,620	94,154	142
Employee Benefits	418,740	400,000	422,013	3,273
Capital Outlay	711,438	1,242,000	1,317,000	605,562
Principal on Debt				
Highways and Streets	77,774	66,667	77,774	0
Interest on Debt				
Highways and Streets	5,896	3,853	5,896	0
Total Expenditures	$ 3,005,899	$ 3,259,478	$ 3,896,876	$ 890,977
Excess (Deficiency) of Revenues Over Expenditures	$ (293,088)	$ (137,926)	$ (689,456)	$ 396,368
Other Financing Sources (Uses)				
Notes Issued	$ 482,000	$ 0	$ 482,000	$ 0
Capital Leases Issued	65,300	0	65,300	0
Insurance Recovery	4,230	0	4,230	0
Total Other Financing Sources	$ 551,530	$ 0	$ 551,530	$ 0
Net Change in Fund Balance	$ 258,442	$ (137,926)	$ (137,926)	$ 396,368
Fund Balance, July 1, 2016	12,008	218,000	218,000	(205,992)
Fund Balance, June 30, 2017	$ 270,450	$ 80,074	$ 80,074	$ 190,376

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

Exhibit D-1

Smith County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2017

	Business-type Activities - Enterprise Fund Solid Waste Disposal Fund
ASSETS	
Current Assets:	
Equity in Pooled Cash and Investments	$ 2,425,585
Accounts Receivable	395,673
Due from Other Funds	2,185
Total Current Assets	$ 2,823,443
Noncurrent Assets:	
Net Pension Asset	$ 24,592
Capital Assets:	
Assets Not Depreciated:	
Land	2,052,484
Construction in Progress	490,795
Assets Net of Accumulated Depreciation:	
Landfill Facilities and Development	4,280,238
Buildings and Improvements	45,272
Machinery and Equipment	1,552,695
Total Noncurrent Assets	$ 8,446,076
Total Assets	$ 11,269,519
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources:	
Pension Changes in Investment Earnings	$ 25,331
Pension Contributions After Measurement Date	25,916
Total Deferred Outflows of Resources	$ 51,247
Total Assets and Deferred Outflows of Resources	$ 11,320,766

(Continued)

Exhibit D-1

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

	Business-type Activities - Enterprise Fund Solid Waste Disposal Fund
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 112,128
Payroll Deductions Payable	18,216
Capital Outlay Notes Payable	775,775
Other Loans Payable	32,884
Total Current Liabilities	$ 939,003
Noncurrent Liabilities:	
Capital Outlay Notes Payable - Long-term	$ 2,811,610
Accrued Liability for Landfill Closure/Postclosure Care Costs	4,504,392
Other Loans Payable - Long-term	1,707,759
Total Noncurrent Liabilities	$ 9,023,761
Total Liabilities	$ 9,962,764
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources:	
Pension Changes in Experience	$ 26,741
Total Deferred Inflows of Resources	$ 26,741
NET POSITION	
Restricted for Pensions	$ 24,592
Unrestricted	(1,786,787)
Net Investment in Capital Assets	3,093,456
Total Net Position	$ 1,331,261

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

Exhibit D-2

Smith County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2017

	Business-type Activities - Major Enterprise Fund
	Solid Waste Disposal Fund
Operating Revenues	
Licenses and Permits	$ 960
Charges for Current Services	3,843,832
Other Local Revenues	30,175
Total Operating Revenues	$ 3,874,967
Operating Expenses	
Waste Pickup	$ 133,532
Convenience Centers	192,529
Other Waste Collection	14,697
Landfill Operations and Maintenance	2,137,453
Depreciation Expense	417,127
Total Operating Expenses	$ 2,895,338
Operating Income (Loss)	$ 979,629
Nonoperating Revenues (Expenses)	
Loss on the Disposal of Capital Assets	$ (6,875)
Interest on Notes	(97,281)
Interest on Other Loans	(77,490)
Total Nonoperating Revenues (Expenses)	$ (181,646)
Income (Loss) Before Insurance Recovery	$ 797,983
Insurance Recovery	2,185
Change in Net Position	$ 800,168
Net Position, July 1, 2016	531,093
Net Position, June 30, 2017	$ 1,331,261

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

Exhibit D-3

Smith County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2017

	Business-type Activities - Major Enterprise Fund
	Solid Waste Disposal Fund
Cash Flows from Operating Activities	
Receipts from Customers and Users	$ 3,892,657
Payments to Suppliers	(983,668)
Payments to Employees	(752,909)
Other Payments	(76,920)
Net Cash Provided By (Used In) Operating Activities	$ 2,079,160
Cash Flows from Capital and Related Financing Activities	
Proceeds from Issuance of Capital Debt	$ 807,361
Proceeds from the Sales of Capital Assets	40,000
Acquisition and Construction of Capital Assets	(1,058,231)
Principal Paid on Capital Outlay Notes	(695,111)
Principal Paid on Other Loan	(28,830)
Interest Paid on Capital Outlay Notes	(97,281)
Interest Paid on Other Loan	(77,490)
Net Cash Provided By (Used In) Capital and Related Financing Activities	$ (1,109,582)
Net Increase (Decrease) in Cash	$ 969,578
Cash, July 1, 2016	1,456,007
Cash, June 30, 2017	$ 2,425,585
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities	
Operating Income (Loss)	$ 979,629
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	417,127
(Increase) Decrease in Landfill Closure/postclosure Care Costs	627,510
(Increase) Decrease in Deferred Outflows Related to Pensions	(8,974)
(Increase) Decrease in Deferred Inflows Related to Pensions	(11,209)
(Increase) Decrease in Net Pension Asset	1,836
(Increase) Decrease in Accounts Receivable, Net	17,690
(Increase) Decrease in Accounts Payable	44,829
Increase (Decrease) in Payroll Deductions Payable	10,722
Net Cash Provided By (Used In) Operating Activities	$ 2,079,160

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

Exhibit E

Smith County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2017

	Agency Funds
ASSETS	
Cash	$ 643,913
Due from Other Governments	253,984
Total Assets	$ 897,897
LIABILITIES	
Due to Other Taxing Units	$ 253,984
Due to Litigants, Heirs, and Others	643,913
Total Liabilities	$ 897,897

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

SMITH COUNTY, TENNESSEE
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SMITH COUNTY, TENNESSEE
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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

The Smith County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of

the School Department are included in this report as listed in the table of contents. Complete financial statements of the Smith County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

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

B. Government-wide and Fund Financial Statements

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

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

Smith County issues all debt for the discretely presented Smith County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2017.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Smith County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Smith County reports one proprietary fund, an enterprise fund.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

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

amounts have been accumulated in the debt service funds for payments to be made early in the following year.

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

Proprietary fund and fiduciary funds financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Smith County reports the following major governmental funds:

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

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county's Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

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

Smith County reports the following major enterprise fund:

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

Additionally, Smith County reports the following fund types:

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

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Smith

County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund used to account for the operations of the landfill. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the county's enterprise fund are tipping fees.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

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

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

debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Smith County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Smith County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. No investments required to be reported at fair value were held at the balance sheet date.

2. <u>Receivables and Payables</u>

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

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 1.61 percent of total taxes levied.

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

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

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

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

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

3. Capital Assets

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

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

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

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

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

Assets	Years
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:

Assets	Years
Buildings and Improvements	20 - 40
Other Capital Assets	5 - 15
Infrastructure	20 - 40

4. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, changes in proportionate share of contributions, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. Compensated Absences

Primary Government

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

Discretely Presented Smith County School Department

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

6. Long-term Obligations

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

over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

7. Net Position and Fund Balance

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

a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2017, Smith County had $6,195,000 in outstanding debt for capital purposes for the discretely presented Smith County School Department. This debt is a liability of Smith County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Smith County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

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

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

E. Pension Plans

Primary Government

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

Discretely Presented Smith County School Department

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

Discretely Presented Smith County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Smith County School Department

Exhibit J-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees fund (special revenue fund), which is not budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year-end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the county commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

At June 30, 2017, Smith County and the Smith County School Department reported the following significant encumbrances:

Fund	Description	Amount
Primary Government:		
Major Fund:		
General	Fire fighting gear	$ 249,359
"	Inmate medical bills	86,270
School Department:		
Major Fund:		
General Purpose School	Textbooks	30,032
"	Technology Supplies	10,620

B. Net Position Deficit

The Solid Waste Disposal Fund had a deficit of $1,786,787 in unrestricted net position at June 30, 2017. This deficit resulted from the recognition of a liability of $4,504,392 in the financial statements for costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements.

C. Salaries Exceeded Appropriations

Salaries exceeded appropriations in 21 of 77 salary line items of the discretely presented General Purpose School Fund. Expenditures that exceed appropriations are a violation of the county's budget resolution. These expenditures in excess of appropriations were funded by appropriations within each major category that were not spent during the year.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

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

The county had no pooled and nonpooled investments as of June 30, 2017.

B. Capital Assets

Capital assets activity for the year ended June 30, 2017, was as follows:

Primary Government

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Land	$ 974,935	$ 0	$ 0	$ 974,935
Construction in Progress	0	184,037	0	184,037
Intangible Assets - Indefinite Life	1,009,865	0	0	1,009,865
Total Capital Assets Not Depreciated	$ 1,984,800	$ 184,037	$ 0	$ 2,168,837
Capital Assets Depreciated:				
Buildings and Improvements	$ 16,465,156	$ 0	$ 0	$ 16,465,156
Infrastructure	27,540,763	942,306	0	28,483,069
Other Capital Assets	5,243,185	673,913	(374,377)	5,542,721
Total Capital Assets Depreciated	$ 49,249,104	$ 1,616,219	$ (374,377)	$ 50,490,946
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 2,950,504	$ 368,135	$ 0	$ 3,318,639
Infrastructure	7,269,867	90,637	0	7,360,504
Other Capital Assets	3,435,772	364,811	(363,226)	3,437,357
Total Accumulated Depreciation	$ 13,656,143	$ 823,583	$ (363,226)	$ 14,116,500
Total Capital Assets Depreciated, Net	$ 35,592,961	$ 792,636	$ (11,151)	$ 36,374,446
Governmental Activities Capital Assets, Net	$ 37,577,761	$ 976,673	$ (11,151)	$ 38,543,283

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

General Government	$ 55,008
Public Safety	544,171
Public Health and Welfare	70,374
Social, Cultural, and Recreational Services	100,549
Highways/Public Works	53,481
Total Depreciation Expense - Governmental Activities	$ 823,583

Business-type Activities:

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Land	$ 2,052,484	$ 0	$ 0	$ 2,052,484
Construction in Progress	43,909	446,886	0	490,795
Total Capital Assets Not Depreciated	$ 2,096,393	$ 446,886	$ 0	$ 2,543,279
Capital Assets Depreciated:				
Landfill Facilities and Development	$ 5,899,539	$ 0	$ 0	$ 5,899,539
Buildings and Improvements	74,039	0	0	74,039
Other Capital Assets	2,181,487	611,345	(225,000)	2,567,832
Total Capital Assets Depreciated	$ 8,155,065	$ 611,345	$ (225,000)	$ 8,541,410
Less Accumulated Depreciation For:				
Landfill Facilities and Development	$ 1,394,885	$ 224,416	$ 0	$ 1,619,301
Buildings and Improvements	27,147	1,620	0	28,767
Other Capital Assets	1,002,171	191,091	(178,125)	1,015,137
Total Accumulated Depreciation	$ 2,424,203	$ 417,127	$ (178,125)	$ 2,663,205
Total Capital Assets Depreciatied, Net	$ 5,730,862	$ 194,218	$ (46,875)	$ 5,878,205
Business-type Activities Capital Assets, Net	$ 7,827,255	$ 641,104	$ (46,875)	$ 8,421,484

Depreciation expense of $417,127 was charged to the business-type activities.

Discretely Presented Smith County School Department

Governmental Activities:

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Land	$ 1,230,238	$ 34,300	$ 0	$ 1,264,538
Total Capital Assets Not Depreciated	$ 1,230,238	$ 34,300	$ 0	$ 1,264,538
Capital Assets Depreciated:				
Buildings and Improvements	$ 39,052,541	$ 0	$ (26,787)	$ 39,025,754
Infrastructure	129,000	0	0	129,000
Other Capital Assets	3,136,423	92,945	(45,400)	3,183,968
Total Capital Assets Depreciated	$ 42,317,964	$ 92,945	$ (72,187)	$ 42,338,722
Less Accumulated Depreciated For:				
Buildings and Improvements	$ 13,907,744	$ 826,701	$ (21,295)	$ 14,713,150
Infrastructure	42,194	3,225	0	45,419
Other Capital Assets	1,606,532	180,332	(43,130)	1,743,734
Total Accumulated Depreciation	$ 15,556,470	$ 1,010,258	$ (64,425)	$ 16,502,303
Total Capital Assets Depreciated, Net	$ 26,761,494	$ (917,313)	$ (7,762)	$ 25,836,419
Governmental Activities Capital Assets, Net	$ 27,991,732	$ (883,013)	$ (7,762)	$ 27,100,957

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

Governmental Activities:

Instruction	$ 812,141
Support Services	198,117
Total Depreciation Expense - Governmental Activities	$ 1,010,258

C. Construction Commitments

At June 30, 2017, the county had uncompleted construction contracts of approximately $70,360 for soccer field lighting ($15,300) and basketball and

tennis court renovations ($55,060). A capital outlay note was issued for the soccer field lighting. Funding for the basketball and tennis court renovations is expected to be received from state grants and the local matching share of the grants.

At June 30, 2017, the Solid Waste Disposal Fund had an uncompleted landfill expansion project and reported construction in progress of $490,795. The construction in progress represents the completed engineering and design for the expansion. At June 30, 2017, the county had not signed a contract for the construction phase of the project.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2017, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	$ 26,149
Solid Waste Disposal	General	2,185
Discretely Presented School Department:		
Nonmajor governmental	General Purpose School	1,243

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

Due to/from Primary Government and Component Units:

Receivable	Payable	Amount
	Component Unit:	
Primary Government	School Department	$ 92,859

Interfund Transfers:

Interfund transfers for the year ended June 30, 2017, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In Nonmajor Governmental Funds	Purpose
General Fund	$ 441,200	Debt Retirement

Discretely Presented Smith County School Department

Transfers Out	Transfers In General Purpose School Fund	Purpose
Nonmajor governmental funds	$ 9,117	Indirect Costs

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Capital Lease

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

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Machinery and Equipment	$ 65,000
Less: Accumulated Depreciation	(5,417)
Total Book Value	$ 59,583

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2017, were as follows:

Year Ending June 30		Governmental Funds
2018	$	14,970
2019		14,970
2020		14,970
2021		14,970
2022		1,248
Total Minimum Lease Payments	$	61,128
Less: Amount Representing Interest		(6,935)
Present Value of Minimum Lease Payments	$	54,193

F. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds and other loans. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 20 years for bonds, up to 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, 2017, will be retired from the General, Highway/Public Works, General Debt Service, and Education Debt Service funds.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2017, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-17
General Obligation Bonds	4.5 %	6-17-29	$ 1,250,000	$ 845,995
General Obligation Bonds - Refunding	2 to 5	6-1-30	17,245,000	14,410,000
Capital Outlay Notes	1.53 to 3.85	5-11-23	2,853,490	1,492,327
Other Loans	variable	5-25-27	2,628,599	1,394,600
Capital Leases	5.91	7-21-21	65,300	54,193

In prior years, Smith County entered into loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned $1,250,000 to Smith County for the construction of a senior/career center and an agriculture center, and $1,378,599 for the construction of a head start facility and a jail facility. These loans are repayable at interest rates that are tax-exempt variable rates determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2017, the variable interest rate for each of these loans was .94 percent. Other fees based on the outstanding loan principal at June 30, 2017, totaled approximately .5 percent (letter of credit), .08 percent (remarketing), and a trustee fee of $85 per month.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2017, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2018	$ 2,061,671	$ 457,941	$ 2,519,612
2019	2,144,221	371,641	2,515,862
2020	2,236,886	281,526	2,518,412
2021	2,264,671	235,241	2,499,912
2022	667,581	188,332	855,913
2023-2027	3,586,352	681,427	4,267,779
2028-2030	2,294,613	142,124	2,436,737
Total	$ 15,255,995	$ 2,358,232	$ 17,614,227

Year Ending June 30	Notes Principal	Notes Interest	Notes Total
2018	$ 572,349	$ 30,807	$ 603,156
2019	431,750	17,412	449,162
2020	276,885	7,828	284,713
2021	109,115	2,828	111,943
2022	51,115	1,430	52,545
2023	51,113	526	51,639
Total	$ 1,492,327	$ 60,831	$ 1,553,158

Year Ending June 30	Other Loans Principal	Other Loans Interest	Other Loans Other Fees	Other Loans Total
2018	$ 133,940	$ 13,109	$ 10,130	$ 157,179
2019	138,340	11,851	9,353	159,544
2020	143,910	10,550	8,550	163,010
2021	149,650	9,197	7,715	166,562
2022	155,590	7,791	6,847	170,228
2023-2027	673,170	17,298	18,832	709,300
Total	$ 1,394,600	$ 69,796	$ 61,427	$ 1,525,823

There is $353,146 available in the General Debt Service Fund and $3,854,956 available in the Education Debt Service Fund to service long-term debt. Bonded debt per capita totaled $796, based on the 2010 federal census. Total debt per capita, including bonds, notes, other loans, capital leases, and unamortized debt premiums, totaled $976, based on the 2010 federal census.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2017, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2016	$ 17,438,461	$ 1,076,634	$ 1,523,310
Additions	0	1,004,503	0
Reductions	(2,182,466)	(588,810)	(128,710)
Balance, June 30, 2017	$ 15,255,995	$ 1,492,327	$ 1,394,600
Balance Due Within One Year	$ 2,061,671	$ 572,349	$ 133,940

	Capital Leases	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2016	$ 0	$ 176,210	$ 192,585
Additions	65,300	140,768	25,971
Reductions	(11,107)	(126,185)	(44,556)
Balance, June 30, 2017	$ 54,193	$ 190,793	$ 174,000
Balance Due Within One Year	$ 12,091	$ 57,240	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	$ 18,561,908
Less: Due Within One Year	(2,837,291)
Add: Unamortized Premium on Debt	512,315
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 16,236,932

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

Defeasance of Prior Debt

In prior years, Smith County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2017, the following outstanding bonds are considered defeased:

	Amount
2000 School Bonds	$ 3,195,000
2001 School Bonds	3,350,000

Solid Waste Disposal Fund (enterprise fund)

Notes and Other Loans

Capital outlay notes and other loans outstanding were issued for original terms of up to nine years for notes and up to 40 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the

debt. All notes and other loans included in long-term debt as of June 30, 2017, will be retired from the Solid Waste Disposal Fund.

Capital outlay notes and other loans outstanding as of June 30, 2017, for business-type activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-17
Capital Outlay Notes	1.66 to 3.49 %	3-16-23	$ 5,550,352	$ 3,587,385
Other Loans	4.25	12-6-45	2,000,000	1,740,643

In prior years, Smith County entered into a loan agreement with the United States Department of Agriculture (USDA). Under this loan agreement, the USDA loaned $2,000,000 to Smith County for the construction of a recycling facility at the landfill. This loan is repayable in monthly installments at an interest rate of 4.25 percent.

The annual requirements to amortize all notes and other loans outstanding as of June 30, 2017, including interest payments, are presented in the following tables:

Year Ending June 30	Notes		
	Principal	Interest	Total
2018	$ 775,775	$ 92,700	$ 868,475
2019	775,775	72,101	847,876
2020	775,234	51,530	826,764
2021	510,438	31,497	541,935
2022	413,914	16,850	430,764
2023	336,249	5,761	342,010
Total	$ 3,587,385	$ 270,439	$ 3,857,824

Year Ending June 30	Other Loans Principal	Interest	Total
2018	$ 32,884	$ 73,436	$ 106,320
2019	34,309	72,011	106,320
2020	35,796	70,524	106,320
2021	37,347	68,973	106,320
2022	38,966	67,354	106,320
2023-2027	221,674	309,926	531,600
2028-2032	274,053	257,547	531,600
2033-2037	338,813	192,787	531,600
2038-2042	418,876	112,724	531,600
2043-2046	307,925	21,567	329,492
Total	$ 1,740,643	$ 1,246,849	$ 2,987,492

Changes in Long-term Obligations

Long-term obligations activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2017, was as follows:

Business-type Activities:

	Notes	Other Loans	Closure/ Postclosure Care Costs
Balance, July 1, 2016	$ 3,475,135	$ 1,769,473	$ 3,876,882
Additions	807,361	0	627,510
Reductions	(695,111)	(28,830)	0
Balance, June 30, 2017	$ 3,587,385	$ 1,740,643	$ 4,504,392
Balance Due Within One Year	$ 775,775	$ 32,884	$ 0

Analysis of Noncurrent Libilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	$ 9,832,420
Less: Due Within One Year	(808,659)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 9,023,761

Discretely Presented Smith County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Smith County School Department for the year ended June 30, 2017, was as follows:

Governmental Activities:	Compensated Absences	Other Postemployment Benefits	Net Pension Liability - Teacher Legacy Plan
Balance, July 1, 2016	$ 88,962	$ 605,654	$ 123,173
Additions	40,959	226,909	3,251,362
Reductions	(32,164)	(240,420)	(1,490,219)
Balance, June 30, 2017	$ 97,757	$ 592,143	$ 1,884,316
Balance Due Within One Year	$ 48,878	$ 0	$ 0

Analysis of Noncurrent Libilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	$ 2,574,216
Less: Due Within One Year	(48,878)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 2,525,338

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

G. Pledges of Receivables and Future Revenues

Wheel Tax Revenues Pledged

In 2008, Smith County voters approved an additional $15 increase in the local wheel tax that was allocated 100 percent for the repayment of county indebtedness related to the jail construction. The tax will terminate 20 years from the date of debt issuance or as soon as indebtedness is paid off. The other loans issued by Smith County in 2007 and 2008 to provide financing for jail construction totaled $10,674,186 and are payable through 2030. The $10,000,000 other loan issued in 2008 for the jail was refunded on August 20, 2015, with two general obligation refunding bonds totaling $9,215,000. The refunding loan is also payable through 2030.

Debt obligation schedules include annual principal, interest, and various other loan fee payments over the life of the debt issued. For the current year,

principal, interest, and other loan fees paid by the Debt Service Fund for the jail building programs totaled $789,851.

H. On-Behalf Payments

Discretely Presented Smith County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Smith County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both 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, 2017, were $67,988 and $21,913, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

I. Short-term Debt

Smith County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary because funds were not available to meet obligations coming due before current tax collections. Short-term debt activity for the year ended June 30, 2017, was as follows:

	Balance 7-1-16	Issued	Paid	Balance 6-30-17
Tax Anticipation Notes	$ 0	$ 753,589	$ (753,589)	$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

Smith County government's risks of loss relating to general liability, property, casualty, and workers' compensation are covered by participation in the Local Government Property and Casualty Fund (LGPCF) and the Local Government Workers' Compensation Fund, which are public entity risk pools established by the Tennessee County Services Association. The county pays annual premiums to the pools for the risk coverage noted above. The creation of these pools provides for them to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding $100,000 for each insured event.

The county provides health insurance coverage to its employees through the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees

of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated* (*TCA*), all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by the fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented Smith County School Department

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

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA,* all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA,* provides for the LEGIF to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; Statement No. 77, *Tax Abatement Disclosures;* Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans;* Statement No. 80, *Blending Requirements for Certain Component Units*; and Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*, became effective for the year ended June 30, 2017.

GASB Statement No. 74, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose external financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 43 and No. 57. It also includes requirements for defined contribution OPEB plans that replace the requirements in Statements No. 25, No. 43, and No. 50. The scope of this statement includes OPEB plans, both defined benefit and defined contribution, administered through trusts meeting the necessary criteria as well as reporting assets accumulated through OPEB plans that are not administered through trusts that meet the specified criteria.

GASB Statement No. 77, establishes reporting requirements for tax abatements. This standard requires the disclosure of information about the nature and magnitude of tax abatement agreements entered into by state and local governments that reduce the government's tax revenues.

GASB Statement No. 78, amends Statement No. 68 to exclude certain pensions provided to employees of state or local governments through a cost-sharing multiple-employer pension plans that are not state or local plans and meet specific other criteria. This statement establishes recognition, measurement, and reporting criteria for these plans.

GASB Statement No. 80, amends the blending requirements of paragraph 53 of Statement No. 14. This standard adds additional blending criterion, which requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

GASB Statement No. 82 amends Statements No. 67, No. 68, and No. 73. This standard establishes covered payroll as the payroll on which contributions to a pension plan are based in the Required Supplementary Information. In addition, this standard clarifies that employer paid member contributions should be considered plan member contributions for purposes of applying Statement No. 67, and employee contributions for the purposes of applying Statement No. 68. This standard further states that an employer's expense and expenditures for employer paid member contributions should be recognized in the period for which the contribution is assessed and classified in the same manner that the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

C. Contingent Liabilities

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

D. 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. $4,504,392 is reported as landfill closure and postclosure care liability at June 30, 2017. The liability at June 30, 2017, represents 77 percent use of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. Joint Venture

The Fifteenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fifteenth Judicial District, Smith, Jackson, Wilson, and Trousdale counties, and the police chiefs of the cities of Carthage and Lafayette. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of the participating law enforcement agencies within the judicial district. Smith County made no contributions to the DTF for the year ended June 30, 2017, 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

F. Jointly Governed Organization

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

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

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Smith County and non-certified employees of the discretely presented Smith County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 64.34 percent and the non-certified employees of the discretely presented School Department comprised 35.66 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous

year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2016, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	122
Inactive Employees Entitled to But Not Yet Receiving Benefits	291
Active Employees	316
Total	729

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of their salary. Smith County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2017, the employer contributions for Smith County was $588,658 based on a rate of 7.15 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Smith County's state shared taxes if required employer contributions are not remitted. The employer's Actuarial Determined Contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Smith County's net pension liability (asset) was measured as of June 30, 2016, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2015	$ 17,485,422	$ 18,290,841	$ (805,419)
Changes for the year:			
Service Cost	$ 717,506	$ 0	$ 717,506
Interest	1,334,107	0	1,334,107
Differences Between Expected and Actual Experience	(427,979)	0	(427,979)
Contributions-Employer	0	566,282	(566,282)
Contributions-Employees	0	399,685	(399,685)
Net Investment Income	0	486,744	(486,744)
Benefit Payments, Including Refunds of Employee Contributions	(829,673)	(829,673)	0
Administrative Expense	0	(24,091)	24,091
Other Changes	0	1,318	(1,318)
Net Changes	$ 793,961	$ 600,265	$ 193,696
Balance, June 30, 2016	$ 18,279,383	$ 18,891,106	$ (611,723)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	64.34%	$ 11,760,955	$ 12,154,538	$ (393,583)
School Department	35.66%	6,518,428	6,736,568	(218,140)
Total		$ 18,279,383	$ 18,891,106	$ (611,723)

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

Smith County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	$ 1,755,423	$ (611,723)	$ (2,573,086)

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

Pension Expense. For the year ended June 30, 2017, Smith County recognized pension expense of $202,736.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, Smith County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 0	$ 665,204
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	630,130	0
Contributions Subsequent to the Measurement Date of June 30, 2016 (1)	588,658	N/A
Total	$ 1,218,788	$ 665,204

(1) The amount shown above for "Contributions Subsequent to the Measurement Date of June 30, 2016," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	$ 770,645	$ 427,992
School Department	448,143	237,212
Total	$ 1,218,788	$ 665,204

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

Year Ending June 30	Amount
2018	$ (95,895)
2019	(95,895)
2020	179,661
2021	48,379
2022	(71,330)
Thereafter	0

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

Discretely Presented Smith County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Smith County, non-certified employees of the discretely presented Smith County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 64.34 percent and the non-certified employees of the discretely presented School Department comprise 35.66 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan,

benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2017, to the Teacher Retirement Plan were $48,212, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2017, the Smith County School Department reported an asset of $18,531 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Smith County School Department's proportion of the net pension asset was based on the Smith County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2016, the Smith County School Department's proportion was .178003 percent. The revised proportion measured at June 30, 2015, was .197082 percent.

Pension Expense. For the year ended June 30, 2017, the Smith County School Department recognized pension expense of $15,559.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, the Smith County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 1,796	$ 2,137
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,034	0
Changes in Proportion of Net Pension Liability (Asset)	535	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	48,212	N/A
Total	$ 53,577	$ 2,137

The Smith County School Department's employer contributions of $48,212, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	$ 795
2019	795
2020	795
2021	650
2022	0
Thereafter	194

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

Actuarial Assumptions. The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	$ 8,750	$ (18,531)	$ (38,631)

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

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

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

eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Smith County School Department for the year ended June 30, 2017, to the Teacher Legacy Pension Plan were $953,681, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2017, the Smith County School Department reported a liability of $1,884,316 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Smith County School Department's proportion of the net pension liability (asset) was based on the Smith County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2016, the Smith County School Department's proportion was .301517 percent. The proportion measured at June 30, 2015, was .300690 percent.

Pension Expense. For the year ended June 30, 2017, the Smith County School Department recognized pension expense of $229,569.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2017, the Smith County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 79,299	$ 2,281,283
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,103,865	0
Changes in Proportion of Net Pension Liability (Asset)	41,014	9,743
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	953,681	N/A
Total	$ 3,177,859	$ 2,291,026

The Smith County School Department's employer contributions of $953,681 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	$ (345,082)
2019	(345,082)
2020	664,140
2021	106,581
2022	(147,404)
Thereafter	0

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

Actuarial Assumptions. The total pension liability in the June 30, 2016, actuarial valuation was determined using the following

actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	$ 10,347,105	$ 1,884,316	$ (5,125,876)

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

2. Deferred Compensation

The Smith County School Department offers its employees a deferred compensation plan established pursuant to IRC Section 403(b). All costs of administering and funding the program are the responsibility of the plan participants. The Section 403(b) plan assets remain the property of the contributing employees and are not presented in the accompanying financial statements. IRC Section 403(b) establishes participation, contribution, and withdrawal provisions for the plans.

Teachers hired after July 1, 2014, by the discretely presented Smith County School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Smith County School Department has assumed a portion of the costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Smith County School Department contributed $59,810 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

H. Other Postemployment Benefits (OPEB)

Plan Description

Smith County and the School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated* (*TCA*), for local education employees and Section 8-27-207, *TCA,* for local governments. Prior to

reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at https://www.tn.gov/finance/fa/fa-accounting-financial/fa-accfin-cafr.html.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year, Smith County and the School Department contributed $5,606 and $240,420, respectively, to other postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	$ 26,000	$ 227,000
Interest on the NOPEBO	7,222	22,712
Adjustment to the ARC	(7,251)	(22,803)
Annual OPEB cost	$ 25,971	$ 226,909
Amount of contribution	(5,606)	(240,420)
Increase/decrease in NOPEBO	$ 20,365	$ (13,511)
Adjustment to align ARC with AAL	(38,950)	0
Net OPEB obligation, 7-1-16	192,585	605,654
Net OPEB obligation, 6-30-17	$ 174,000	$ 592,143

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
PRIMARY GOVERNMENT				
6-30-15	Local Government Group	$ 15,167	41 %	$ 171,101
6-30-16	"	24,974	14	192,585
6-30-17	"	25,971	22	174,000
DISCRETELY PRESENTED SMITH COUNTY SCHOOL DEPARTMENT				
6-30-15	Local Education Group	190,581	93	577,717
6-30-16	"	219,913	87	605,654
6-30-17	"	226,909	106	592,143

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

	Local Government Group Plan	Local Education Group Plan
Actuarial valuation date	7-1-15	7-1-15
Actuarial accrued liability (AAL)	$ 174,000	$ 2,189,000
Actuarial value of plan assets	$ 0	$ 0
Unfunded actuarial accrued liability (UAAL)	$ 174,000	$ 2,189,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	$ 4,507,126	$ 14,917,962
UAAL as a % of covered payroll	4%	15%

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

Actuarial Methods and Assumptions

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

In the July 1, 2015, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of six percent in fiscal year 2017. The trend rate will be reduced by decrements to an ultimate rate of 4.645 percent by fiscal year 2050. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 35-year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of three percent.

I. Purchasing Laws

Office of County Mayor

During the year, purchasing procedures for the Office of County Mayor were 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

During the year, purchasing procedures for the Highway Department were 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.

J. Office of Central Accounting, Budgeting, and Purchasing

Smith County adopted the provisions of the Fiscal Control Acts of 1957 on June 26, 2017. The county implemented the 1957 Acts during September 2017. These acts provide for a central system of accounting, budgeting, and purchasing covering all funds administered by the county mayor and road commissioner. These funds are maintained in the Office of Central Accounting, Budgeting, and Purchasing under the supervision of the director of accounts and budgets.

K. Subsequent Events

On September 5, 2017, the county issued a capital outlay note of $503,796 for four dump trucks.

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

On September 14, 2017, the county's Education Debt Service Fund issued a $1,000,000 tax anticipation note to the General Fund.

Required Supplementary Information

Exhibit F-1

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

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

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

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

Exhibit F-2

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

	2014	2015	2016	2017
Actuarially Determined Contribution	$ 536,853	$ 541,749	$ 566,282	$ 588,658
Less Contributions in Relation to the Actuarially Determined Contribution	(536,853)	(541,749)	(566,282)	(588,658)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
Covered Payroll	$ 7,680,267	$ 7,576,891	$ 7,920,012	$ 8,233,803
Contributions as a Percentage of Covered Payroll	6.99%	7.15%	7.15%	7.15%

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

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

Exhibit F-3

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

	2015	2016	2017
Contractually Required Contribution	$ 16,725	$ 31,329	$ 48,212
Less Contributions in Relation to the Contractually Required Contribution	(16,725)	(31,329)	(48,212)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0
Covered Payroll	$ 418,110	$ 783,218	$ 1,205,297
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%

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

Exhibit F-4

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

	2014	2015	2016	2017
Contractually Required Contribution	$ 1,033,868	$ 1,017,572	$ 983,929	$ 953,681
Less Contributions in Relation to the Contractually Required Contribution	(1,033,868)	(1,017,572)	(983,929)	(953,681)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
Covered Payroll	$ 11,642,663	$ 11,256,331	$ 10,884,163	$ 10,549,866
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%

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

Exhibit F-5

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

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

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

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

Exhibit F-6

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

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

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

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

Exhibit F-7

Smith County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Smith County School Department
June 30, 2017

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
PRIMARY GOVERNMENT							
Local Government Group	7-1-11	$ 0	$ 230	$ 230	0 %	$ 3,585	6 %
"	7-1-13	0	90	90	0	4,060	2
"	7-1-15	0	174	174	0	4,507	4
DISCRETELY PRESENTED SMITH COUNTY SCHOOL DEPARTMENT							
Local Education Group	7-1-11	0	3,005	3,005	0	13,207	23
"	7-1-13	0	1,889	1,889	0	14,109	13
"	7-1-15	0	2,189	2,189	0	14,918	15

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2017 were calculated based on the July 1, 2015, actuarial valuation.

Methods and assumptions used to determine contribution rates:

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

Combining and Individual Fund Financial Statements and Schedules

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Debt Service Fund

The General Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Permanent Fund

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

Exhibit G-1

Smith County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds			Debt Service Fund	Permanent Fund	
	Drug Control	Constitu - tional Officers - Fees	Total	General Debt Service	Endowment	Total Nonmajor Governmental Funds
ASSETS						
Cash	$ 0	$ 11,851	$ 11,851	$ 0	$ 0	$ 11,851
Equity in Pooled Cash and Investments	103,075	0	103,075	350,915	42,627	496,617
Accounts Receivable	0	14,298	14,298	0	0	14,298
Property Taxes Receivable	0	0	0	754,026	0	754,026
Allowance for Uncollectible Property Taxes	0	0	0	(20,428)	0	(20,428)
Total Assets	$ 103,075	$ 26,149	$ 129,224	$ 1,084,513	$ 42,627	$ 1,256,364
LIABILITIES						
Due to Other Funds	$ 0	$ 26,149	$ 26,149	$ 0	$ 0	$ 26,149
Total Liabilities	$ 0	$ 26,149	$ 26,149	$ 0	$ 0	$ 26,149
DEFERRED INFLOWS OF RESOURCES						
Deferred Current Property Taxes	$ 0	$ 0	$ 0	$ 718,982	$ 0	$ 718,982
Deferred Delinquent Property Taxes	0	0	0	12,385	0	12,385
Total Deferred Inflows of Resources	$ 0	$ 0	$ 0	$ 731,367	$ 0	$ 731,367
FUND BALANCES						
Nonspendable:						
Endowments	$ 0	$ 0	$ 0	$ 0	$ 22,154	$ 22,154
Restricted:						
Restricted for Public Safety	103,075	0	103,075	0	0	103,075

(Continued)

Exhibit G-1

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

	Special Revenue Funds			Debt Service Fund	Permanent Fund	
	Drug Control	Constitu - tional Officers - Fees	Total	General Debt Service	Endowment	Total Nonmajor Governmental Funds
FUND BALANCES (Cont.)						
Restricted (Cont.):						
Restricted for Debt Service	$ 0	$ 0	$ 0	$ 353,146	$ 0	$ 353,146
Committed:						
Committed for Social, Cultural, and Recreational Services	0	0	0	0	20,473	20,473
Total Fund Balances	$ 103,075	$ 0	$ 103,075	$ 353,146	$ 42,627	$ 498,848
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 103,075	$ 26,149	$ 129,224	$ 1,084,513	$ 42,627	$ 1,256,364

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, 2017

	Special Revenue Fund	Debt Service Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Drug Control	General Debt Service	Endowment	
Revenues				
Local Taxes	$ 0	$ 907,356	$ 0	$ 907,356
Fines, Forfeitures, and Penalties	24,456	4,384	0	28,840
Other Local Revenues	0	76,178	318	76,496
Total Revenues	$ 24,456	$ 987,918	$ 318	$ 1,012,692
Expenditures				
Current:				
Public Safety	$ 31,761	$ 0	$ 0	$ 31,761
Debt Service:				
Principal on Debt	0	1,224,905	0	1,224,905
Interest on Debt	0	267,104	0	267,104
Other Debt Service	0	26,759	0	26,759
Total Expenditures	$ 31,761	$ 1,518,768	$ 0	$ 1,550,529
Excess (Deficiency) of Revenues Over Expenditures	$ (7,305)	$ (530,850)	$ 318	$ (537,837)
Other Financing Sources (Uses)				
Transfers In	$ 0	$ 441,200	$ 0	$ 441,200
Total Other Financing Sources (Uses)	$ 0	$ 441,200	$ 0	$ 441,200
Net Change in Fund Balances	$ (7,305)	$ (89,650)	$ 318	$ (96,637)
Fund Balance, July 1, 2016	110,380	442,796	42,309	595,485
Fund Balance, June 30, 2017	$ 103,075	$ 353,146	$ 42,627	$ 498,848

Exhibit G-3

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Fines, Forfeitures, and Penalties	$ 24,456	$ 22,500	$ 22,500	$ 1,956
Total Revenues	$ 24,456	$ 22,500	$ 22,500	$ 1,956
Expenditures				
Public Safety				
Sheriff's Department	$ 31,524	$ 19,000	$ 34,000	$ 2,476
Drug Enforcement	237	350	350	113
Total Expenditures	$ 31,761	$ 19,350	$ 34,350	$ 2,589
Excess (Deficiency) of Revenues Over Expenditures	$ (7,305)	$ 3,150	$ (11,850)	$ 4,545
Net Change in Fund Balance	$ (7,305)	$ 3,150	$ (11,850)	$ 4,545
Fund Balance, July 1, 2016	110,380	110,000	110,000	380
Fund Balance, June 30, 2017	$ 103,075	$ 113,150	$ 98,150	$ 4,925

Exhibit G-4

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, 2017

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 907,356	$ 890,180	$ 890,180	$ 17,176
Fines, Forfeitures, and Penalties	4,384	4,000	4,000	384
Other Local Revenues	76,178	106,250	106,250	(30,072)
Total Revenues	$ 987,918	$ 1,000,430	$ 1,000,430	$ (12,512)
Expenditures				
Principal on Debt				
General Government	$ 1,224,905	$ 1,224,030	$ 1,224,103	$ (802)
Interest on Debt				
General Government	267,104	290,914	279,382	12,278
Other Debt Service				
General Government	26,759	15,500	26,959	200
Total Expenditures	$ 1,518,768	$ 1,530,444	$ 1,530,444	$ 11,676
Excess (Deficiency) of Revenues Over Expenditures	$ (530,850)	$ (530,014)	$ (530,014)	$ (836)
Other Financing Sources (Uses)				
Other Loans Issued	$ 0	$ 10,000	$ 10,000	$ (10,000)
Transfers In	441,200	441,200	441,200	0
Total Other Financing Sources	$ 441,200	$ 451,200	$ 451,200	$ (10,000)
Net Change in Fund Balance	$ (89,650)	$ (78,814)	$ (78,814)	$ (10,836)
Fund Balance, July 1, 2016	442,796	420,000	420,000	22,796
Fund Balance, June 30, 2017	$ 353,146	$ 341,186	$ 341,186	$ 11,960

Major Governmental Fund

Education Debt Service Fund

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

Exhibit H

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 2,015,135	$ 1,956,824	$ 1,956,824	$ 58,311
Other Governments and Citizens Groups	296,000	296,000	296,000	0
Total Revenues	$ 2,311,135	$ 2,252,824	$ 2,252,824	$ 58,311
Expenditures				
Principal on Debt				
Education	$ 1,400,000	$ 1,400,000	$ 1,400,000	$ 0
Interest on Debt				
Education	283,300	283,300	283,300	0
Other Debt Service				
Education	25,149	25,500	25,500	351
Total Expenditures	$ 1,708,449	$ 1,708,800	$ 1,708,800	$ 351
Excess (Deficiency) of Revenues Over Expenditures	$ 602,686	$ 544,024	$ 544,024	$ 58,662
Net Change in Fund Balance	$ 602,686	$ 544,024	$ 544,024	$ 58,662
Fund Balance, July 1, 2016	3,252,270	3,030,000	3,030,000	222,270
Fund Balance, June 30, 2017	$ 3,854,956	$ 3,574,024	$ 3,574,024	$ 280,932

Fiduciary Funds

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

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

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

Exhibit I-1

Smith County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2017

	Agency Funds		
	Cities - Sales Tax	Constitu - tional Officers - Agency	Total
ASSETS			
Cash	$ 0	$ 643,913	$ 643,913
Due from Other Governments	253,984	0	253,984
Total Assets	$ 253,984	$ 643,913	$ 897,897
LIABILITIES			
Due to Other Taxing Units	$ 253,984	$ 0	$ 253,984
Due to Litigants, Heirs, and Others	0	643,913	643,913
Total Liabilities	$ 253,984	$ 643,913	$ 897,897

Exhibit I-2

Smith County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2017

	Beginning Balance	Additions	Deductions	Ending Balance
Cities - Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 0	$ 1,374,915	$ 1,374,915	$ 0
Due from Other Governments	238,323	253,984	238,323	253,984
Total Assets	$ 238,323	$ 1,628,899	$ 1,613,238	$ 253,984
Liabilities				
Due to Other Taxing Units	$ 238,323	$ 1,628,899	$ 1,613,238	$ 253,984
Total Liabilities	$ 238,323	$ 1,628,899	$ 1,613,238	$ 253,984
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 743,802	$ 16,002,050	$ 16,101,939	$ 643,913
Total Assets	$ 743,802	$ 16,002,050	$ 16,101,939	$ 643,913
Liabilities				
Due to Litigants, Heirs, and Others	$ 743,802	$ 16,002,050	$ 16,101,939	$ 643,913
Total Liabilities	$ 743,802	$ 16,002,050	$ 16,101,939	$ 643,913
Totals - All Agency Funds				
Assets				
Cash	$ 743,802	$ 16,002,050	$ 16,101,939	$ 643,913
Equity in Pooled Cash and Investments	0	1,374,915	1,374,915	0
Due from Other Governments	238,323	253,984	238,323	253,984
Total Assets	$ 982,125	$ 17,630,949	$ 17,715,177	$ 897,897
Liabilities				
Due to Litigants, Heirs, and Others	$ 743,802	$ 16,002,050	$ 16,101,939	$ 643,913
Due to Other Taxing Units	238,323	1,628,899	1,613,238	253,984
Total Liabilities	$ 982,125	$ 17,630,949	$ 17,715,177	$ 897,897

Smith County School Department

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

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

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

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

Exhibit J-1

Smith County, Tennessee
Statement of Activities
Discretely Presented Smith County School Department
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental Activities:				
Instruction	$ 14,345,212	$ 3,670	$ 721,686	$ (13,619,856)
Support Services	8,209,222	24,258	432,687	(7,752,277)
Operation of Non-instructional Services	2,596,221	524,316	1,702,563	(369,342)
Total Governmental Activities	$ 25,150,655	$ 552,244	$ 2,856,936	$ (21,741,475)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				$ 3,539,464
Local Option Sales Taxes				1,619,341
Other Local Taxes				1,274
Grants and Contributions Not Restricted for Specific Programs				17,981,039
Unrestricted Investment Income				1,297
Miscellaneous				78,141
Total General Revenues				$ 23,220,556
Change in Net Position				$ 1,479,081
Net Position, July 1, 2016				31,810,577
Net Position, June 30, 2017				$ 33,289,658

Exhibit J-2

Smith County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Smith County School Department
June 30, 2017

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern-mental Funds	Total Governmental Funds
ASSETS			
Equity in Pooled Cash and Investments	$ 6,871,972	$ 813,894	$ 7,685,866
Accounts Receivable	458	52	510
Due from Other Governments	330,012	71,449	401,461
Due from Other Funds	0	1,243	1,243
Property Taxes Receivable	3,437,089	0	3,437,089
Allowance for Uncollectible Property Taxes	(108,954)	0	(108,954)
Total Assets	$ 10,530,577	$ 886,638	$ 11,417,215
LIABILITIES			
Accounts Payable	$ 15,744	$ 0	$ 15,744
Accrued Payroll	1,379	50,021	51,400
Payroll Deductions Payable	579,217	40,183	619,400
Due to Other Funds	1,243	0	1,243
Due to Primary Government	92,859	0	92,859
Total Liabilities	$ 690,442	$ 90,204	$ 780,646
DEFERRED INFLOWS OF RESOURCES			
Deferred Current Property Taxes	$ 3,233,613	$ 0	$ 3,233,613
Deferred Delinquent Property Taxes	80,091	0	80,091
Other Deferred/Unavailable Revenue	139,330	0	139,330
Total Deferred Inflows of Resources	$ 3,453,034	$ 0	$ 3,453,034
FUND BALANCES			
Restricted:			
Restricted for Education	$ 241,696	$ 696,434	$ 938,130
Committed:			
Committed for Education	370,510	100,000	470,510
Assigned:			
Assigned for Education	57,106	0	57,106
Unassigned	5,717,789	0	5,717,789
Total Fund Balances	$ 6,387,101	$ 796,434	$ 7,183,535
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 10,530,577	$ 886,638	$ 11,417,215

Exhibit J-3

Smith County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Smith County School Department
June 30, 2017

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

	Total fund balances - balance sheet - governmental funds (Exhibit J-2)		$ 7,183,535
(1)	Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
	Add: land	$ 1,264,538	
	Add: buildings and improvements net of accumulated depreciation	24,312,604	
	Add: infrastructure net of accumulated depreciation	83,581	
	Add: other capital assets net of accumulated depreciation	1,440,234	27,100,957
(2)	Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
	Less: compensated absences payable	$ (97,757)	
	Less: net pension liability - teacher legacy plan	(1,884,316)	
	Less: other postemployment benefits liability	(592,143)	(2,574,216)
(3)	Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
	Add: deferred outflows of resources related to pensions	$ 3,653,665	
	Less: deferred inflows of resources related to pensions	(2,530,375)	1,123,290
(4)	Net pension assets pension plans are not current financial resources and therefore are not reported in the governmental funds.		
	Add: net pension asset - agent plan	$ 218,140	
	Add: net pension asset - teacher retirement plan	18,531	236,671
(5)	Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		219,421
	Net position of governmental activities (Exhibit A)		$ 33,289,658

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, 2017

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern-mental Funds	Total Governmental Funds
Revenues			
Local Taxes	$ 5,274,581	$ 0	$ 5,274,581
Licenses and Permits	1,623	0	1,623
Charges for Current Services	26,980	525,264	552,244
Other Local Revenues	115,986	6,293	122,279
State of Tennessee	17,389,083	17,612	17,406,695
Federal Government	373,286	2,882,978	3,256,264
Other Governments and Citizens Groups	13,375	0	13,375
Total Revenues	$ 23,194,914	$ 3,432,147	$ 26,627,061
Expenditures			
Current:			
Instruction	$ 13,209,461	$ 1,122,660	$ 14,332,121
Support Services	7,440,667	425,358	7,866,025
Operation of Non-Instructional Services	817,455	1,816,741	2,634,196
Capital Outlay	14,900	0	14,900
Debt Service:			
Principal on Debt	296,000	0	296,000
Total Expenditures	$ 21,778,483	$ 3,364,759	$ 25,143,242
Excess (Deficiency) of Revenues Over Expenditures	$ 1,416,431	$ 67,388	$ 1,483,819
Other Financing Sources (Uses)			
Transfers In	$ 9,117	$ 0	$ 9,117
Transfers Out	0	(9,117)	(9,117)
Total Other Financing Sources (Uses)	$ 9,117	$ (9,117)	$ 0
Net Change in Fund Balances	$ 1,425,548	$ 58,271	$ 1,483,819
Fund Balance, July 1, 2016	4,961,553	738,163	5,699,716
Fund Balance, June 30, 2017	$ 6,387,101	$ 796,434	$ 7,183,535

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, 2017

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:			
Net change in fund balances - total governmental funds (Exhibit J-4)			$ 1,483,819
(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	$ 127,245	
	Less: current-year depreciation expense	(1,010,258)	(883,013)
(2)	The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
	Less: book value of capital assets disposed		(7,762)
(3)	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
	Add: deferred delinquent property taxes and other deferred June 30, 2017	$ 219,421	
	Less: deferred delinquent property taxes and other deferred June 30, 2016	(215,645)	3,776
(4)	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
	Change in compensated absences payable	$ (8,795)	
	Change in other postemployment benefits liability	13,511	
	Change in net pension liability - teacher legacy plan	(1,761,143)	
	Change in net pension asset - agent plan	(85,664)	
	Change in net pension asset - teacher retirement plan	10,435	
	Change in deferred outflows related to pensions	2,294,265	
	Change in deferred inflows related to pensions	419,652	882,261
Change in net position of governmental activities (Exhibit B)			$ 1,479,081

Exhibit J-6

Smith County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Smith County School Department
June 30, 2017

	Special Revenue Funds		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
ASSETS			
Equity in Pooled Cash and Investments	$ 138,337	$ 675,557	$ 813,894
Accounts Receivable	0	52	52
Due from Other Governments	71,449	0	71,449
Due from Other Funds	1,243	0	1,243
Total Assets	$ 211,029	$ 675,609	$ 886,638
LIABILITIES			
Accrued Payroll	$ 50,021	$ 0	$ 50,021
Payroll Deductions Payable	40,183	0	40,183
Total Liabilities	$ 90,204	$ 0	$ 90,204
FUND BALANCES			
Restricted:			
Restricted for Education	$ 20,825	$ 675,609	$ 696,434
Committed:			
Committed for Education	100,000	0	100,000
Total Fund Balances	$ 120,825	$ 675,609	$ 796,434
Total Liabilities and Fund Balances	$ 211,029	$ 675,609	$ 886,638

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, 2017

	Special Revenue Funds		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
Revenues			
Charges for Current Services	$ 0	$ 525,264	$ 525,264
Other Local Revenues	0	6,293	6,293
State of Tennessee	0	17,612	17,612
Federal Government	1,551,898	1,331,080	2,882,978
Total Revenues	$ 1,551,898	$ 1,880,249	$ 3,432,147
Expenditures			
Current:			
Instruction	$ 1,122,660	$ 0	$ 1,122,660
Support Services	425,358	0	425,358
Operation of Non-Instructional Services	0	1,816,741	1,816,741
Total Expenditures	$ 1,548,018	$ 1,816,741	$ 3,364,759
Excess (Deficiency) of Revenues Over Expenditures	$ 3,880	$ 63,508	$ 67,388
Other Financing Sources (Uses)			
Transfers Out	$ (9,117)	$ 0	$ (9,117)
Total Other Financing Sources (Uses)	$ (9,117)	$ 0	$ (9,117)
Net Change in Fund Balances	$ (5,237)	$ 63,508	$ 58,271
Fund Balance, July 1, 2016	126,062	612,101	738,163
Fund Balance, June 30, 2017	$ 120,825	$ 675,609	$ 796,434

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, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 5,274,581	$ 0	$ 0	$ 5,274,581	$ 5,107,000	$ 5,107,000	$ 167,581
Licenses and Permits	1,623	0	0	1,623	1,600	1,600	23
Charges for Current Services	26,980	0	0	26,980	51,500	51,500	(24,520)
Other Local Revenues	115,986	0	0	115,986	95,300	95,300	20,686
State of Tennessee	17,389,083	0	0	17,389,083	17,333,000	17,423,601	(34,518)
Federal Government	373,286	0	0	373,286	480,000	480,000	(106,714)
Other Governments and Citizens Groups	13,375	0	0	13,375	0	15,500	(2,125)
Total Revenues	$ 23,194,914	$ 0	$ 0	$ 23,194,914	$ 23,068,400	$ 23,174,501	$ 20,413
Expenditures							
Instruction							
Regular Instruction Program	$ 10,949,601	$ (337,624)	$ 49,856	$ 10,661,833	$ 12,345,912	$ 12,338,087	$ 1,676,254
Alternative Instruction Program	69,388	0	0	69,388	62,264	70,089	701
Special Education Program	1,467,981	(4,994)	200	1,463,187	1,542,560	1,542,560	79,373
Career and Technical Education Program	722,491	0	1,699	724,190	777,500	777,500	53,310
Support Services							
Attendance	147,110	0	0	147,110	165,030	165,030	17,920
Health Services	232,813	(367)	0	232,446	242,000	242,000	9,554
Other Student Support	556,348	(9,000)	0	547,348	612,800	612,800	65,452
Regular Instruction Program	621,119	(972)	1,243	621,390	697,900	697,900	76,510
Special Education Program	193,535	(141)	3,068	196,462	292,800	292,800	96,338
Career and Technical Education Program	23,762	0	0	23,762	27,740	27,740	3,978
Technology	37,188	0	0	37,188	0	50,000	12,812
Other Programs	89,901	0	0	89,901	0	89,901	0
Board of Education	447,924	(795)	0	447,129	594,300	594,300	147,171
Director of Schools	163,788	0	0	163,788	228,300	178,300	14,512
Office of the Principal	1,417,901	0	0	1,417,901	1,549,200	1,549,200	131,299
Fiscal Services	340,790	(4,681)	0	336,109	378,550	378,550	42,441
Operation of Plant	1,553,295	(1,880)	1,040	1,552,455	1,809,300	1,809,300	256,845

(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 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Support Services (Cont.)							
Maintenance of Plant	$ 551,860	$ 0	$ 0	$ 551,860	$ 569,270	$ 569,270	$ 17,410
Transportation	1,063,333	0	0	1,063,333	1,379,400	1,379,400	316,067
Operation of Non-Instructional Services							
Food Service	1,167	0	0	1,167	1,210	1,210	43
Community Services	403,374	0	0	403,374	485,765	486,465	83,091
Early Childhood Education	412,914	(13,597)	0	399,317	500,000	500,000	100,683
Capital Outlay							
Regular Capital Outlay	14,900	0	0	14,900	244,000	244,000	229,100
Principal on Debt							
Education	296,000	0	0	296,000	296,000	296,000	0
Total Expenditures	$ 21,778,483	$ (374,051)	$ 57,106	$ 21,461,538	$ 24,801,801	$ 24,892,402	$ 3,430,864
Excess (Deficiency) of Revenues Over Expenditures	$ 1,416,431	$ 374,051	$ (57,106)	$ 1,733,376	$ (1,733,401)	$ (1,717,901)	$ 3,451,277
Other Financing Sources (Uses)							
Transfers In	$ 9,117	$ 0	$ 0	$ 9,117	$ 25,000	$ 25,000	$ (15,883)
City General Fund Transfer	0	0	0	0	15,500	0	0
Total Other Financing Sources	$ 9,117	$ 0	$ 0	$ 9,117	$ 40,500	$ 25,000	$ (15,883)
Net Change in Fund Balance	$ 1,425,548	$ 374,051	$ (57,106)	$ 1,742,493	$ (1,692,901)	$ (1,692,901)	$ 3,435,394
Fund Balance, July 1, 2016	4,961,553	(374,051)	0	4,587,502	5,318,365	5,318,365	(730,863)
Fund Balance, June 30, 2017	$ 6,387,101	$ 0	$ (57,106)	$ 6,329,995	$ 3,625,464	$ 3,625,464	$ 2,704,531

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, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Federal Government	$ 1,551,898	$ 0	$ 0	$ 1,551,898	$ 2,143,643	$ 2,149,007	$ (597,109)
Total Revenues	$ 1,551,898	$ 0	$ 0	$ 1,551,898	$ 2,143,643	$ 2,149,007	$ (597,109)
Expenditures							
Instruction							
Regular Instruction Program	$ 576,076	$ (162)	$ 1,684	$ 577,598	$ 665,978	$ 670,977	$ 93,379
Special Education Program	514,151	(1,737)	3,312	515,726	801,740	802,762	287,036
Career and Technical Education Program	32,433	(6,494)	6,994	32,933	31,781	32,790	(143)
Support Services							
Other Student Support	25,433	(189)	1,046	26,290	80,405	79,300	53,010
Regular Instruction Program	260,986	(1,883)	1,970	261,073	341,581	341,131	80,058
Special Education Program	103,909	(1,605)	0	102,304	161,317	161,317	59,013
Career and Technical Education Program	2,089	0	0	2,089	2,200	2,089	0
Transportation	32,941	0	0	32,941	48,589	48,589	15,648
Total Expenditures	$ 1,548,018	$ (12,070)	$ 15,006	$ 1,550,954	$ 2,133,591	$ 2,138,955	$ 588,001
Excess (Deficiency) of Revenues Over Expenditures	$ 3,880	$ 12,070	$ (15,006)	$ 944	$ 10,052	$ 10,052	$ (9,108)
Other Financing Sources (Uses)							
Transfers Out	$ (9,117)	$ 0	$ 0	$ (9,117)	$ (10,052)	$ (10,052)	$ 935
Total Other Financing Sources	$ (9,117)	$ 0	$ 0	$ (9,117)	$ (10,052)	$ (10,052)	$ 935
Net Change in Fund Balance	$ (5,237)	$ 12,070	$ (15,006)	$ (8,173)	$ 0	$ 0	$ (8,173)
Fund Balance, July 1, 2016	126,062	(12,070)	0	113,992	0	0	113,992
Fund Balance, June 30, 2017	$ 120,825	$ 0	$ (15,006)	$ 105,819	$ 0	$ 0	$ 105,819

Exhibit J-10

Smith County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Smith County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for Current Services	$ 525,264	$ 585,500	$ 585,500	$ (60,236)
Other Local Revenues	6,293	12,500	12,500	(6,207)
State of Tennessee	17,612	25,000	25,000	(7,388)
Federal Government	1,331,080	1,495,000	1,495,000	(163,920)
Total Revenues	$ 1,880,249	$ 2,118,000	$ 2,118,000	$ (237,751)
Expenditures				
Operation of Non-Instructional Services				
Food Service	$ 1,816,741	$ 2,118,000	$ 2,118,000	$ 301,259
Total Expenditures	$ 1,816,741	$ 2,118,000	$ 2,118,000	$ 301,259
Excess (Deficiency) of Revenues Over Expenditures	$ 63,508	$ 0	$ 0	$ 63,508
Net Change in Fund Balance	$ 63,508	$ 0	$ 0	$ 63,508
Fund Balance, July 1, 2016	612,101	613,789	613,789	(1,688)
Fund Balance, June 30, 2017	$ 675,609	$ 613,789	$ 613,789	$ 61,820

Miscellaneous Schedules

Exhibit K-1

Smith County, Tennessee
Schedule of Changes in Long-term Bonds, Notes, Other Loans, and Capital Leases
For the Year Ended June 30, 2017

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-16	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-17
GOVERNMENTAL ACTIVITIES								
BONDS PAYABLE								
Payable through General Fund								
Fire Trucks	$ 1,250,000	4.5 %	6-17-09	6-17-29	$ 902,406	$ 0	$ 56,411	$ 845,995
Total Payable through General Fund					$ 902,406	$ 0	$ 56,411	$ 845,995
Payable through General Debt Service Fund								
Welcome Center	90,000	4.25	10-16-03	10-13-16	$ 68,166	$ 0	$ 68,166	$ 0
USDA - Community Facility	257,200	4.63	5-26-06	2-7-17	132,889	0	132,889	0
General Obligation Refunding Bonds, Series 2015B	900,000	4.00	8-20-15	6-1-17	425,000	0	425,000	0
General Obligation Refunding Bonds, Series 2015C	8,315,000	4.40	8-20-15	6-1-30	8,315,000	0	100,000	8,215,000
Total Payable through General Debt Service Fund					$ 8,941,055	$ 0	$ 726,055	$ 8,215,000
Payable through Education Debt Service Fund								
General Obligation Refunding Bonds, Series 2015A	8,930,000	2 to 5	3-31-15	4-1-21	$ 7,595,000	$ 0	$ 1,400,000	$ 6,195,000
Total Payable through Education Debt Service Fund					$ 7,595,000	$ 0	$ 1,400,000	$ 6,195,000
Total Bonds Payable					$ 17,438,461	$ 0	$ 2,182,466	$ 15,255,995
NOTES PAYABLE								
Payable through General Fund								
Ambulance Equipment	60,000	3.42	7-9-10	7-9-16	$ 10,000	$ 0	$ 10,000	$ 0
EMS Stations	112,500	3.64	7-9-10	7-9-19	50,000	0	12,500	37,500
Patrol Cars	191,000	2.39	12-6-13	12-6-16	25,906	0	25,906	0
Patrol Cars	191,000	1.87	11-13-15	11-13-18	191,000	0	103,597	87,403
Patrol Cars	191,000	1.53	10-4-16	10-4-19	0	191,000	0	191,000
Total Payable through General Fund					$ 276,906	$ 191,000	$ 152,003	$ 315,903
Payable through Highway/Public Works Fund								
Tar and Chip Projects	200,000	1.90	1-30-15	1-30-18	$ 133,333	$ 0	$ 66,667	$ 66,666
Road Materials	232,000	1.71	8-9-16	8-9-20	0	232,000	0	232,000
Total Payable through Highway/Public Works Fund					$ 133,333	$ 232,000	$ 66,667	$ 298,666

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-16	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-17
GOVERNMENTAL ACTIVITIES (CONT.)								
NOTES PAYABLE (Cont.)								
Payable through General Debt Service Fund								
Health Department, Boat Ramp, Playground	$ 1,066,800	3.85 %	1-16-07	1-16-19	$ 263,365	$ 0	$ 88,900	$ 174,465
Health Wellness Center	260,000	3.65	3-7-08	2-7-17	86,664	0	86,664	0
Highway Culverts	100,000	2.59	4-4-13	4-4-19	50,000	0	16,667	33,333
Ambulance Remount	88,036	2.39	1-6-14	1-6-17	29,346	0	29,346	0
Matching Portion State Aid Project and Roller	182,000	1.97	1-16-14	1-16-17	60,666	0	60,666	0
Lighting on Minor League Field	85,000	2.19	3-18-14	3-18-17	28,334	0	28,334	0
Ambulance Remount	92,000	2.06	5-8-15	5-8-18	61,333	0	30,667	30,666
Ambulance Remount	86,687	2.00	3-21-16	3-21-19	86,687	0	28,896	57,791
Road Material - Flood Damage	250,000	1.79	8-26-16	8-26-22	0	250,000	0	250,000
Trucks - Maintenance and EMA	60,000	1.53	10-24-16	10-24-19	0	60,000	0	60,000
Ambulance Remount	99,815	2.14	2-9-17	2-9-20	0	99,815	0	99,815
Soccer Field Lighting	115,000	2.14	2-9-17	2-9-20	0	115,000	0	115,000
Ambulance Power Cots	56,688	1.66	5-17-17	5-11-23	0	56,688	0	56,688
Total Payable through General Debt Service Fund					$ 666,395	$ 581,503	$ 370,140	$ 877,758
Total Notes Payable					$ 1,076,634	$ 1,004,503	$ 588,810	$ 1,492,327
OTHER LOANS PAYABLE								
Payable through General Debt Service Fund								
Career/Agriculture Center Construction	1,250,000	variable	12-7-05	5-25-25	$ 604,000	$ 0	$ 64,000	$ 540,000
Head Start Facility and New Jail Facility	1,378,599	variable	10-31-07	5-25-27	919,310	0	64,710	854,600
Total Other Loans Payable					$ 1,523,310	$ 0	$ 128,710	$ 1,394,600
CAPITAL LEASES PAYABLE								
Payable through Highway/Public Works Fund								
Tractor and Mower	65,300	5.91	9-21-16	7-21-21	$ 0	$ 65,300	$ 11,107	$ 54,193

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-16	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-17
BUSINESS-TYPE ACTIVITIES								
NOTES PAYABLE								
Payable through Solid Waste Disposal Fund								
Landfill Expansion	$ 700,000	4.21 %	7-16-07	7-16-16	$ 77,776	$ 0	$ 77,776	$ 0
Cell Expansion	829,583	2.97	4-27-11	4-27-20	368,703	0	92,175	276,528
Landfill Class III Expansion	508,138	2.24	3-7-12	3-7-21	282,299	0	56,460	225,839
Landfill Expansion	2,280,990	3.49	7-19-13	7-19-22	1,774,104	0	253,444	1,520,660
Cat Loader	258,280	2.47	12-19-13	12-19-19	172,186	0	43,046	129,140
Al Jon Packer	82,000	2.19	3-8-14	3-18-17	27,334	0	27,334	0
Dozer and Off-Road Truck	400,000	2.01	4-30-15	4-30-21	306,733	0	66,667	240,066
Packer	466,000	2.24	8-14-15	8-14-21	466,000	0	77,667	388,333
Landfill Tract III - Phases 1 and 2	496,830	1.66	3-16-17	3-16-23	0	496,830	0	496,830
Track Loader	310,531	2.14	3-16-17	3-16-20	0	310,531	542	309,989
Total Notes Payable					$ 3,475,135	$ 807,361	$ 695,111	$ 3,587,385
OTHER LOANS PAYABLE								
Payable through Solid Waste Disposal Fund								
Recycling Center	2,000,000	4.25	12-6-05	12-6-45	$ 1,769,473	$ 0	$ 28,830	$ 1,740,643

Exhibit K-2

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

GOVERNMENTAL ACTIVITIES

Year Ending June 30	Bonds		
	Principal	Interest	Total
2018	$ 2,061,671	$ 457,941	$ 2,519,612
2019	2,144,221	371,641	2,515,862
2020	2,236,886	281,526	2,518,412
2021	2,264,671	235,241	2,499,912
2022	667,581	188,332	855,913
2023	680,622	173,293	853,915
2024	698,800	156,388	855,188
2025	717,121	137,442	854,563
2026	735,591	117,972	853,563
2027	754,218	96,332	850,550
2028	783,008	72,442	855,450
2029	776,605	47,632	824,237
2030	735,000	22,050	757,050
Total	$ 15,255,995	$ 2,358,232	$ 17,614,227

Year Ending June 30	Notes		
	Principal	Interest	Total
2018	$ 572,349	$ 30,807	$ 603,156
2019	431,750	17,412	449,162
2020	276,885	7,828	284,713
2021	109,115	2,828	111,943
2022	51,115	1,430	52,545
2023	51,113	526	51,639
Total	$ 1,492,327	$ 60,831	$ 1,553,158

(Continued)

Exhibit K-2

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

GOVERNMENTAL ACTIVITIES (CONT.)

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2018	$ 133,940	$ 13,109	$ 10,130	$ 157,179
2019	138,340	11,851	9,353	159,544
2020	143,910	10,550	8,550	163,010
2021	149,650	9,197	7,715	166,562
2022	155,590	7,791	6,847	170,228
2023	161,720	6,328	5,944	173,992
2024	167,050	4,808	5,006	176,864
2025	138,610	3,237	4,037	145,884
2026	100,390	1,934	2,214	104,538
2027	105,400	991	1,631	108,022
Total	$ 1,394,600	$ 69,796	$ 61,427	$ 1,525,823

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2018	$ 12,091	$ 2,879	$ 14,970
2019	12,825	2,145	14,970
2020	13,604	1,366	14,970
2021	14,430	540	14,970
2022	1,243	5	1,248
Total	$ 54,193	$ 6,935	$ 61,128

(Continued)

Exhibit K-2

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

BUSINESS-TYPE ACTIVITIES

Year Ending June 30	Notes		
	Principal	Interest	Total
2018	$ 775,775	$ 92,700	$ 868,475
2019	775,775	72,101	847,876
2020	775,234	51,530	826,764
2021	510,438	31,497	541,935
2022	413,914	16,850	430,764
2023	336,249	5,761	342,010
Total	$ 3,587,385	$ 270,439	$ 3,857,824

Year Ending June 30	Other Loans		
	Principal	Interest	Total
2018	$ 32,884	$ 73,436	$ 106,320
2019	34,309	72,011	106,320
2020	35,796	70,524	106,320
2021	37,347	68,973	106,320
2022	38,966	67,354	106,320
2023	40,655	65,665	106,320
2024	42,417	63,903	106,320
2025	44,255	62,065	106,320
2026	46,173	60,147	106,320
2027	48,174	58,146	106,320
2028	50,261	56,059	106,320
2029	52,440	53,880	106,320
2030	54,712	51,608	106,320
2031	57,083	49,237	106,320
2032	59,557	46,763	106,320
2033	62,138	44,182	106,320
2034	64,831	41,489	106,320
2035	67,641	38,679	106,320
2036	70,572	35,748	106,320
2037	73,631	32,689	106,320
2038	76,822	29,498	106,320

(Continued)

Exhibit K-2

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

BUSINESS-TYPE ACTIVITIES (CONT.)

Year Ending June 30	Other Loans (Cont.) Principal	Interest	Total
2039	$ 80,151	$ 26,169	$ 106,320
2040	83,624	22,696	106,320
2041	87,249	19,071	106,320
2042	91,030	15,290	106,320
2043	94,975	11,345	106,320
2044	99,091	7,229	106,320
2045	103,385	2,935	106,320
2046	10,474	58	10,532
Total	$ 1,740,643	$ 1,246,849	$ 2,987,492

Exhibit K-3

Smith County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Smith County School Department
For the Year Ended June 30, 2017

From Fund	To Fund	Purpose	Amount
PRIMARY GOVERNMENT			
General	General Debt Service	Debt retirement	$ 441,200
Total Transfers Primary Government			$ 441,200
DISCRETELY PRESENTED SMITH COUNTY SCHOOL DEPARTMENT			
School Federal Projects	General Purpose School	Indirect costs	$ 9,117
Total Transfers Discretely Presented Smith County School Department			$ 9,117

Exhibit K-4

Smith County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Smith County School Department
For the Year Ended June 30, 2017

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, *TCA,* and Smith County Commission	$ 78,226 (1)	$ 100,000	Cincinnati Insurance Company
Road Commissioner	Section 8-24-102, *TCA*	71,743	100,000	"
Director of Schools	State Board of Education and Smith County Board of Education	125,000 (2)	100,000	"
Trustee	Section 8-24-102, *TCA,* and Smith County Commission	67,730 (3)	1,153,816	"
Assessor of Property	Section 8-24-102, *TCA,* and Smith County Commission	67,730 (3)	50,000	"
County Clerk	Section 8-24-102, *TCA,* and Smith County Commission	67,730 (3)	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, *TCA,* and Smith County Commission	67,730 (3)	100,000	"
Clerk and Master	Section 8-24-102, *TCA,* Smith County Commission, and Chancery Court Judge	67,730 (3) (4)	100,000	"
Register of Deeds	Section 8-24-102, *TCA,* and Smith County Commission	67,730 (3)	100,000	"
Sheriff	Section 8-24-102, *TCA,* and Smith County Commission	74,502 (5) (6)	100,000	"
Employee Dishonesty Bond Coverage:				
General County and Highway Department Employees			400,000	Local Government Property and Casualty Fund
School Department Employees			250,000	Cincinnati Insurance Company

(1) Includes an additional appropriation of $2,897.
(2) Does not include a chief executive officer training supplement (career ladder) of $1,000. The director was not paid in accordance with either the contract approved by the Board of Education or the budget approved by the county commission. See finding 2017-003 in the Findings and Question Cost section for additional explanation.
(3) Includes an additional appropriation of $2,509.
(4) Does not include special commissioner fees of $3,230.
(5) Includes an additional appropriation of $2,759.
(6) Does not include a law enforcement training supplement of $600.

Exhibit K-5

Smith County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2017

		Special Revenue Funds		Debt Service Funds	
	General	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service
Local Taxes					
County Property Taxes					
Current Property Tax	$ 3,414,291	$ 0	$ 275,902	$ 517,316	$ 448,344
Trustee's Collections - Prior Year	104,062	0	8,409	15,767	13,665
Trustee's Collections - Bankruptcy	288	0	23	44	38
Circuit Clerk/Clerk and Master Collections - Prior Years	78,274	0	6,325	11,859	9,201
Interest and Penalty	16,520	0	1,335	2,503	2,169
Payments in-Lieu-of Taxes - T.V.A.	1,066	0	86	161	140
Payments in-Lieu-of Taxes - Other	11,954	0	798	1,496	1,297
County Local Option Taxes					
Local Option Sales Tax	849,285	0	0	0	609,305
Wheel Tax	0	0	0	273,490	915,596
Litigation Tax - General	55,814	0	0	20,940	0
Litigation Tax - Special Purpose	5,663	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	2,042	0	0	46,270	0
Business Tax	144,052	0	0	0	0
Mineral Severance Tax	0	0	79,342	0	0
Other County Local Option Taxes	2,768	0	0	0	0
Statutory Local Taxes					
Bank Excise Tax	102,557	0	7,504	17,510	15,008
Wholesale Beer Tax	50,190	0	0	0	0
Interstate Telecommunications Tax	1,306	0	0	0	372
Other Statutory Local Taxes	146	0	0	0	0
Total Local Taxes	$ 4,840,278	$ 0	$ 379,724	$ 907,356	$ 2,015,135

(Continued)

Exhibit K-5

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

	General	Special Revenue Funds		Debt Service Funds	
		Drug Control	Highway / Public Works	General Debt Service	Education Debt Service
Licenses and Permits					
Licenses					
Cable TV Franchise	$ 35,273	$ 0	$ 0	$ 0	$ 0
Permits					
Beer Permits	991	0	0	0	0
Building Permits	67,850	0	0	0	0
Other Permits	36,000	0	0	0	0
Total Licenses and Permits	$ 140,114	$ 0	$ 0	$ 0	$ 0
Fines, Forfeitures, and Penalties					
Circuit Court					
Fines	$ 166	$ 0	$ 0	$ 0	$ 0
Jail Fees	0	0	0	895	0
Data Entry Fee - Circuit Court	1,192	0	0	0	0
Victims Assistance Assessments	3,313	0	0	0	0
General Sessions Court					
Fines	5,108	0	0	0	0
Fines for Littering	62	0	0	0	0
Game and Fish Fines	678	0	0	0	0
Drug Control Fines	3,413	2,814	0	0	0
Drug Court Fees	0	17,063	0	0	0
DUI Treatment Fines	2,628	0	0	0	0
Data Entry Fee - General Sessions Court	13,514	0	0	0	0
Courtroom Security Fee	55,841	0	0	0	0
Victims Assistance Assessments	11,806	0	0	0	0
Juvenile Court					
Data Entry Fee - Juvenile Court	330	0	0	0	0
Courtroom Security Fee	819	0	0	0	0

(Continued)

Exhibit K-5

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

		Special Revenue Funds		Debt Service Funds	
	General	Drug Control	Highway / Public Works	General Debt Service	Education Debt Service
Fines, Forfeitures, and Penalties (Cont.)					
Chancery Court					
Officers Costs	$ 2,175	$ 0	$ 0	$ 0	$ 0
Data Entry Fee - Chancery Court	628	0	0	0	0
Courtroom Security Fee	0	0	0	3,489	0
Judicial District Drug Program					
Courtroom Security Fee	225	0	0	0	0
Other Fines, Forfeitures, and Penalties					
Proceeds from Confiscated Property	0	4,579	0	0	0
Other Fines, Forfeitures, and Penalties	2,034	0	0	0	0
Total Fines, Forfeitures, and Penalties	$ 103,932	$ 24,456	$ 0	$ 4,384	$ 0
Charges for Current Services					
General Service Charges					
Patient Charges	$ 1,138,076	$ 0	$ 0	$ 0	$ 0
Other General Service Charges	3,544	0	0	0	0
Service Charges	500	0	0	0	0
Fees					
Recreation Fees	27,623	0	0	0	0
Copy Fees	796	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0
Telephone Commissions	74,586	0	0	0	0
Data Processing Fee - Register	6,996	0	0	0	0
Data Processing Fee - Sheriff	2,537	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,550	0	0	0	0
Data Processing Fee - County Clerk	12,186	0	0	0	0

(Continued)

Exhibit K-5

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

	General	Special Revenue Funds		Debt Service Funds	
		Drug Control	Highway / Public Works	General Debt Service	Education Debt Service
Charges for Current Services (Cont.)					
Education Charges					
Tuition - Other	$ 73,068	$ 0	$ 0	$ 0	$ 0
TBI Criminal Background Fee	238	0	0	0	0
Other Charges for Services	55	0	0	0	0
Total Charges for Current Services	$ 1,342,805	$ 0	$ 0	$ 0	$ 0
Other Local Revenues					
Recurring Items					
Investment Income	$ 61,215	$ 0	$ 0	$ 0	$ 0
Lease/Rentals	49,648	0	0	76,163	0
Commissary Sales	8,595	0	0	0	0
Miscellaneous Refunds	43,640	0	953	15	0
Nonrecurring Items					
Sale of Equipment	69,051	0	13,126	0	0
Sale of Property	802	0	0	0	0
Damages Recovered from Individuals	1,000	0	17,290	0	0
Contributions and Gifts	19,300	0	0	0	0
Other Local Revenues					
Other Local Revenues	0	0	6,656	0	0
Total Other Local Revenues	$ 253,251	$ 0	$ 38,025	$ 76,178	$ 0
Fees Received From County Officials					
Excess Fees					
Circuit Court Clerk	$ 1,104	$ 0	$ 0	$ 0	$ 0
General Sessions Court Clerk	4,290	0	0	0	0

(Continued)

Exhibit K-5

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

	General	Special Revenue Funds		Debt Service Funds	
		Drug Control	Highway / Public Works	General Debt Service	Education Debt Service
Fees Received From County Officials (Cont.)					
Fees In-Lieu-of Salary					
County Clerk	$ 168,427	$ 0	$ 0	$ 0	$ 0
Circuit Court Clerk	59,166	0	0	0	0
General Sessions Court Clerk	190,767	0	0	0	0
Clerk and Master	62,175	0	0	0	0
Register	74,116	0	0	0	0
Sheriff	66,313	0	0	0	0
Trustee	337,421	0	0	0	0
Total Fees Received From County Officials	$ 963,779	$ 0	$ 0	$ 0	$ 0
State of Tennessee					
General Government Grants					
Juvenile Services Program	$ 4,500	$ 0	$ 0	$ 0	$ 0
Aging Programs	8,093	0	0	0	0
Public Safety Grants					
Law Enforcement Training Programs	16,800	0	0	0	0
Drug Control Grants	56,841	0	0	0	0
Health and Welfare Grants					
Health Department Programs	70,245	0	0	0	0
Public Works Grants					
Bridge Program	0	0	206,486	0	0
State Aid Program	0	0	480,862	0	0
Litter Program	32,360	0	0	0	0
Other State Revenues					
Flood Control	7,521	0	0	0	0
Income Tax	38,373	0	0	0	0

(Continued)

Exhibit K-5

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

	General	Special Revenue Funds		Debt Service Funds	
		Drug Control	Highway / Public Works	General Debt Service	Education Debt Service
State of Tennessee (Cont.)					
Other State Revenues (Cont.)					
Vehicle Certificate of Title Fees	$ 17,890	$ 0	$ 0	$ 0	$ 0
Alcoholic Beverage Tax	45,495	0	0	0	0
State Revenue Sharing - T.V.A.	479,384	0	0	0	0
Contracted Prisoner Boarding	1,129,395	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	1,593,885	0	0
Petroleum Special Tax	0	0	13,829	0	0
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	78,116	0	0	0	0
Other State Revenues	6,120	0	0	0	0
Total State of Tennessee	$ 2,006,297	$ 0	$ 2,295,062	$ 0	$ 0
Federal Government					
Federal Through State					
Other Federal through State	$ 243,307	$ 0	$ 0	$ 0	$ 0
Direct Federal Revenue					
Police Service (Lake Area)	13,284	0	0	0	0
Other Direct Federal Revenue	448,732	0	0	0	0
Total Federal Government	$ 705,323	$ 0	$ 0	$ 0	$ 0
Other Governments and Citizens Groups					
Other Governments					
Contributions	$ 348,188	$ 0	$ 0	$ 0	$ 296,000
Citizens Groups					
Donations	1,660	0	0	0	0
Total Other Governments and Citizens Groups	$ 349,848	$ 0	$ 0	$ 0	$ 296,000
Total	$ 10,705,627	$ 24,456	$ 2,712,811	$ 987,918	$ 2,311,135

(Continued)

Exhibit K-5

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

	Permanent Fund Endowment	Total
Local Taxes		
County Property Taxes		
Current Property Tax	$ 0	$ 4,655,853
Trustee's Collections - Prior Year	0	141,903
Trustee's Collections - Bankruptcy	0	393
Circuit Clerk/Clerk and Master Collections - Prior Years	0	105,659
Interest and Penalty	0	22,527
Payments in-Lieu-of Taxes - T.V.A.	0	1,453
Payments in-Lieu-of Taxes - Other	0	15,545
County Local Option Taxes		
Local Option Sales Tax	0	1,458,590
Wheel Tax	0	1,189,086
Litigation Tax - General	0	76,754
Litigation Tax - Special Purpose	0	5,663
Litigation Tax - Jail, Workhouse, or Courthouse	0	48,312
Business Tax	0	144,052
Mineral Severance Tax	0	79,342
Other County Local Option Taxes	0	2,768
Statutory Local Taxes		
Bank Excise Tax	0	142,579
Wholesale Beer Tax	0	50,190
Interstate Telecommunications Tax	0	1,678
Other Statutory Local Taxes	0	146
Total Local Taxes	$ 0	$ 8,142,493

(Continued)

Exhibit K-5

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

	Permanent Fund Endowment	Total
Licenses and Permits		
Licenses		
Cable TV Franchise	$ 0	$ 35,273
Permits		
Beer Permits	0	991
Building Permits	0	67,850
Other Permits	0	36,000
Total Licenses and Permits	$ 0	$ 140,114
Fines, Forfeitures, and Penalties		
Circuit Court		
Fines	$ 0	$ 166
Jail Fees	0	895
Data Entry Fee - Circuit Court	0	1,192
Victims Assistance Assessments	0	3,313
General Sessions Court		
Fines	0	5,108
Fines for Littering	0	62
Game and Fish Fines	0	678
Drug Control Fines	0	6,227
Drug Court Fees	0	17,063
DUI Treatment Fines	0	2,628
Data Entry Fee - General Sessions Court	0	13,514
Courtroom Security Fee	0	55,841
Victims Assistance Assessments	0	11,806
Juvenile Court		
Data Entry Fee - Juvenile Court	0	330
Courtroom Security Fee	0	819

(Continued)

Exhibit K-5

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

	Permanent Fund Endowment	Total
Fines, Forfeitures, and Penalties (Cont.)		
Chancery Court		
Officers Costs	$ 0	$ 2,175
Data Entry Fee - Chancery Court	0	628
Courtroom Security Fee	0	3,489
Judicial District Drug Program		
Courtroom Security Fee	0	225
Other Fines, Forfeitures, and Penalties		
Proceeds from Confiscated Property	0	4,579
Other Fines, Forfeitures, and Penalties	0	2,034
Total Fines, Forfeitures, and Penalties	$ 0	$ 132,772
Charges for Current Services		
General Service Charges		
Patient Charges	$ 0	$ 1,138,076
Other General Service Charges	0	3,544
Service Charges	0	500
Fees		
Recreation Fees	0	27,623
Copy Fees	0	796
Greenbelt Late Application Fee	0	50
Telephone Commissions	0	74,586
Data Processing Fee - Register	0	6,996
Data Processing Fee - Sheriff	0	2,537
Sexual Offender Registration Fee - Sheriff	0	2,550
Data Processing Fee - County Clerk	0	12,186

(Continued)

Exhibit K-5

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

	Permanent Fund Endowment	Total
Charges for Current Services (Cont.)		
Education Charges		
Tuition - Other	$ 0	$ 73,068
TBI Criminal Background Fee	0	238
Other Charges for Services	0	55
Total Charges for Current Services	$ 0	$ 1,342,805
Other Local Revenues		
Recurring Items		
Investment Income	$ 318	$ 61,533
Lease/Rentals	0	125,811
Commissary Sales	0	8,595
Miscellaneous Refunds	0	44,608
Nonrecurring Items		
Sale of Equipment	0	82,177
Sale of Property	0	802
Damages Recovered from Individuals	0	18,290
Contributions and Gifts	0	19,300
Other Local Revenues		
Other Local Revenues	0	6,656
Total Other Local Revenues	$ 318	$ 367,772
Fees Received From County Officials		
Excess Fees		
Circuit Court Clerk	$ 0	$ 1,104
General Sessions Court Clerk	0	4,290

(Continued)

Exhibit K-5

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

	Permanent Fund Endowment	Total
Fees Received From County Officials (Cont.)		
Fees In-Lieu-of Salary		
County Clerk	$ 0	$ 168,427
Circuit Court Clerk	0	59,166
General Sessions Court Clerk	0	190,767
Clerk and Master	0	62,175
Register	0	74,116
Sheriff	0	66,313
Trustee	0	337,421
Total Fees Received From County Officials	$ 0	$ 963,779
State of Tennessee		
General Government Grants		
Juvenile Services Program	$ 0	$ 4,500
Aging Programs	0	8,093
Public Safety Grants		
Law Enforcement Training Programs	0	16,800
Drug Control Grants	0	56,841
Health and Welfare Grants		
Health Department Programs	0	70,245
Public Works Grants		
Bridge Program	0	206,486
State Aid Program	0	480,862
Litter Program	0	32,360
Other State Revenues		
Flood Control	0	7,521
Income Tax	0	38,373

(Continued)

Exhibit K-5

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

	Permanent Fund Endowment	Total
State of Tennessee (Cont.)		
Other State Revenues (Cont.)		
Vehicle Certificate of Title Fees	$ 0	$ 17,890
Alcoholic Beverage Tax	0	45,495
State Revenue Sharing - T.V.A.	0	479,384
Contracted Prisoner Boarding	0	1,129,395
Gasoline and Motor Fuel Tax	0	1,593,885
Petroleum Special Tax	0	13,829
Registrar's Salary Supplement	0	15,164
Other State Grants	0	78,116
Other State Revenues	0	6,120
Total State of Tennessee	$ 0	$ 4,301,359
Federal Government		
Federal Through State		
Other Federal through State	$ 0	$ 243,307
Direct Federal Revenue		
Police Service (Lake Area)	0	13,284
Other Direct Federal Revenue	0	448,732
Total Federal Government	$ 0	$ 705,323
Other Governments and Citizens Groups		
Other Governments		
Contributions	$ 0	$ 644,188
Citizens Groups		
Donations	0	1,660
Total Other Governments and Citizens Groups	$ 0	$ 645,848
Total	$ 318	$ 16,742,265

Exhibit K-6

Smith County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Smith County School Department
For the Year Ended June 30, 2017

	General Purpose School	Special Revenue Funds: School Federal Projects	Special Revenue Funds: Central Cafeteria	Total
Local Taxes				
County Property Taxes				
Current Property Tax	$ 3,330,879	$ 0	$ 0	$ 3,330,879
Trustee's Collections - Prior Year	116,398	0	0	116,398
Trustee's Collections - Bankruptcy	282	0	0	282
Circuit Clerk/Clerk and Master Collections - Prior Years	73,424	0	0	73,424
Interest and Penalty	16,186	0	0	16,186
Payments in-Lieu-of Taxes - T.V.A.	1,044	0	0	1,044
Payments in-Lieu-of Taxes - Other	9,675	0	0	9,675
County Local Option Taxes				
Local Option Sales Tax	1,617,860	0	0	1,617,860
Mineral Severance Tax	3	0	0	3
Statutory Local Taxes				
Bank Excise Tax	107,559	0	0	107,559
Interstate Telecommunications Tax	1,271	0	0	1,271
Total Local Taxes	$ 5,274,581	$ 0	$ 0	$ 5,274,581
Licenses and Permits				
Licenses				
Marriage Licenses	$ 1,623	$ 0	$ 0	$ 1,623
Total Licenses and Permits	$ 1,623	$ 0	$ 0	$ 1,623
Charges for Current Services				
Education Charges				
Tuition - Summer School	$ 3,670	$ 0	$ 0	$ 3,670
Lunch Payments - Children	0	0	399,358	399,358

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds: School Federal Projects	Special Revenue Funds: Central Cafeteria	Total
Charges for Current Services (Cont.)				
Education Charges (Cont.)				
Lunch Payments - Adults	$ 0	$ 0	$ 58,888	$ 58,888
Special Milk Sales	0	0	1,573	1,573
A la Carte Sales	0	0	64,497	64,497
Receipts from Individual Schools	23,310	0	948	24,258
Total Charges for Current Services	$ 26,980	$ 0	$ 525,264	$ 552,244
Other Local Revenues				
Recurring Items				
Investment Income	$ 1,297	$ 0	$ 564	$ 1,861
Sale of Recycled Materials	0	0	163	163
E-Rate Funding	17,826	0	0	17,826
Commodity Rebates	0	0	5,541	5,541
Miscellaneous Refunds	72,271	0	25	72,296
Nonrecurring Items				
Sale of Equipment	1,101	0	0	1,101
Contributions and Gifts	23,350	0	0	23,350
Other Local Revenues				
Other Local Revenues	141	0	0	141
Total Other Local Revenues	$ 115,986	$ 0	$ 6,293	$ 122,279
State of Tennessee				
General Government Grants				
On-behalf Contributions for OPEB	$ 89,901	$ 0	$ 0	$ 89,901

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds: School Federal Projects	Special Revenue Funds: Central Cafeteria	Total
State of Tennessee (Cont.)				
State Education Funds				
Basic Education Program	$ 16,633,808	$ 0	$ 0	$ 16,633,808
Early Childhood Education	405,136	0	0	405,136
School Food Service	0	0	17,612	17,612
Driver Education	20,437	0	0	20,437
Other State Education Funds	155,714	0	0	155,714
Career Ladder Program	69,137	0	0	69,137
Other State Revenues				
Other State Grants	14,950	0	0	14,950
Total State of Tennessee	$ 17,389,083	$ 0	$ 17,612	$ 17,406,695
Federal Government				
Federal Through State				
USDA School Lunch Program	$ 0	$ 0	$ 827,972	$ 827,972
USDA - Commodities	0	0	123,600	123,600
Breakfast	0	0	357,357	357,357
USDA - Other	0	0	22,151	22,151
Vocational Education - Basic Grants to States	0	53,082	0	53,082
Title I Grants to Local Education Agencies	0	677,742	0	677,742
Special Education - Grants to States	19,979	621,392	0	641,371
Special Education Preschool Grants	0	22,541	0	22,541
Eisenhower Professional Development State Grants	0	98,153	0	98,153
Other Federal through State	353,307	78,988	0	432,295
Total Federal Government	$ 373,286	$ 1,551,898	$ 1,331,080	$ 3,256,264

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds School Federal Projects	Special Revenue Funds Central Cafeteria	Total
Other Governments and Citizens Groups				
Other Governments				
Contributions	$ 13,375	$ 0	$ 0	$ 13,375
Total Other Governments and Citizens Groups	$ 13,375	$ 0	$ 0	$ 13,375
Total	$ 23,194,914	$ 1,551,898	$ 1,880,249	$ 26,627,061

Exhibit K-7

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2017

General Fund				
General Government				
County Commission				
Other Salaries and Wages	$	400		
Board and Committee Members Fees		17,608		
Other Per Diem and Fees		5,800		
Social Security		1,798		
Audit Services		6,900		
Dues and Memberships		2,366		
Total County Commission			$	34,872
Board of Equalization				
Board and Committee Members Fees	$	2,150		
Total Board of Equalization				2,150
County Mayor/Executive				
County Official/Administrative Officer	$	78,226		
Salary Supplements		800		
Secretary(ies)		62,018		
Overtime Pay		7,292		
In-service Training		675		
Social Security		10,901		
Pensions		10,342		
Medical Insurance		3,168		
Communication		4,286		
Dues and Memberships		1,350		
Maintenance and Repair Services - Office Equipment		85		
Medical and Dental Services		20		
Travel		456		
Office Supplies		8,208		
Premiums on Corporate Surety Bonds		607		
Data Processing Equipment		8,314		
Office Equipment		858		
Total County Mayor/Executive				197,606
County Attorney				
County Official/Administrative Officer	$	30,281		
Total County Attorney				30,281
Election Commission				
County Official/Administrative Officer	$	58,699		
Clerical Personnel		29,066		
Custodial Personnel		8,512		
Part-time Personnel		10,514		
Overtime Pay		1,928		
Election Commission		4,800		
Election Workers		21,011		
Social Security		7,525		
Pensions		6,355		
Medical Insurance		3,168		

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
General Government (Cont.)		
Election Commission (Cont.)		
Advertising	$ 2,470	
Communication	2,689	
Data Processing Services	4,249	
Dues and Memberships	175	
Maintenance Agreements	12,545	
Postal Charges	1,669	
Printing, Stationery, and Forms	902	
Rentals	650	
Travel	1,962	
Office Supplies	2,952	
Other Supplies and Materials	2,464	
Data Processing Equipment	16,730	
Total Election Commission		$ 201,035
Register of Deeds		
County Official/Administrative Officer	$ 67,730	
Deputy(ies)	56,995	
Data Processing Personnel	5,167	
Social Security	8,920	
Pensions	8,739	
Medical Insurance	6,336	
Communication	2,991	
Dues and Memberships	486	
Operating Lease Payments	77	
Office Supplies	4,618	
Premiums on Corporate Surety Bonds	300	
Total Register of Deeds		162,359
Planning		
Other Per Diem and Fees	$ 75	
Social Security	6	
Dues and Memberships	13,438	
Total Planning		13,519
Codes Compliance		
County Official/Administrative Officer	$ 40,500	
Deputy(ies)	12,848	
In-service Training	273	
Social Security	4,076	
Pensions	2,896	
Advertising	161	
Communication	1,294	
Contracts with Government Agencies	35,025	
Contracts with Private Agencies	400	
Medical and Dental Services	15	
Postal Charges	328	
Printing, Stationery, and Forms	1,229	

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
General Government (Cont.)				
Codes Compliance (Cont.)				
Travel	$	152		
Gasoline		300		
Office Supplies		960		
Road Signs		8,708		
Uniforms		311		
Refunds		800		
Office Equipment		1,541		
Total Codes Compliance			$	111,817
County Buildings				
Deputy(ies)	$	123,301		
Overtime Pay		9,247		
Social Security		10,066		
Pensions		4,609		
Medical Insurance		8,052		
Communication		13,565		
Contracts with Private Agencies		7,146		
Contributions		500		
Engineering Services		608		
Maintenance and Repair Services - Buildings		96,930		
Maintenance and Repair Services - Equipment		4,659		
Maintenance and Repair Services - Vehicles		2,810		
Medical and Dental Services		90		
Rentals		8,519		
Custodial Supplies		4,211		
Gasoline		10,049		
Uniforms		969		
Utilities		246,136		
Other Supplies and Materials		2,435		
Motor Vehicles		25,875		
Total County Buildings				579,777
Finance				
Property Assessor's Office				
County Official/Administrative Officer	$	67,730		
Deputy(ies)		57,018		
Social Security		9,276		
Pensions		8,740		
Advertising		132		
Communication		3,440		
Contracts with Government Agencies		5,178		
Dues and Memberships		1,350		
Postal Charges		5,423		
Travel		6,226		
Other Contracted Services		5,064		
Office Supplies		819		
Premiums on Corporate Surety Bonds		150		
Total Property Assessor's Office				170,546

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Finance (Cont.)				
Reappraisal Program				
Deputy(ies)	$	13,520		
Social Security		1,034		
Contracts with Government Agencies		2,356		
Total Reappraisal Program			$	16,910
County Trustee's Office				
County Official/Administrative Officer	$	67,730		
Deputy(ies)		57,018		
In-service Training		250		
Social Security		8,904		
Pensions		8,740		
Communication		2,838		
Dues and Memberships		472		
Maintenance and Repair Services - Office Equipment		148		
Postal Charges		4,241		
Other Contracted Services		5,733		
Office Supplies		1,259		
Premiums on Corporate Surety Bonds		1,985		
Data Processing Equipment		6,000		
Office Equipment		660		
Other Equipment		1,951		
Total County Trustee's Office				167,929
County Clerk's Office				
County Official/Administrative Officer	$	67,730		
Deputy(ies)		112,687		
Part-time Personnel		8,823		
Overtime Pay		2,006		
In-service Training		2,510		
Social Security		14,040		
Pensions		11,077		
Medical Insurance		6,204		
Advertising		19		
Communication		4,991		
Dues and Memberships		572		
Operating Lease Payments		912		
Medical and Dental Services		20		
Postal Charges		2,265		
Printing, Stationery, and Forms		55		
Office Supplies		4,852		
Premiums on Corporate Surety Bonds		675		
Data Processing Equipment		15,471		
Total County Clerk's Office				254,909
Administration of Justice				
Circuit Court				
County Official/Administrative Officer	$	67,730		

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Administration of Justice (Cont.)		
Circuit Court (Cont.)		
Deputy(ies)	$ 141,179	
Overtime Pay	1,428	
Jury and Witness Expense	8,056	
Social Security	15,532	
Pensions	14,860	
Medical Insurance	6,336	
Communication	3,440	
Dues and Memberships	472	
Operating Lease Payments	1,828	
Postal Charges	1,940	
Other Contracted Services	60	
Office Supplies	10,982	
Premiums on Corporate Surety Bonds	850	
Data Processing Equipment	12,292	
Total Circuit Court		$ 286,985
General Sessions Judge		
Judge(s)	$ 99,013	
In-service Training	859	
Social Security	7,574	
Pensions	7,080	
Communication	920	
Contracts with Private Agencies	225	
Dues and Memberships	150	
Travel	368	
Other Contracted Services	4,207	
Food Supplies	5,737	
Office Supplies	113	
Other Supplies and Materials	555	
Other Equipment	6,326	
Total General Sessions Judge		133,127
Drug Court		
Supervisor/Director	$ 25,589	
Accountants/Bookkeepers	1,500	
Part-time Personnel	11,067	
Social Security	2,787	
Pensions	1,853	
Medical Insurance	2,640	
Communication	842	
Fiscal Agent Charges	6,984	
Travel	1,528	
Drugs and Medical Supplies	2,866	
Office Supplies	705	
Total Drug Court		58,361

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Administration of Justice (Cont.)		
Chancery Court		
County Official/Administrative Officer	$ 67,730	
Deputy(ies)	29,066	
Social Security	6,895	
Pensions	4,663	
Medical Insurance	6,336	
Communication	1,720	
Dues and Memberships	472	
Operating Lease Payments	221	
Library Books/Media	359	
Office Supplies	2,721	
Premiums on Corporate Surety Bonds	708	
Data Processing Equipment	4,335	
Total Chancery Court		$ 125,226
Judicial Commissioners		
County Official/Administrative Officer	$ 17,949	
Other Salaries and Wages	3,200	
In-service Training	225	
Social Security	1,614	
Pensions	75	
Communication	137	
Total Judicial Commissioners		23,200
Other Administration of Justice		
Contracts with Private Agencies	$ 7,485	
Total Other Administration of Justice		7,485
Public Safety		
Sheriff's Department		
County Official/Administrative Officer	$ 74,502	
Deputy(ies)	318,300	
Detective(s)	77,858	
Captain(s)	51,750	
Lieutenant(s)	89,610	
Sergeant(s)	232,852	
Paraprofessionals	36,088	
Salary Supplements	16,800	
Dispatchers/Radio Operators	125,790	
Guards	98,215	
Clerical Personnel	32,250	
Attendants	33,244	
Custodial Personnel	24,294	
Maintenance Personnel	28,940	
School Resource Officer	125,472	
Overtime Pay	80,254	
Other Salaries and Wages	35,482	
In-service Training	14,922	

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Sheriff's Department (Cont.)		
Social Security	$ 108,268	
Pensions	99,693	
Medical Insurance	68,386	
Communication	24,282	
Dues and Memberships	1,500	
Operating Lease Payments	7,676	
Maintenance and Repair Services - Vehicles	45,006	
Medical and Dental Services	3,140	
Travel	299	
Animal Food and Supplies	155	
Gasoline	66,050	
Office Supplies	22,232	
Uniforms	20,722	
Other Supplies and Materials	4,622	
Premiums on Corporate Surety Bonds	600	
Refunds	14,077	
Other Charges	2,496	
Motor Vehicles	191,000	
Other Equipment	33,763	
Total Sheriff's Department		$ 2,210,590
Traffic Control		
Traffic Control Equipment	$ 782	
Total Traffic Control		782
Jail		
Cafeteria Personnel	$ 26,059	
Overtime Pay	1,838	
Social Security	1,983	
Pensions	1,995	
Medical Insurance	3,081	
Medical and Dental Services	185,743	
Other Contracted Services	6,243	
Custodial Supplies	22,741	
Food Supplies	159,903	
Other Supplies and Materials	9,993	
Total Jail		419,579
Correctional Incentive Program Improvements		
Supervisor/Director	$ 39,877	
Deputy(ies)	563,986	
Overtime Pay	30,648	
Social Security	46,117	
Pensions	31,069	
Medical Insurance	44,744	
Total Correctional Incentive Program Improvements		756,441

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Public Safety (Cont.)				
Juvenile Services				
Youth Service Officer(s)	$	29,613		
Part-time Personnel		10,840		
Overtime Pay		734		
In-service Training		155		
Social Security		3,130		
Pensions		2,170		
Communication		1,143		
Other Contracted Services		4,500		
Drugs and Medical Supplies		622		
Office Supplies		400		
Total Juvenile Services			$	53,307
Fire Prevention and Control				
Deputy(ies)	$	13,244		
In-service Training		1,669		
Social Security		1,013		
Advertising		77		
Maintenance and Repair Services - Equipment		2,707		
Maintenance and Repair Services - Vehicles		7,240		
Medical and Dental Services		285		
Rentals		17,130		
Other Contracted Services		88,380		
Gasoline		3,038		
Office Supplies		181		
Utilities		11,741		
Other Charges		4,766		
Other Equipment		11,462		
Total Fire Prevention and Control				162,933
Rescue Squad				
Contributions	$	30,000		
Total Rescue Squad				30,000
Other Emergency Management				
Supervisor/Director	$	17,666		
Social Security		1,351		
Communication		4,596		
Maintenance and Repair Services - Vehicles		3,519		
Other Contracted Services		825		
Gasoline		2,586		
Office Supplies		116		
Uniforms		643		
Utilities		784		
Other Supplies and Materials		346		
Motor Vehicles		35,000		
Other Equipment		10,854		
Total Other Emergency Management				78,286

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Public Safety (Cont.)				
Inspection and Regulation				
Supervisor/Director	$	2,400		
Social Security		184		
Pensions		172		
Total Inspection and Regulation			$	2,756
County Coroner/Medical Examiner				
Other Contracted Services	$	53,100		
Total County Coroner/Medical Examiner				53,100
Public Safety Grants Program				
Accountants/Bookkeepers	$	3,091		
Social Security		236		
Pensions		221		
Advertising		8,257		
Dues and Memberships		144		
Maintenance and Repair Services - Equipment		100		
Postal Charges		69		
Printing, Stationery, and Forms		1,153		
Travel		3,779		
Other Contracted Services		53,728		
Instructional Supplies and Materials		1,502		
Office Supplies		1,717		
Total Public Safety Grants Program				73,997
Other Public Safety				
Deputy(ies)	$	14,080		
Dispatchers/Radio Operators		195,867		
Longevity Pay		5,383		
Overtime Pay		20,293		
Social Security		16,726		
Pensions		16,056		
Medical Insurance		13,728		
Other Equipment		48,000		
Total Other Public Safety				330,133
Public Health and Welfare				
Local Health Center				
Communication	$	3,972		
Dues and Memberships		200		
Maintenance and Repair Services - Buildings		1,280		
Custodial Supplies		663		
Drugs and Medical Supplies		898		
Office Supplies		1,109		
Uniforms		264		
Utilities		17,144		
Other Supplies and Materials		631		
Total Local Health Center				26,161

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Public Health and Welfare (Cont.)		
Ambulance/Emergency Medical Services		
Medical Personnel	$ 608,995	
Longevity Pay	4,180	
Overtime Pay	333,706	
In-service Training	10,120	
Social Security	69,880	
Pensions	57,874	
Medical Insurance	37,760	
Communication	14,918	
Operating Lease Payments	2,882	
Licenses	3,279	
Maintenance and Repair Services - Equipment	3,725	
Maintenance and Repair Services - Vehicles	50,665	
Medical and Dental Services	610	
Printing, Stationery, and Forms	290	
Other Contracted Services	7,470	
Custodial Supplies	1,556	
Drugs and Medical Supplies	62,435	
Gasoline	51,041	
Office Supplies	3,470	
Uniforms	20,517	
Utilities	17,824	
Other Supplies and Materials	11,437	
Building and Contents Insurance	5,117	
Liability Insurance	1,166	
Premiums on Corporate Surety Bonds	200	
Refunds	2,683	
Vehicle and Equipment Insurance	12,758	
Workers' Compensation Insurance	83,101	
Building Improvements	10,181	
Data Processing Equipment	2,916	
Motor Vehicles	99,815	
Other Equipment	310,922	
Total Ambulance/Emergency Medical Services		$ 1,903,493
Alcohol and Drug Programs		
Part-time Personnel	$ 1,612	
In-service Training	3,181	
Contracts with Private Agencies	2,700	
Food Supplies	212	
Instructional Supplies and Materials	3,389	
Total Alcohol and Drug Programs		11,094
Other Local Health Services		
Supervisor/Director	$ 30,500	
Other Salaries and Wages	12,679	
Social Security	3,162	
Pensions	2,181	

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Public Health and Welfare (Cont.)				
Other Local Health Services (Cont.)				
Medical Insurance	$	3,168		
Advertising		255		
Communication		2,006		
Contributions		8,833		
Medical and Dental Services		50		
Rentals		1,823		
Instructional Supplies and Materials		62		
Office Supplies		369		
Uniforms		196		
Utilities		9,021		
Other Equipment		13,811		
Total Other Local Health Services			$	88,116
Appropriation to State				
Contracts with Government Agencies	$	12,952		
Total Appropriation to State				12,952
General Welfare Assistance				
Advertising	$	13,335		
Communication		1,294		
Maintenance and Repair Services - Equipment		335		
Printing, Stationery, and Forms		2,989		
Travel		3,000		
Other Contracted Services		36,281		
Office Supplies		2,457		
Total General Welfare Assistance				59,691
Other Local Welfare Services				
Contributions	$	13,724		
Total Other Local Welfare Services				13,724
Waste Pickup				
Supervisor/Director	$	15,683		
Social Security		1,200		
Pensions		81		
Maintenance and Repair Services - Vehicles		400		
Custodial Supplies		1,050		
Gasoline		3,335		
Instructional Supplies and Materials		8,735		
Other Supplies and Materials		1,243		
Total Waste Pickup				31,727
Other Public Health and Welfare				
Accountants/Bookkeepers	$	511		
Part-time Personnel		13,173		
Other Salaries and Wages		29,640		
Social Security		3,036		

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Public Health and Welfare (Cont.)				
Other Public Health and Welfare (Cont.)				
Pensions	$	1,765		
Medical Insurance		3,168		
Maintenance and Repair Services - Buildings		2,168		
Printing, Stationery, and Forms		718		
Travel		7,636		
Other Contracted Services		18,144		
Office Supplies		1,987		
Total Other Public Health and Welfare			$	81,946
Social, Cultural, and Recreational Services				
Senior Citizens Assistance				
Supervisor/Director	$	29,066		
Other Salaries and Wages		8,607		
In-service Training		30		
Social Security		2,511		
Pensions		2,078		
Medical Insurance		3,168		
Communication		186		
Financial Advisory Services		721		
Travel		395		
Office Supplies		998		
Utilities		9,334		
Other Supplies and Materials		444		
Office Equipment		693		
Total Senior Citizens Assistance				58,231
Libraries				
County Official/Administrative Officer	$	34,000		
Other Salaries and Wages		40,827		
Social Security		5,648		
Pensions		2,431		
Communication		3,498		
Data Processing Services		1,401		
Dues and Memberships		45		
Operating Lease Payments		123		
Maintenance and Repair Services - Office Equipment		32		
Medical and Dental Services		30		
Postal Charges		196		
Travel		394		
Custodial Supplies		300		
Data Processing Supplies		146		
Library Books/Media		18,758		
Office Supplies		2,804		
Periodicals		98		
Utilities		2,650		
Other Supplies and Materials		2,660		
Data Processing Equipment		3,003		
Office Equipment		861		
Total Libraries				119,905

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Social, Cultural, and Recreational Services (Cont.)				
Parks and Fair Boards				
Communication	$	1,213		
Contracts with Government Agencies		8,400		
Travel		1,258		
Other Supplies and Materials		2,350		
Building Improvements		144,596		
Other Equipment		5,584		
Total Parks and Fair Boards			$	163,401
Other Social, Cultural, and Recreational				
Advertising	$	55		
Other Supplies and Materials		3,999		
Site Development		123,848		
Total Other Social, Cultural, and Recreational				127,902
Agriculture and Natural Resources				
Agricultural Extension Service				
Assistant(s)	$	3,500		
Salary Supplements		28,262		
Secretary(ies)		6,601		
Longevity Pay		197		
Social Security		2,743		
Pensions		4,737		
Medical Insurance		4,217		
Unemployment Compensation		9		
Communication		3,360		
Rentals		7,140		
Travel		639		
Other Supplies and Materials		957		
Workers' Compensation Insurance		45		
Total Agricultural Extension Service				62,407
Soil Conservation				
Other Contracted Services	$	11,000		
Total Soil Conservation				11,000
Other Agriculture and Natural Resources				
Maintenance and Repair Services - Buildings	$	37,431		
Custodial Supplies		2,256		
Utilities		25,501		
Refunds		1,100		
Total Other Agriculture and Natural Resources				66,288
Other Operations				
Tourism				
Contracts with Private Agencies	$	662		
Maintenance Agreements		200		
Office Supplies		3,280		
Total Tourism				4,142

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Other Operations (Cont.)				
Industrial Development				
Engineering Services	$	7,500		
Other Contracted Services		1,000		
Office Supplies		150		
Other Charges		1,900		
Total Industrial Development			$	10,550
Housing and Urban Development				
Land	$	64,281		
Total Housing and Urban Development				64,281
Other Economic and Community Development				
Contributions	$	42,867		
Total Other Economic and Community Development				42,867
Veterans' Services				
Supervisor/Director	$	10,953		
Social Security		838		
Communication		825		
Data Processing Services		399		
Office Supplies		50		
Office Equipment		260		
Total Veterans' Services				13,325
Other Charges				
Building and Contents Insurance	$	45,448		
Liability Insurance		99,606		
Vehicle and Equipment Insurance		52,616		
Workers' Compensation Insurance		77,482		
Other Charges		3,000		
Total Other Charges				278,152
Employee Benefits				
Longevity Pay	$	30,376		
Social Security		2,352		
Pensions		2,199		
Life Insurance		5,865		
Unemployment Compensation		10,351		
Total Employee Benefits				51,143
Miscellaneous				
Other Salaries and Wages	$	152,863		
Social Security		13,276		
Pensions		10,841		
Bank Charges		90		
Contributions		95,307		
Dues and Memberships		3,008		
Penalties		841		

(Continued)

Exhibit K-7

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

General Fund (Cont.)			
Other Operations (Cont.)			
Miscellaneous (Cont.)			
Food Supplies	$ 1,255		
Other Supplies and Materials	3,330		
Premiums on Corporate Surety Bonds	300		
Refunds	320		
Trustee's Commission	107,354		
Tax Relief Program	34,639		
Total Miscellaneous		$ 423,424	
Principal on Debt			
General Government			
Principal on Bonds	$ 56,411		
Principal on Notes	152,003		
Total General Government		208,414	
Interest on Debt			
General Government			
Interest on Bonds	$ 39,689		
Interest on Notes	6,642		
Total General Government		46,331	
Total General Fund			$ 10,730,665
Drug Control Fund			
Public Safety			
Sheriff's Department			
Instructional Supplies and Materials	$ 3,889		
Other Charges	4,851		
Law Enforcement Equipment	7,784		
Motor Vehicles	15,000		
Total Sheriff's Department		$ 31,524	
Drug Enforcement			
Trustee's Commission	$ 237		
Total Drug Enforcement		237	
Total Drug Control Fund			31,761
Highway/Public Works Fund			
Highways			
Administration			
County Official/Administrative Officer	$ 71,743		
Accountants/Bookkeepers	40,700		
Overtime Pay	4,260		
Other Salaries and Wages	56,324		
Advertising	911		
Communication	7,699		
Data Processing Services	9,778		

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)		
Highways (Cont.)		
Administration (Cont.)		
Dues and Memberships	$ 3,636	
Maintenance and Repair Services - Office Equipment	80	
Postal Charges	476	
Printing, Stationery, and Forms	269	
Drugs and Medical Supplies	190	
Electricity	4,970	
Natural Gas	917	
Office Supplies	5,397	
Water and Sewer	338	
Other Charges	4,170	
Data Processing Equipment	10,254	
Total Administration		$ 222,112
Highway and Bridge Maintenance		
Foremen	$ 65,033	
Equipment Operators	81,965	
Truck Drivers	145,224	
Laborers	164,370	
Overtime Pay	172	
Rentals	47,036	
Other Contracted Services	296,435	
Asphalt - Cold Mix	87,741	
Asphalt - Hot Mix	190	
Asphalt - Liquid	103,567	
Concrete	3,781	
Crushed Stone	113,105	
Other Road Materials	1,358	
Pipe	55,728	
Road Signs	1,417	
Wood Products	8,960	
Other Charges	574	
Highway Equipment	65,300	
Total Highway and Bridge Maintenance		1,241,956
Operation and Maintenance of Equipment		
Mechanic(s)	$ 43,626	
Towing Services	1,400	
Custodial Supplies	3,068	
Diesel Fuel	39,969	
Equipment and Machinery Parts	35,982	
Garage Supplies	4,039	
Gasoline	30,121	
Lubricants	3,665	
Small Tools	2,783	
Tires and Tubes	16,539	
Vehicle Parts	52,581	
Other Supplies and Materials	198	
Total Operation and Maintenance of Equipment		233,971

(Continued)

Exhibit K-7

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	3,823		
Liability Insurance	2,546		
Trustee's Commission	22,756		
Vehicle and Equipment Insurance	10,382		
Workers' Compensation Insurance	54,405		
Total Other Charges		$ 94,012	
Employee Benefits			
Social Security	$ 51,415		
Pensions	44,436		
Employee and Dependent Insurance	316,546		
Unemployment Compensation	6,343		
Total Employee Benefits		418,740	
Capital Outlay			
Bridge Construction	$ 206,986		
Highway Equipment	20,000		
State Aid Projects	484,452		
Total Capital Outlay		711,438	
Principal on Debt			
Highways and Streets			
Principal on Notes	$ 66,667		
Principal on Capital Leases	11,107		
Total Highways and Streets		77,774	
Interest on Debt			
Highways and Streets			
Interest on Notes	$ 3,281		
Interest on Capital Leases	2,615		
Total Highways and Streets		5,896	
Total Highway/Public Works Fund			$ 3,005,899
General Debt Service Fund			
Principal on Debt			
General Government			
Principal on Bonds	$ 726,055		
Principal on Notes	370,140		
Principal on Other Loans	128,710		
Total General Government		$ 1,224,905	
Interest on Debt			
General Government			
Interest on Bonds	$ 231,748		
Interest on Notes	22,764		

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)			
Interest on Debt (Cont.)			
General Government (Cont.)			
Interest on Other Loans	$ 12,592		
Total General Government		$ 267,104	
Other Debt Service			
General Government			
Trustee's Commission	$ 15,300		
Other Debt Service	11,459		
Total General Government		26,759	
Total General Debt Service Fund			$ 1,518,768
Education Debt Service Fund			
Principal on Debt			
Education			
Principal on Bonds	$ 1,400,000		
Total Education		$ 1,400,000	
Interest on Debt			
Education			
Interest on Bonds	$ 283,300		
Total Education		283,300	
Other Debt Service			
Education			
Bank Charges	$ 500		
Trustee's Commission	24,649		
Total Education		25,149	
Total Education Debt Service Fund			1,708,449
Total Governmental Funds - Primary Government			$ 16,995,542

Exhibit K-8

Smith County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Smith County School Department
For the Year Ended June 30, 2017

General Purpose School Fund		
Instruction		
Regular Instruction Program		
Teachers	$ 7,019,383	
Career Ladder Program	44,600	
Career Ladder Extended Contracts	5,581	
Educational Assistants	400,308	
Bonus Payments	43,950	
Other Salaries and Wages	71,637	
Certified Substitute Teachers	67,114	
Non-certified Substitute Teachers	93,798	
Social Security	448,967	
Pensions	627,220	
Medical Insurance	1,399,099	
Local Retirement	45,509	
Employer Medicare	105,638	
Maintenance and Repair Services - Equipment	1,560	
Other Contracted Services	27,061	
Instructional Supplies and Materials	96,682	
Textbooks - Bound	316,949	
Other Supplies and Materials	3,676	
Fee Waivers	16,966	
Other Charges	2,789	
Regular Instruction Equipment	111,114	
Total Regular Instruction Program		$ 10,949,601
Alternative Instruction Program		
Teachers	$ 49,907	
Social Security	2,664	
Pensions	4,512	
Medical Insurance	11,557	
Employer Medicare	623	
Other Supplies and Materials	125	
Total Alternative Instruction Program		69,388
Special Education Program		
Teachers	$ 787,342	
Career Ladder Program	5,000	
Career Ladder Extended Contracts	3,727	
Educational Assistants	190,443	
Speech Pathologist	44,497	
Bonus Payments	5,400	
Certified Substitute Teachers	130	
Non-certified Substitute Teachers	163	
Social Security	60,782	
Pensions	83,770	
Medical Insurance	163,795	
Local Retirement	3,606	
Employer Medicare	14,317	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Instruction (Cont.)		
Special Education Program (Cont.)		
Contracts with Private Agencies	$ 792	
Other Contracted Services	36,141	
Instructional Supplies and Materials	11,153	
Other Supplies and Materials	2,304	
Other Charges	951	
Special Education Equipment	53,668	
Total Special Education Program		$ 1,467,981
Career and Technical Education Program		
Teachers	$ 512,930	
Career Ladder Program	1,100	
Bonus Payments	3,300	
Certified Substitute Teachers	5,948	
Non-certified Substitute Teachers	2,915	
Social Security	30,585	
Pensions	41,498	
Medical Insurance	102,105	
Local Retirement	4,520	
Employer Medicare	7,273	
Instructional Supplies and Materials	7,440	
Other Charges	2,877	
Total Career and Technical Education Program		722,491
Support Services		
Attendance		
Supervisor/Director	$ 56,878	
Social Workers	39,030	
Social Security	5,470	
Pensions	8,670	
Medical Insurance	18,585	
Employer Medicare	1,279	
Travel	853	
Other Contracted Services	8,626	
Other Supplies and Materials	731	
In Service/Staff Development	1,342	
Attendance Equipment	5,646	
Total Attendance		147,110
Health Services		
Supervisor/Director	$ 49,966	
Medical Personnel	83,433	
Other Salaries and Wages	17,818	
Social Security	8,893	
Pensions	13,265	
Medical Insurance	32,866	
Employer Medicare	2,080	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Health Services (Cont.)		
Travel	$ 12,894	
Drugs and Medical Supplies	209	
Other Supplies and Materials	9,790	
In Service/Staff Development	542	
Health Equipment	1,057	
Total Health Services		$ 232,813
Other Student Support		
Career Ladder Program	$ 1,000	
Guidance Personnel	253,832	
Career Ladder Extended Contracts	1,000	
Other Salaries and Wages	4,912	
Social Security	15,091	
Pensions	19,850	
Medical Insurance	52,100	
Local Retirement	3,251	
Employer Medicare	3,529	
Contracts with Government Agencies	168,158	
Evaluation and Testing	15,505	
Other Supplies and Materials	695	
Other Charges	135	
Other Equipment	17,290	
Total Other Student Support		556,348
Regular Instruction Program		
Supervisor/Director	$ 70,596	
Career Ladder Program	4,000	
Career Ladder Extended Contracts	500	
Librarians	238,470	
Instructional Computer Personnel	103,957	
Other Salaries and Wages	29,232	
Social Security	23,771	
Pensions	34,638	
Medical Insurance	63,825	
Employer Medicare	6,253	
Travel	8,726	
Other Contracted Services	19,500	
Library Books/Media	2,250	
Other Supplies and Materials	291	
In Service/Staff Development	14,748	
Other Charges	190	
Other Equipment	172	
Total Regular Instruction Program		621,119
Special Education Program		
Supervisor/Director	$ 64,380	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Special Education Program (Cont.)		
Psychological Personnel	$ 57,008	
Social Security	6,622	
Pensions	10,974	
Medical Insurance	23,573	
Employer Medicare	1,549	
Communication	456	
Contracts with Private Agencies	3,485	
Travel	3,661	
Other Supplies and Materials	1,101	
In Service/Staff Development	9,134	
Other Equipment	11,592	
Total Special Education Program		$ 193,535
Career and Technical Education Program		
Supervisor/Director	$ 18,754	
Social Security	1,186	
Pensions	1,722	
Medical Insurance	1,690	
Employer Medicare	277	
Travel	86	
In Service/Staff Development	47	
Total Career and Technical Education Program		23,762
Technology		
Internet Connectivity	$ 37,188	
Total Technology		37,188
Other Programs		
On-behalf Payments to OPEB	$ 89,901	
Total Other Programs		89,901
Board of Education		
Secretary to Board	$ 1,087	
Board and Committee Members Fees	13,000	
Social Security	869	
Pensions	98	
Unemployment Compensation	5,909	
Employer Medicare	203	
Audit Services	7,500	
Contracts with Government Agencies	3,906	
Contracts with Private Agencies	7,796	
Dues and Memberships	8,967	
Legal Services	39,545	
Other Contracted Services	11,009	
Liability Insurance	74,768	
Premiums on Corporate Surety Bonds	320	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Board of Education (Cont.)		
Trustee's Commission	$ 114,722	
Workers' Compensation Insurance	151,297	
Refund to Applicant for Criminal Investigation	2,718	
Other Charges	4,210	
Total Board of Education		$ 447,924
Director of Schools		
County Official/Administrative Officer	$ 125,000	
Career Ladder Program	1,000	
Social Security	6,660	
Pensions	11,390	
Employer Medicare	1,541	
Communication	10,551	
Dues and Memberships	1,861	
Travel	3,443	
In Service/Staff Development	1,285	
Other Charges	549	
Administration Equipment	508	
Total Director of Schools		163,788
Office of the Principal		
Principals	$ 508,719	
Career Ladder Program	5,000	
Accountants/Bookkeepers	108,283	
Assistant Principals	412,834	
Clerical Personnel	67,188	
Social Security	65,939	
Pensions	96,307	
Medical Insurance	125,538	
Employer Medicare	15,421	
Communication	5,587	
Dues and Memberships	4,125	
Other Charges	2,960	
Total Office of the Principal		1,417,901
Fiscal Services		
Supervisor/Director	$ 34,268	
Accountants/Bookkeepers	135,827	
Clerical Personnel	69,874	
Social Security	12,146	
Pensions	14,707	
Medical Insurance	40,487	
Employer Medicare	3,338	
Data Processing Services	13,121	
Maintenance and Repair Services - Office Equipment	4,100	
Travel	519	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Fiscal Services (Cont.)		
Office Supplies	$ 5,582	
In Service/Staff Development	2,545	
Administration Equipment	4,276	
Total Fiscal Services		$ 340,790
Operation of Plant		
Custodial Personnel	$ 285,966	
Other Salaries and Wages	15,062	
Social Security	17,865	
Pensions	18,650	
Medical Insurance	1,014	
Employer Medicare	4,178	
Contracts with Government Agencies	5,517	
Contracts with Private Agencies	164,194	
Maintenance and Repair Services - Equipment	10,540	
Pest Control	4,825	
Other Contracted Services	26,824	
Custodial Supplies	54,424	
Electricity	685,482	
Natural Gas	36,611	
Water and Sewer	68,879	
Other Supplies and Materials	10,276	
Building and Contents Insurance	63,844	
Other Charges	1,841	
Plant Operation Equipment	77,303	
Total Operation of Plant		1,553,295
Maintenance of Plant		
Supervisor/Director	$ 62,004	
Maintenance Personnel	191,568	
Other Salaries and Wages	10,235	
Social Security	16,317	
Pensions	20,228	
Medical Insurance	40,943	
Employer Medicare	3,833	
Contracts with Private Agencies	7,923	
Laundry Service	4,932	
Maintenance and Repair Services - Buildings	35,795	
Maintenance and Repair Services - Equipment	56,270	
Other Contracted Services	7,486	
Other Supplies and Materials	58,890	
Maintenance Equipment	35,436	
Total Maintenance of Plant		551,860
Transportation		
Supervisor/Director	$ 45,326	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Transportation (Cont.)		
Mechanic(s)	$ 107,707	
Bus Drivers	387,891	
Educational Assistants	39,365	
Other Salaries and Wages	21,461	
Social Security	34,474	
Pensions	34,193	
Medical Insurance	37,931	
Employer Medicare	8,622	
Contracts with Government Agencies	1,582	
Contracts with Private Agencies	11,822	
Laundry Service	2,938	
Maintenance and Repair Services - Vehicles	4,212	
Medical and Dental Services	4,160	
Towing Services	1,850	
Travel	1,391	
Diesel Fuel	89,224	
Equipment and Machinery Parts	500	
Garage Supplies	2,790	
Gasoline	15,096	
Lubricants	6,886	
Tires and Tubes	17,204	
Vehicle Parts	56,832	
Gravel and Chert	1,886	
Other Supplies and Materials	2,410	
Vehicle and Equipment Insurance	29,787	
Other Charges	1,040	
Administration Equipment	56	
Transportation Equipment	94,697	
Total Transportation		$ 1,063,333
Operation of Non-Instructional Services		
Food Service		
Career Ladder Program	$ 1,000	
Social Security	62	
Pensions	90	
Employer Medicare	15	
Total Food Service		1,167
Community Services		
Supervisor/Director	$ 134,658	
Teachers	116,932	
Educational Assistants	35,111	
Other Salaries and Wages	38,067	
Social Security	19,558	
Pensions	24,113	
Medical Insurance	11,731	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)			
Operation of Non-Instructional Services (Cont.)			
Community Services (Cont.)			
Local Retirement	$ 1,129		
Employer Medicare	4,585		
Maintenance and Repair Services - Equipment	2,094		
Travel	846		
Food Supplies	283		
Instructional Supplies and Materials	6,607		
Other Supplies and Materials	5,594		
In Service/Staff Development	1,277		
Other Charges	789		
Total Community Services		$ 403,374	
Early Childhood Education			
Supervisor/Director	$ 51,625		
Teachers	182,463		
Educational Assistants	53,488		
Certified Substitute Teachers	98		
Social Security	16,904		
Pensions	24,966		
Medical Insurance	43,610		
Employer Medicare	3,953		
Travel	927		
Instructional Supplies and Materials	5,199		
Other Supplies and Materials	25,033		
In Service/Staff Development	845		
Other Equipment	3,803		
Total Early Childhood Education		412,914	
Capital Outlay			
Regular Capital Outlay			
Other Capital Outlay	$ 14,900		
Total Regular Capital Outlay		14,900	
Principal on Debt			
Education			
Debt Service Contribution to Primary Government	$ 296,000		
Total Education		296,000	
Total General Purpose School Fund			$ 21,778,483
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Supervisor/Director	$ 4,130		
Teachers	298,473		
Educational Assistants	44,896		
Other Salaries and Wages	847		

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)		
Instruction (Cont.)		
Regular Instruction Program (Cont.)		
Certified Substitute Teachers	$ 240	
Social Security	20,755	
Pensions	28,355	
Medical Insurance	48,298	
Unemployment Compensation	595	
Local Retirement	1,732	
Employer Medicare	4,855	
Maintenance and Repair Services - Equipment	7,299	
Other Contracted Services	20,053	
Instructional Supplies and Materials	31,927	
Regular Instruction Equipment	63,621	
Total Regular Instruction Program		$ 576,076
Special Education Program		
Educational Assistants	$ 200,935	
Speech Pathologist	96,329	
Social Security	18,165	
Pensions	22,484	
Medical Insurance	14,448	
Unemployment Compensation	1,090	
Employer Medicare	4,248	
Other Contracted Services	51,280	
Instructional Supplies and Materials	8,833	
Textbooks - Bound	47,600	
Other Supplies and Materials	12,314	
Special Education Equipment	36,425	
Total Special Education Program		514,151
Career and Technical Education Program		
Instructional Supplies and Materials	$ 7,818	
Vocational Instruction Equipment	24,615	
Total Career and Technical Education Program		32,433
Support Services		
Other Student Support		
Bus Drivers	$ 556	
Social Security	27	
Pensions	28	
Employer Medicare	6	
Travel	14,116	
In Service/Staff Development	3,454	
Other Charges	7,246	
Total Other Student Support		25,433
Regular Instruction Program		
Supervisor/Director	$ 57,803	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)			
Support Services (Cont.)			
Regular Instruction Program (Cont.)			
Other Salaries and Wages	$ 100,233		
Social Security	8,576		
Pensions	14,287		
Medical Insurance	32,413		
Unemployment Compensation	99		
Employer Medicare	2,006		
Travel	790		
Food Supplies	8,281		
Other Supplies and Materials	672		
In Service/Staff Development	35,826		
Total Regular Instruction Program		$ 260,986	
Special Education Program			
Supervisor/Director	$ 13,068		
Clerical Personnel	21,591		
Social Security	1,310		
Pensions	1,557		
Medical Insurance	23,832		
Unemployment Compensation	99		
Employer Medicare	460		
Travel	12,084		
Other Supplies and Materials	6,831		
In Service/Staff Development	23,077		
Total Special Education Program		103,909	
Career and Technical Education Program			
Travel	$ 1,095		
In Service/Staff Development	994		
Total Career and Technical Education Program		2,089	
Transportation			
Bus Drivers	$ 19,784		
Other Salaries and Wages	6,923		
Social Security	1,580		
Pensions	1,910		
Employer Medicare	370		
Contracts with Parents	2,374		
Total Transportation		32,941	
Total School Federal Projects Fund			$ 1,548,018
Central Cafeteria Fund			
Operation of Non-Instructional Services			
Food Service			
Supervisor/Director	$ 56,010		
Accountants/Bookkeepers	38,384		

(Continued)

Exhibit K-8

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

Central Cafeteria Fund (Cont.)			
Operation of Non-Instructional Services (Cont.)			
Food Service (Cont.)			
Clerical Personnel	$ 26,892		
Cafeteria Personnel	566,448		
Other Salaries and Wages	826		
Social Security	41,973		
Pensions	43,342		
Medical Insurance	13,432		
Unemployment Compensation	310		
Employer Medicare	9,920		
Communication	3,392		
Legal Notices, Recording, and Court Costs	48		
Maintenance and Repair Services - Equipment	8,967		
Pest Control	1,836		
Printing, Stationery, and Forms	544		
Travel	1,460		
Other Contracted Services	10,689		
Data Processing Supplies	3,220		
Equipment and Machinery Parts	7,382		
Food Supplies	776,347		
Office Supplies	1,247		
Uniforms	877		
USDA - Commodities	119,000		
Other Supplies and Materials	63,149		
In Service/Staff Development	2,077		
Refund to Applicant for Criminal Investigation	397		
Food Service Equipment	18,572		
Total Food Service		$ 1,816,741	
Total Central Cafeteria Fund			$ 1,816,741
Total Governmental Funds - Smith County School Department			$ 25,143,242

Exhibit K-9

Smith County, Tennessee
Schedule of Detailed Revenues and Expenses
Proprietary Fund
For the Year Ended June 30, 2017

	Major Enterprise Fund
	Solid Waste Disposal
Revenues	
Operating Revenues	
Licenses and Permits	
Other Permits	$ 960
Charges for Current Services	
Tipping Fees	3,839,565
Surcharge - Waste Tire Disposal	4,267
Other Local Revenues	
Recurring Items	
Lease/Rentals	9,060
Sale of Recycled Materials	21,115
Total Operating Revenues	$ 3,874,967
Total Revenues	$ 3,874,967
Expenses	
Operating Expenses	
Waste Pickup	
Overtime Pay	$ 1,522
Other Salaries and Wages	56,172
Social Security	4,313
Medical Insurance	2,112
Communication	731
Maintenance and Repair Services - Equipment	33,475
Medical and Dental Services	6,500
Gasoline	28,672
Other Supplies and Materials	35
Convenience Centers	
Other Salaries and Wages	144,499
Social Security	10,878
Communication	4,607
Maintenance and Repair Services - Buildings	1,800
Maintenance and Repair Services - Equipment	969
Rentals	2,000
Utilities	7,374
Other Supplies and Materials	1,498
Site Development	1,625
Other Equipment	17,279
Other Waste Collection	
Other Contracted Services	14,697

(Continued)

Exhibit K-9

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

	Major Enterprise Fund Solid Waste Disposal
Expenses (Cont.)	
Operating Expenses (Cont.)	
Landfill Operation and Maintenance	
Supervisor/Director	$ 45,000
Salary Supplements	400
Longevity Pay	2,843
Overtime Pay	28,971
Other Salaries and Wages	382,727
In-Service Training	1,333
Social Security	33,038
Pensions	7,570
Medical Insurance	23,905
Advertising	409
Communication	3,379
Contracts with Private Agencies	43,922
Engineering Services	38,798
Maintenance and Repair Services - Equipment	162,518
Medical and Dental Services	1,526
Rentals	59,383
Travel	222
Other Contracted Services	192,658
Gasoline	209,882
Office Supplies	558
Uniforms	683
Utilities	13,418
Other Supplies and Materials	88,272
Building and Contents Insurance	1,008
Liability Insurance	1,166
Refunds	100
Trustee's Commission	38,654
Vehicle and Equipment Insurance	8,451
Worker's Compensation Insurance	25,793
Depreciation	417,127
Landfill Closure/Postclosure Costs	627,510
Data Processing Equipment	1,020
Site Development	88,128
Other Equipment	4,208
Total Operating Expenses	$ 2,895,338
Nonoperating Expenses	
Interest on Notes	$ 97,281
Interest on Other Loans	77,490
Loss on Disposal of Capital Assets	6,875
Total Nonoperating Expenses	$ 181,646
Total Expenses	$ 3,076,984

Exhibit K-10

Smith County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2017

	Cities - Sales Tax Fund
Cash Receipts	
Local Option Sales Tax	$ 1,374,915
Cash Disbursements	
Remittance of Revenues Collected	$ 1,361,166
Trustee's Commission	13,749
Total Cash Disbursements	$ 1,374,915
Excess of Cash Receipts Over (Under) Cash Disbursements	$ 0
Cash Balance, July 1, 2016	0
Cash Balance, June 30, 2017	$ 0

SINGLE AUDIT SECTION

TENNESSEE COMPTROLLER OF THE TREASURY

JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

Independent Auditor's 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*

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Smith County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Smith County's basic financial statements, and have issued our report thereon dated January 25, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Smith County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Smith County's internal control. Accordingly, we do not express an opinion on the effectiveness of Smith County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material

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weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2017-001, 2017-002(A,B,C,E), 2017-005, and 2017-008.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Smith County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2017-002(D), 2017-003, 2017-004, 2017-006, and 2017-007.

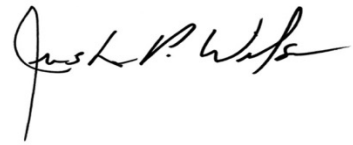
Smith County's Responses to Findings

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

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 25, 2018

JPW/yu

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TENNESSEE COMPTROLLER OF THE TREASURY

JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Smith County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Smith County's major federal programs for the year ended June 30, 2017. Smith County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Smith County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Smith County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Smith County's compliance.

Opinion on Each Major Federal Program

In our opinion, Smith County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

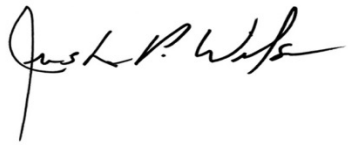
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Smith County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Smith County's basic financial statements. We issued our report thereon dated January 25, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

January 25, 2018

JPW/yu

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Smith County, Tennessee, and the Smith Count School Department
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2017

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	
U.S. Department of Agriculture:				
Passed-through State Department of Education:				
Child Nutrition Cluster: (4)				
School Breakfast Program	10.553	N/A	$ 357,357	
National School Lunch Program	10.555	N/A	850,123	(5)
Passed-through State Department of Agriculture:				
Child Nutrition Cluster: (4)				
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	123,600	(5)
Total U.S. Department of Agriculture			$ 1,331,080	
U.S. Department of Interior:				
Direct Program:				
Payments-in-lieu-of-Taxes	15.226	N/A	$ 23,140	
Institute of Museum and Library Services:				
Passed-through Tennessee Secretary of State:				
Grants to States	45.310	N/A	$ 750	
U.S. Department of Education:				
Passed-through State Department of Education:				
Title 1 Grants to Local Educational Agencies	84.010	N/A	$ 676,663	
Special Education Cluster: (4)				
Special Education - Grants to States	84.027	N/A	650,155	
Special Education - Preschool Grants	84.173	N/A	20,831	
Career and Technical Education - Basic Grants to States	84.048	N/A	52,710	
Twenty-first Century Community Learning Centers	84.287	N/A	353,307	
Improving Teacher Quality State Grants	84.367	N/A	97,552	
Total U.S. Department of Education			$ 1,851,218	
U.S. Department of Health and Human Services:				
Passed-through Upper Cumberland Development District:				
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	(3)	$ 10,076	
Passed-through State Department of Health:				
Affordable Care Act (ACA) Abstinence Education Program	93.235	GG-17-51890-00	19,449	
Passed-through State Department of Education:				
Child Care and Development Block Grant	93.575	G1601TBCCDF	79,203	
Passed-through State Department of Mental Health and Substance Abuse Services:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	(3)	72,613	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(3)	59,944	
Total U.S. Department of Health and Human Services			$ 241,285	
U.S. Department of Homeland Security:				
Direct Program:				
Assistance to Firefighters Grant	97.044	N/A	$ 445,732	
Passed-through State Department of Military:				
Hazard Mitigation Grant Program	97.039	DR-1909-0058	65,625	
Emergency Management Performance Grants	97.042	(3)	14,850	
Total U.S. Department of Homeland Security			$ 526,207	
Total Expenditures of Federal Awards			$ 3,973,680	

(Continued)

Smith County, Tennessee, and the Smith Count School Department
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
State Grants			
Aging Program - Upper Cumberland Development District	N/A	(3)	$ 8,093
Tennessee Certified Recovery Court Program Grant - State Department of Mental Health and Substance Abuse	N/A	(3)	56,841
ThreeStar Grant Program - State Department of Economic and Community Development	N/A	(3)	10,000
Local Health Services Grant - State Department of Health	N/A	(3)	70,245
Project Diabetes Initiative Services - State Department of Health	N/A	GG1750023	14,950
Access to Health and Healthy Active Built Environments - State Department of Health	N/A	Z-17151082	10,000
State Supplement Juvenile Court Improvement Funds Grant - State Department of Children Services	N/A	(3)	4,500
Local Parks and Recreation Fund Grant - State Department of Environment and Conservation	N/A	43265	46,189
Litter Program - State Department of Transportation	N/A	(3)	32,360
Agricultural Growth Initiative - State Department of Agriculture	N/A	(3)	989
Hazard Mitigation Grant Program - State Department of Military	N/A	DR 1909-0058	10,938
Early Childhood Education - PreK - State Department of Education	N/A	(3)	405,136
ConnecTenn Grant - State Department of Education	N/A	(3)	8,114
Safe Schools Act - State Department of Education	N/A	(3)	17,290
Family Resource - State Department of Education	N/A	(3)	30,310
Coordinated School Health - State Department of Education	N/A	(3)	100,000
Total State Grants			$ 825,955

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

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Smith County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
(3) Information not available.
(4) Child Nutrition Cluster total $1,331,080; Special Education Cluster total $670,986.
(5) Total for CFDA No. 10.555 is $973,723.

Smith County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2017

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Smith County, Tennessee, for the year ended June 30, 2017.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
OFFICE OF COUNTY MAYOR					
2016	197	2016-001	The Solid Waste Disposal Fund had a Deficit in Unrestricted Net Position	N/A	Not Corrected - See Explanation on Corrective Action Plan
2016	198	2016-002	Expenditures Exceeded Appropriations	N/A	Corrected
OFFICE OF ROAD COMMISSIONER					
2016	199	2016-003	The Highway/Public Works Fund Required Material Audit Adjustments for Proper Financial Statement Presentation	N/A	Corrected
2016	200	2016-004	Expenditures Exceeded Appropriations	N/A	Corrected
2016	200	2016-005	The Office had Deficiencies in Purchasing Procedures	N/A	Not Corrected - See Explanation on Corrective Action Plan
OFFICE OF COUNTY CLERK					
2016	201	2016-006	The County Clerk had not Formally Documented Internal Controls	N/A	Corrected
OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK					
2016	202	2016-007	The Execution Docket Trial Balance for Circuit Court did not Reconcile with General Ledger Accounts	N/A	Not Corrected - See Explanation on Corrective Action Plan
2016	202	2016-008	Unclaimed Funds were not Reported and Paid to the State	N/A	Not Corrected - See Explanation on Corrective Action Plan
OFFICES OF ROAD COMMISSIONER, DIRECTOR OF SCHOOLS, AND CIRCUIT AND GENERAL SESSIONS COURTS CLERK					
2016	203	2016-009	Duties were not Segregated Adequately	N/A	Corrected

Smith County, Tennessee
Summary Schedule of Prior-year Findings (Cont.)

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
OFFICE OF CLERK AND MASTER					
2016	203	2016-009	Duties were not Segregated Adequately	N/A	Not Corrected - See Explanation on Corrective Action Plan

Prior-year Federal Awards Findings

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

SMITH COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Smith County is unmodified.

2. Internal Control Over Financial Reporting:

   * Material weakness identified? **NO**

   * Significant deficiency identified? **YES**

3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:

   * Material weakness identified? **NO**

   * Significant deficiency identified? **NONE REPORTED**

5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**

7. Identification of Major Federal Programs:

   * CFDA Numbers: 10.553 and 10.555 — Nutrition Cluster: School Breakfast Program and National School Lunch Program

   * CFDA Numbers: 84.027 and 84.173 — Special Education Cluster: Special Education - Grants to States and Special Education - Preschool Grants

8. Dollar threshold used to distinguish between Type A and Type B Programs. **$750,000**

9. Auditee qualified as low-risk auditee? **NO**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY MAYOR

FINDING 2017-001 **THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET POSITION**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The Solid Waste Disposal Fund had a deficit of $1,786,787 in unrestricted net position at June 30, 2017. This deficit resulted from the recognition of a liability of $4,504,392 in the financial statements for costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements. Management's prior-year corrective action plan noted that this finding would not be corrected until the year ended June 30, 2020.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur with this finding. The Solid Waste Disposal Fund is a proprietary fund that has a liability for the closure, post closure, and monitoring costs for 30 years after its closure. Smith County does some of the closure and post closure work ourselves to cut down on cost. The closure and post closure cost will be spread out over several years (In Phases) as each cell meets its full capacity. Smith County has approved Phase One of Closure in the 2017-2018 budget for approximately 5.5 Acres for Wright Tract One Phase One. The money to do this will be paid for from revenues generated by tipping fees and/or money borrowed and paid back over a period of time. Also after the closure of the landfill, money left in the Solid Waste Fund will pay for the 30 year monitoring costs. If and when that money is depleted, the Smith County Tax Base will assume the costs of monitoring.

OFFICE OF ROAD COMMISSIONER

FINDING 2017-002 **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**

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

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 41 disbursements totaling $1,102,118 from a population of 462 vendor checks totaling $2,464,533. Our examination revealed the following purchasing deficiencies, which are the result of a lack of management oversight and the failure of management to implement their prior-year corrective action plan.

A. In 14 of the 41 purchases sampled, purchase orders were not issued. Purchase orders are necessary to control who has purchasing authority for the department and to document purchasing commitments.

B. In six of the 41 instances sampled, disbursements were made without adequate documentation. The failure to maintain adequate documentation increases the risks of unauthorized purchases.

C. In 16 of the 41 purchases sampled, invoices were paid without documentation that goods had been received and/or services had been rendered. This practice weakens controls over the purchasing process and increases the risks of paying for something that was never received.

D. During the year, competitive bids were not solicited for a tractor ($48,500) and mower ($16,500) that were lease-purchased by the Highway Department. Section 54-7-113(c) *Tennessee Code Annotated*, provides for all purchases exceeding $10,000 to be made after public advertisement and solicitation of competitive bids. The failure to solicit competitive bids could result in the department paying more than the most competitive price.

E. The Highway Department did not have a written agreement with the contractor employed to mow county road right-of-ways (amount expended $97,924.65). Without a written contract, the Highway Department and the contractor have no documented guidance for their responsibilities or liabilities. Sound business practices dictate that formal written contracts be on file as evidence of the terms and conditions of a contract.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases. Adequate documentation should be maintained to support all disbursements. The office should maintain documentation that goods have been received and/or services have been rendered before invoices are paid. Purchases exceeding $10,000 should be competitively bid as

required by state statute. The department should enter into formal written contracts with all contractors defining the terms and conditions of the work to be performed.

MANAGEMENT'S RESPONSE – ROAD COMMISSIONER

I concur with this finding.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2017-003 **THE DIRECTOR OF SCHOOLS WAS NOT PAID IN ACCORDANCE WITH EITHER THE CONTRACT APPROVED BY THE BOARD OF EDUCATION OR THE BUDGET APPROVED BY THE COUNTY COMMISSION**
(Noncompliance Under *Government Auditing Standards*)

During the year, the director of school's salary was not paid in accordance with either the contract approved by the Board of Education or the budget approved by the County Commission. The director's contract, approved by the Board of Education on March 15, 2016, for the period July 1, 2016 through June 30, 2020, includes a compensation clause that states the following: "The BOARD shall pay the DIRECTOR annual compensation as follows: (a.) The base BEP Allocation Director's Salary from the State of Tennessee; (b.) The Medicare withholding; (c.) The Social Security withholding; and (d.) The family health care plan premium." Also, the contract includes a clause stating that the cumulative amounts as described in a. through d. above will be the base salary for Tennessee Consolidated Retirement System benefits. The base BEP salary for the director was $106,400. Using the formula in the director's contract, auditors determined that additional compensation of $8,140 should be included for Medicare and Social Security allowances and $18,032 for family health care plan premiums, which would bring the director's contracted salary to $132,572. However, during the year examined the director of schools received actual compensation of $125,000. Therefore, the director received $7,572 ($132,572 minus $125,000) less than his contract provided.

The appropriation for the salary of the director approved by the county commission totaled $108,000. In June 2017, the Board of Education approved an amendment for the director's salary ($17,000) to increase the salary to $125,000; however, the amendment was not presented to the County Commission for approval. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county shall not exceed expenditures that accompany the resolution. Therefore, salaries that exceeded line-item appropriations were expenditures not approved by the county commission. Since the June budget amendment of $17,000 was not approved by the county commission, this amendment was not recognized when comparing the director's salary with the budgeted salary.

Below is a comparison of the salary paid to the director of schools with the contractual salary approved by the Board of Education and the budgeted salary approved by the county commission:

Total Salary Authorized by Employment Contract	$ 132,572	Total Salary Approriated by County Commission	$ 108,000
Actual Salary	125,000	Actual Salary	125,000
Difference	$ 7,572	Difference	$ (17,000)

Failure to pay the salary authorized by the Board of Education in the approved employment contract results in a loss of administrative control by the board, and payments that exceed the salary appropriated by the county commission is a violation of state statute.

RECOMMENDATION

The salary of the director of schools should be paid in accordance with the contract terms approved by the Board of Education and the subsequent appropriation approved by the county commission for a like amount.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

I concur with this finding. The director of schools was not paid in excess of the contracted amounts and his contract clearly shows his salary. The Department of Education Regional Fiscal Consultant was contacted prior to approval and the director's salary is reflected accurately on his check stub. According to the auditor, the director received less funds than what she determined to be his contracted salary. The director is seeking no further compensation from the Board. Per the auditor's recommendation, a specific salary amount may be added to an amended contract and considered by the Board.

FINDING 2017-004 **SALARIES EXCEEDED APPROPRIATIONS**
(Noncompliance Under *Government Auditing Standards*)

Salaries exceeded appropriations in 21 of 77 salary line-items of the General Purpose School Fund by amounts ranging from $200 to $52,834. The budget resolution approved by the county commission states that the salary, wages, or remuneration of each official, employee, or agent of the county shall not exceed expenditures that accompany the resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the county commission. This deficiency resulted from management's failure to present budget amendments to the county commission.

RECOMMENDATION

Salary expenditures should be held within appropriations approved by the county commission.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

I disagree with this finding. All salaries were paid within line-item budgets as recommended by the Department of Education Regional Fiscal Consultant and as had been done consistently in prior budgets. Based upon the statements of the auditor, all salary amendments shall be presented to the County Commission from this point forward. According to a current County Commission Resolution, however, the Director and the Board of Education have authority to make all amendments within major line-item budgets. This office does not believe this to be a common practice throughout the state and the Commission may raise an objection to considering each line-item amendment.

AUDITOR'S COMMENT

Section 4 of the budget resolution approved by the Smith County Commission states "The salary, wages, or remuneration of each officer, employee, or agent of the county shall not be in excess of amounts authorized by existing law or as set forth in the estimate of expenditures which accompanies this resolution. … Such appropriation shall constitute the limit to the expenditures of any office, agency, institution, division or department for the year ended June 30, 2017. The aggregate expenditures for any item of appropriation shall in no instance be more than the amount herein appropriated for such item." While statutes allow alternate methods of amending line items within major categories of the county budget, the budget resolution requires adjustments to the line items for salaries to be amended by approval of the county commission.

OFFICE OF COUNTY CLERK

FINDING 2017-005 **THE OFFICE DID NOT REVIEW ALL SOFTWARE AUDIT LOGS**

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

The software application used by the office generated four audit logs that displayed changes made by users. Because these logs provided the only audit trail of these changes, these logs should be routinely reviewed for inappropriate activity. During the prior-audit period, we made management aware of the importance of these logs, and management began reviewing the logs. However, during the current period, management chose to discontinue their review. When the importance of these logs was again brought to management's attention in June 2017, they resumed the review process.

RECOMMENDATION

Management should review all of the audit logs on a routine basis. Any unusual transactions should be investigated.

MANAGEMENT'S RESPONSE – COUNTY CLERK

I concur with this finding.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 2017-006 **THE EXECUTION DOCKET TRIAL BALANCE FOR CIRCUIT COURT DID NOT RECONCILE WITH GENERAL LEDGER ACCOUNTS**
(Noncompliance Under *Government Auditing Standards*)

At June 30, 2017, the circuit court clerk prepared an execution docket trial balance as required by Section 18-2-103, *Tennessee Code Annotated* (*TCA*); however, the trial balance failed to reconcile with general ledger accounts by $8,298. Therefore, we were unable to determine if the clerk had complied with provisions of the Unclaimed Property Act, Section 66-29-110, *TCA*. This statute provides that any funds held by the court for one year and unclaimed by the owner are considered abandoned. Section 66-29-113, *TCA*, further requires these funds to be reported and paid to the state Treasurer's Office. This deficiency is the result of management's failure to identify all funds held and the failure of management to correct the finding reported in prior-year audit reports.

RECOMMENDATION

The execution docket trial balance should be reconciled with general ledger accounts. Any funds held by the court for one year and unclaimed by the owner are considered abandoned and should be reported and paid to the state Treasurer's Office in compliance with state statute.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

I concur with this finding. Since implementing TnCis in 2009, the Docket Trial Balance had not reconciled. This has been an ongoing issue and continues to be worked on with our software vendors and our auditors to be resolved.

FINDING 2017-007 **UNCLAIMED FUNDS WERE NOT REPORTED AND PAID TO THE STATE**
(Noncompliance Under *Government Auditing Standards*)

The clerk did not report and pay to the state unclaimed funds (old outstanding checks) totaling $6,092. At June 30, 2017, Circuit Court had 13 outstanding checks issued before July 1, 2016, totaling $5,281, and General Sessions Court had 14 outstanding checks totaling $811. The Unclaimed Property Act, Section 66-29-101, et seq., *Tennessee Code Annotated*, provides that any funds held by the court for more than one year and unclaimed by the owner are considered abandoned. This statute further provides for the funds to be reported and paid to the state Treasurer's Office. This deficiency was the result of management's failure to correct the finding reported in prior-year audit reports.

RECOMMENDATION

The clerk should report and pay to the state unclaimed funds held for more than one year as required by state statute.

MANAGEMENT'S RESPONSE – CIRCUIT AND GENERAL SESSIONS COURTS CLERK

I concur with this finding. Funds were sent to unclaimed property in 2017 as required. Funds in both Circuit and Sessions were sent totaling $13,449.25. The funds we did not send in were in question as to how to identify what they were and if they were true unreconciled checks. This office continues to work with our software vendors and our auditors to resolve this issue.

OFFICE OF CLERK AND MASTER

FINDING 2017-008 **DUTIES WERE NOT SEGREGATED ADEQUATELY**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately between the official and employee in the Clerk and Master's Office. The official and employee responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Sound business practices dictate that management is responsible for designing internal controls to provide reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decision 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 implement their prior-year corrective action plan.

RECOMMENDATION

The clerk and master should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

I concur with this finding.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2017.

Smith County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2017

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

Finding Number	Title of Finding	Corrective Action Plan Page Number
OFFICE OF COUNTY MAYOR		
2017-001	The Solid Waste Disposal Fund had a Deficit in Unrestricted Net Position	202-203
OFFICE OF ROAD COMMISSIONER		
2017-002	The Office had Deficiencies in Purchasing Procedures	204
OFFICE OF DIRECTOR OF SCHOOLS		
2017-003	The Director of Schools was not Paid in Accordance with Either the Contract Approved by the Board of Education or the Budget Approved by the county commission	205
2017-004	Salaries Exceeded Appropriations	205-206
OFFICE OF COUNTY CLERK		
2017-005	The Office did not Review All Software Audit Logs	207
OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK		
2017-006	The Execution Docket Trial Balance for Circuit Court did not Reconcile with General Ledger Accounts	208
2017-007	Unclaimed Funds were not Reported and Paid to the State	208-209
OFFICE OF CLERK AND MASTER		
2017-008	Duties were not Segregated Adequately	210

MICHAEL F. NESBITT

Smith County Mayor

122 Turner High Circle • Carthage, TN 37030

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

Finding Number:

Finding Title: THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET POSITION
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Corrective Action Plan: Smith County will eventually be able to close certain portions of the Landfill and lower the total deficit. The closure and post closure cost will be spread out over several years (In Phases) as each cell meets its full capacity. Smith County has approved Phase One of Closure in the 2017-2018 budget for approximately 5.5 Acres of Wright Tract One Phase One. The money to do this will be paid for from revenues generated by tipping fees and/or money borrowed and paid back over a period of time. As certain portions of the Landfill are closed which will begin this year in Phase One of Closure and other Phases in the next few years, this deficit should not only be reduced, but should be completely gone. Smith County is committed to making the Landfill sustainable for Smith County and since we take solid waste from several other counties, sustainable for other Counties also.

Who prepared this corrective action plan? Michael F Nesbitt (Smith County Mayor)

Who will implement the corrective action plan? Michael F Nesbitt (Smith County Mayor) and his staff.

When do you expect this finding to be corrected (date)? Fiscal Year 2019-2020

SMITH COUNTY IS AN EQUAL OPPORTUNITY PROVIDER AND EMPLOYER

Did you have this finding in last year's audit report?

_____ No – continue to the plan to correct the finding

___X___Yes – Why was this finding not corrected during the current audit year?

This finding was not correct because the costs are accrued for years down the road and entered against current money in the bank. Until the liability (total deficit) goes down or the balance in the Solid Waste Fund goes up this will continue.

What is your plan to correct this finding?

Smith County will eventually be able to close certain portions of the Landfill and lower the total deficit. This will come over time and money will be paid back in time. As certain portions of the Landfill are closed which will begin this year in Phase One of Closure and other Phases in the next few years, this deficit should not only be reduced, but should be completely gone. Smith County is committed to making the Landfill sustainable for Smith County and since we take solid waste from several other counties, sustainable for other Counties also.

Michael L. Nesbitt

Official's signature

1-11-18

Date

Smith County Highway Department
200 JMZ Drive, Gordonsville, Tn. 38563

Corrective Action Plan

FINDING: **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**

Response and Corrective Action Plan Prepared by:
Steve Coble, Road Superintendent

Person Responsible for Implementing the Corrective Action:
Steve Coble, Road Superintendent, Daisy Denton, Finance Director

Anticipated Completion Date of Corrective Action:
Date 01/08/2017

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
We felt that we had put corrective action in place with having only one person assigning purchase orders. We did not understand about the lease to purchase. We also now understand about the contracting out to private contractors. We are now a centralized county and feel that we will have the findings in more control with having a Finance Director.

Planned Corrective Action:
We are now in Centralized Financing with a Finance Director and feel that this should help with our purchasing actions.

Signature: Steve Coble Road Superintendent

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

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

Corrective Action Plan

FINDING: **THE DIRECTOR OF SCHOOLS WAS NOT PAID IN ACCORDANCE WITH EITHER THE CONTRACT APPROVED BY THE BOARD OF EDUCATION OR THE BUDGET APPROVED BY THE COUNTY COMMISSION**

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

Person Responsible for Implementing the Corrective Action:
Norma Mitchell, CFO

Anticipated Completion Date of Corrective Action:
June 30, 2018

Repeat Finding:
No

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

Planned Corrective Action:
In 2018 fiscal year, the Director of Schools will be paid in accordance with the Contract approved by the Board.

FINDING: **SALARIES EXCEEDED APPROPRIATIONS**

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

Person Responsible for Implementing the Corrective Action:
Norma Mitchell, CFO

Anticipated Completion Date of Corrective Action:
June 30, 2018

Repeat Finding:
No

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

Planned Corrective Action:
All salaries were paid within major line item budgets as recommended by the Department of Education Regional Fiscal Consultant and as had been done consistently in prior budgets. Based upon the statements of the auditor, all salary amendments will be taken before the County Commission from this point forward.

Signature: B H Smith

Clifa Norris
Smith Co. Clerk
122 Turner High Circle
Carthage, TN 37030

Corrective Action Plan

FINDING: **THE OFFICE DID NOT REVIEW ALL SOFTWARE AUDIT LOGS**

Response and Corrective Action Plan Prepared by:
Clifa Norris, County Clerk

Person Responsible for Implementing the Corrective Action:
Clifa Norris, County Clerk

Anticipated Completion Date of Corrective Action:
June,2017

Repeat Finding:
No

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

Planned Corrective Action:
The bookkeeper has been printing all the audit logs during month end closing process. The County Clerk has been reviewing all the audit logs for unusual transactions and initialing all the audit logs. The audit logs are then filed.

Signature: Clifa Norris

Tommy Turner
Smith County Circuit Court Clerk
322 Justice Drive
Carthage, Tennessee 37030
(615)735-8260 or 735-0500

Corrective Action Plan

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

Response and Corrective Action Plan Prepared by:
Tommy Turner, Circuit and General Sessions Courts Clerk

Persons Responsible for Implementing the Corrective Action:
Tommy Turner, Circuit Court Clerk
Myra Hardcastle, Deputy Clerk

Anticipated Completion Date of Corrective Action:
2018

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Corrective action was taken to resolve this ongoing issue. This office continues to work with Local Government to find and resolve said issue.

Planned Corrective Action:
Continue to work with Local Government Corporation to resolve the issue.

FINDING: UNCLAIMED FUNDS WERE NOT REPORTED AND PAID TO THE STATE

Response and Corrective Action Plan Prepared by:
Tommy Turner, Circuit and General Sessions Courts Clerk

Persons Responsible for Implementing the Corrective Action:
Tommy Turner, Circuit Court Clerk
Myra Hardcastle, Deputy Clerk

Anticipated Completion Date of Corrective Action:
2018

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
Unclaimed funds were sent in in both Circuit and Sessions Court totaling 13,449.25. Funds that were not sent could not be identified as a true unreconciled checks because of time frame or due to not being able to identify.

Planned Corrective Action:
We will continue to work with Local Government Corporation and audit to resolve this issue this year.

Signature: _____ 1/11/18

CHANCERY COURT
SMITH COUNTY
15th JUDICIAL DISTRICT
C. K. SMITH, CHANCELLOR

THOMAS S. DILLEHAY
Clerk and Master
322 Justice Dr., Ste. 105
Carthage, TN 37030

(615) 735-2092
FAX (615) 735-8431

Corrective Action Plan

FINDING: DUTIES WERE NOT SEGREGRATED ADEQUATELY

Response and Corrective Action Plan Prepared by:
Thomas S. Dillehay, Clerk and Master

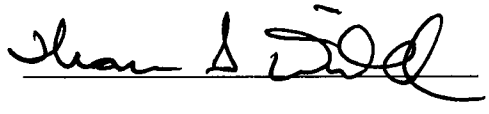
Person Responsible for Implementing the Corrective Action:
Thomas S. Dillehay, Clerk & Master

Anticipated Completion Date of Corrective Action:
July 1, 2017

Repeat Finding:
Yes

Reason Corrective Action was Not Taken in the Prior Year:
It was my understanding that me and my Deputy Clerk were both supposed to start signing each check printed in my office by July 1, 2017, and this was actually supposed to start immediately, so we hadn't begun doing it yet. It was also suggested that my deputy clerk check the bank reconciliations each month after I have done them to insure that everything did indeed balance.

Planned Corrective Action:
As of July 1, 2017, we have both signed every check printed in this office unless there was a special reason to have to sign a check or checks on a certain date and one of us was out sick or on vacation, etc. Also, since July of 2017, my deputy clerk has been checking the bank reconciliations after they are done and signing the front page of each one afterwards.

Signature: 

BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Smith County.

SMITH COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Smith County does not have a central system of accounting, budgeting, and purchasing for all departments. Smith County began operating under the provisions of the Fiscal Control Acts of 1957 on July 1, 2017. These acts provide for a central system of accounting, budgeting, and purchasing covering all funds administered by the county executive and road commissioner, but exclude the School Department. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the county commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing that includes all departments is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Smith County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.