
ANNUAL FINANCIAL REPORT HARDEMAN COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2013



**ANNUAL FINANCIAL REPORT
HARDEMAN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2013**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director***

***JAN PAGE, CPA, CFE
Audit Manager***

***LEE ANN WEST, CPA, CGFM
Auditor 4***

***VICKY BARBER, CFE
ELISHA CROWELL, CFE
State Auditors***

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

HARDEMAN COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Hardeman County, Tennessee
For the Year Ended June 30, 2013

Scope

We have audited the basic financial statements of Hardeman County as of and for the year ended June 30, 2013.

Results

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

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

Findings and Best Practices

The following are summaries of the audit findings and best practices:

OFFICE OF COUNTY MAYOR

- ◆ The Solid Waste Disposal Fund had a deficit in unrestricted net position.
 - ◆ Usernames and passwords were shared by Ambulance Service employees.
-

OFFICE OF TRUSTEE

- ◆ Duties were not segregated adequately.
-

OFFICE OF SHERIFF

- ◆ Accounting records were not properly maintained and reconciled on a timely basis.
-

BEST PRACTICES

The Division of Local Government Audit strongly believes that the items noted below are best practices that should be considered by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Hardeman County.

- Hardeman County should adopt a central system of accounting, budgeting, and purchasing.
- Hardeman County should establish an Audit Committee.

INTRODUCTORY SECTION

Hardeman County Officials

June 30, 2013

Officials

Willie Spencer, County Mayor
David Sipes, Highway Superintendent
Warner Ross, II, Director of Schools
Mary Powell, Trustee
Josh Pulse, Assessor of Property
Jerry Armstrong, County Clerk
Linda Fulghum, Circuit, General Sessions, and Juvenile Courts Clerk
Janice Bodiford, Clerk and Master
Lily Barnes, Register of Deeds
John Doolen, Sheriff

Board of County Commissioners

Willie Spencer, County Mayor, Chairman	Anthony Pulse
Joe Cole	Jackie Sain
Bobby Doyle	Opal Shaw
Keith Foote	Mac Vaughn
Johnny Lanier	John Watson
Max Lanier	Elvis White
Junious McTizic	Major Wilburn
Viscen Morrow	Steve Young
Aubrey Phillips	

Board of Highway Supervisors

Kenny Pulse, Chairman
Mike Mitchell
Tony Ross

Board of Education

Bobby Henderson, Chairman	Rickey Griggs
Jennifer Aylor	Terry King
Beverly Bodiford	Jerry McCord
Patricia Carter	Richard Nelms
Jerry Crisp	

FINANCIAL SECTION



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

Independent Auditor's Report

Hardeman County Mayor and
Board of County Commissioners
Hardeman 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 Hardeman County, Tennessee, as of and for the year ended June 30, 2013, 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 did not audit the financial statements of the Hardeman County Emergency Communications District, which represent 3.7 percent, 5.2 percent, and 1.1 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hardeman County Emergency Communications District, is based solely on the report of the

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardeman County, Tennessee, as of June 30, 2013, 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.

Emphasis of Matter

As described in Note V.B., Hardeman County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; Statement No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*, which became effective for the year ended June 30, 2013. Hardeman County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

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 schedules of funding progress – pension plans and other postemployment benefits plan on pages 83-86 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 Hardeman County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, and

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2013, on our consideration of Hardeman 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hardeman County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 28, 2013

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Hardeman County, Tennessee
Statement of Net Position
June 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Hardeman	Emergency
				School Department	Communica- tions District
ASSETS					
Cash	\$ 75,218	\$ 340	\$ 75,558	\$ 16	\$ 713,680
Equity in Pooled Cash and Investments	3,137,570	1,773,274	4,910,844	8,431,148	0
Accounts Receivable	1,686,048	41,306	1,727,354	43,925	8,023
Allowance for Uncollectibles	(831,952)	(18,694)	(850,646)	0	0
Due from Other Governments	840,750	0	840,750	1,447,828	0
Due from Component Units	2,949,006	0	2,949,006	0	0
Property Taxes Receivable	3,573,541	0	3,573,541	5,830,515	0
Allowance for Uncollectible Property Taxes	(156,486)	0	(156,486)	(255,320)	0
Prepaid Items	0	0	0	0	19,928
Accrued Interest Receivable	0	0	0	0	9
Cash Shortage	0	163	163	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	1,467,092	219,838	1,686,930	358,116	0
Construction in Progress	728,930	0	728,930	830,257	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	3,753,632	1,693,819	5,447,451	11,352,650	33,901
Infrastructure	12,875,328	0	12,875,328	0	0
Other Capital Assets	1,880,034	198,112	2,078,146	1,826,447	364,818
Total Assets	<u>\$ 31,978,711</u>	<u>\$ 3,908,158</u>	<u>\$ 35,886,869</u>	<u>\$ 29,865,582</u>	<u>\$ 1,140,359</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	\$ 119,342	\$ 0	\$ 119,342	\$ 0	\$ 0
Total Deferred Outflows of Resources	<u>\$ 119,342</u>	<u>\$ 0</u>	<u>\$ 119,342</u>	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES					
Accounts Payable	\$ 88,564	\$ 27,550	\$ 116,114	\$ 32,692	\$ 2,561
Accrued Payroll	44	0	44	0	0
Payroll Deductions Payable	1,565	291	1,856	28,827	1,554
Contracts Payable	247,495	0	247,495	0	0
Retainage Payable	9,096	0	9,096	0	0
Due to Primary Government	0	0	0	2,949,006	0
Due to State of Tennessee	2,014	0	2,014	0	0
Accrued Interest Payable	48,599	0	48,599	0	0
Noncurrent Liabilities:					
Due Within One Year	762,058	32,051	794,109	36,773	6,232
Due in More Than One Year (net of unamortized premium on debt)	7,691,629	2,509,853	10,201,482	1,000,286	0
Total Liabilities	<u>\$ 8,851,064</u>	<u>\$ 2,569,745</u>	<u>\$ 11,420,809</u>	<u>\$ 4,047,584</u>	<u>\$ 10,347</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	\$ 3,279,298	\$ 0	\$ 3,279,298	\$ 5,350,433	\$ 0
Total Deferred Inflows of Resources	<u>\$ 3,279,298</u>	<u>\$ 0</u>	<u>\$ 3,279,298</u>	<u>\$ 5,350,433</u>	<u>\$ 0</u>

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Hardeman	Emergency
				School Department	Communica- tions District
<u>NET POSITION</u>					
Net Investment in Capital Assets	\$ 20,309,380	\$ 0	\$ 20,309,380	\$ 0	\$ 0
Investment in Capital Assets	0	2,111,769	2,111,769	14,367,470	398,719
Restricted for:					
General Government	29,664	0	29,664	0	0
Finance	5,042	0	5,042	0	0
Administration of Justice	49,166	0	49,166	0	0
Public Safety	353,896	0	353,896	0	0
Public Health and Welfare	11,187	0	11,187	0	0
Highways/Public Works	166,000	0	166,000	0	0
Debt Service	951,877	0	951,877	0	0
Capital Projects	46,428	0	46,428	1,937,266	0
Education	0	0	0	192,578	0
Operation of Non-Instructional Services	0	0	0	568,048	0
Unrestricted	(1,954,949)	(773,356)	(2,728,305)	3,402,203	731,293
Total Net Position	\$ 19,967,691	\$ 1,338,413	\$ 21,306,104	\$ 20,467,565	\$ 1,130,012

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

Exhibit B

Hardeman County, Tennessee
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Program Revenues					Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Business-type Activities	Total	Hardeman County School Department	Emergency Communications District	
Primary Government:										
Governmental Activities:										
General Government	\$ 1,050,690	\$ 117,408	\$ 17,713	\$ 0	\$ (915,569)	\$ 0	\$ (915,569)	\$ 0	\$ 0	0
Finance	753,391	610,524	0	0	(142,867)	0	(142,867)	0	0	0
Administration of Justice	796,338	693,808	4,500	0	(98,030)	0	(98,030)	0	0	0
Public Safety	4,874,493	889,907	14,400	22,686	(3,947,500)	0	(3,947,500)	0	0	0
Public Health and Welfare	2,765,870	1,487,387	364,898	0	(913,585)	0	(913,585)	0	0	0
Social, Cultural, and Recreational Services	100,385	0	0	0	(100,385)	0	(100,385)	0	0	0
Agriculture and Natural Resources	113,286	0	0	0	(113,286)	0	(113,286)	0	0	0
Other Operations	749,085	60,056	10,266	616,110	(62,653)	0	(62,653)	0	0	0
Highways/Public Works	3,069,932	0	1,926,513	177,043	(966,376)	0	(966,376)	0	0	0
Interest on Long-term Debt	210,717	0	35,449	0	(175,268)	0	(175,268)	0	0	0
Other Debt Service	122,817	0	0	0	(122,817)	0	(122,817)	0	0	0
Total Governmental Activities	\$ 14,607,004	\$ 3,859,090	\$ 2,373,739	\$ 815,839	\$ (7,558,336)	\$ 0	\$ (7,558,336)	\$ 0	\$ 0	0
Business-type Activities:										
Solid Waste Disposal	\$ 856,660	\$ 1,044,067	\$ 0	\$ 0	\$ 0	\$ 187,407	\$ 187,407	\$ 0	\$ 0	0
Total Business-type Activities	\$ 856,660	\$ 1,044,067	\$ 0	\$ 0	\$ 0	\$ 187,407	\$ 187,407	\$ 0	\$ 0	0
Total Primary Government	\$ 15,463,664	\$ 4,903,157	\$ 2,373,739	\$ 815,839	\$ (7,558,336)	\$ 187,407	\$ (7,370,929)	\$ 0	\$ 0	0
Component Units:										
Hardeman County										
School Department	\$ 36,180,980	\$ 474,808	\$ 4,829,335	\$ 0	\$ 0	\$ 0	\$ (30,876,837)	\$ 0	\$ 0	0
Emergency Communications District	308,206	161,071	223,810	0	0	0	0	0	0	76,675
Total Component Units	\$ 36,489,186	\$ 635,879	\$ 5,053,145	\$ 0	\$ 0	\$ 0	\$ (30,876,837)	\$ 0	\$ 0	76,675

(Continued)

Exhibit B

Hardeman County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
				Total Governmental Activities	Business-type Activities	Hardeman County School Department	Emergency Communications District
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes				\$ 3,361,362	\$ 0	\$ 5,551,560	\$ 0
Property Taxes Levied for Debt Service				887	0	0	0
Local Option Sales Taxes				225,801	0	2,165,738	0
Wheel Tax				1,553,536	0	0	0
Litigation Tax				167,978	0	0	0
Business Tax				194,289	0	0	0
Wholesale Beer Tax				166,923	0	0	0
Other Local Taxes				14,167	0	2,297	0
Grants and Contributions Not Restricted for Specific Programs				1,937,673	7,002	22,682,639	0
Unrestricted Investment Income				83,105	6,361	5,518	6,895
Miscellaneous				118,028	116	82,205	0
Total General Revenues				\$ 7,823,749	\$ 13,479	\$ 30,489,957	\$ 6,895
Change in Net Position				\$ 265,413	\$ 200,886	\$ (386,880)	\$ 83,570
Net Position, July 1, 2012				19,738,244	1,137,527	20,854,445	1,046,442
Prior-period Adjustment				(35,966)	0	0	0
Net Position, June 30, 2013				\$ 19,967,691	\$ 1,338,413	\$ 20,467,565	\$ 1,130,012

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

Exhibit C-1

Hardeman County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2013

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 75,218	\$ 75,218
Equity in Pooled Cash and Investments	1,119,043	743,803	879,727	394,997	3,137,570
Accounts Receivable	1,685,870	0	37	141	1,686,048
Allowance for Uncollectibles	(831,952)	0	0	0	(831,952)
Due from Other Governments	397,570	443,180	0	0	840,750
Due from Other Funds	1,081	0	0	0	1,081
Property Taxes Receivable	3,573,541	0	0	0	3,573,541
Allowance for Uncollectible Property Taxes	(156,486)	0	0	0	(156,486)
Total Assets	\$ 5,788,667	\$ 1,186,983	\$ 879,764	\$ 470,356	\$ 8,325,770
<u>LIABILITIES</u>					
Accounts Payable	\$ 77,407	\$ 11,136	\$ 0	\$ 21	\$ 88,564
Accrued Payroll	44	0	0	0	44
Payroll Deductions Payable	51	1,514	0	0	1,565
Contracts Payable	247,495	0	0	0	247,495
Retainage Payable	9,096	0	0	0	9,096
Due to Other Funds	0	0	0	1,081	1,081
Due to State of Tennessee	2,014	0	0	0	2,014
Total Liabilities	\$ 336,107	\$ 12,650	\$ 0	\$ 1,102	\$ 349,859
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 3,279,298	\$ 0	\$ 0	\$ 0	\$ 3,279,298
Deferred Delinquent Property Taxes	119,897	0	0	0	119,897
Other Deferred/Unavailable Revenue	735,858	166,000	0	0	901,858
Total Deferred Inflows of Resources	\$ 4,135,053	\$ 166,000	\$ 0	\$ 0	\$ 4,301,053
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 29,664	\$ 0	\$ 0	\$ 0	\$ 29,664
Restricted for Finance	5,042	0	0	0	5,042
Restricted for Administration of Justice	49,166	0	0	0	49,166
Restricted for Public Safety	272,465	0	0	81,431	353,896
Restricted for Public Health and Welfare	11,187	0	0	0	11,187
Restricted for Debt Service	0	0	879,764	0	879,764
Restricted for Capital Projects	46,428	0	0	0	46,428
Committed:					
Committed for Finance	0	0	0	74,278	74,278
Committed for Public Health and Welfare	13,993	0	0	0	13,993
Committed for Highways/Public Works	0	1,008,333	0	0	1,008,333
Committed for Capital Projects	0	0	0	313,545	313,545
Unassigned	889,562	0	0	0	889,562
Total Fund Balances	\$ 1,317,507	\$ 1,008,333	\$ 879,764	\$ 469,254	\$ 3,674,858
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,788,667	\$ 1,186,983	\$ 879,764	\$ 470,356	\$ 8,325,770

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

Exhibit C-2

Hardeman County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2013

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)		\$ 3,674,858
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,467,092	
Add: construction in progress	728,930	
Add: buildings and improvements net of accumulated depreciation	3,753,632	
Add: infrastructure net of accumulated depreciation	12,875,328	
Add: other capital assets net of accumulated depreciation	<u>1,880,034</u>	20,705,016
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (337,151)	
Less: other loan payable	(127,611)	
Less: capital leases payable	(43,880)	
Less: bonds payable	(7,366,000)	
Add: due from component unit for debt retirement	2,949,006	
Add: deferred amount on refunding	119,342	
Less: other deferred revenue - premium on debt	(54,668)	
Less: compensated absences payable	(524,377)	
Less: accrued interest on bonds, notes, and capital leases	<u>(48,599)</u>	(5,433,938)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,021,755</u>
Net position of governmental activities (Exhibit A)		<u>\$ 19,967,691</u>

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

Hardeman County, Tennessee
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2013

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Capital Projects	Other		
					Governmental Funds	Funds	
Revenues							
Local Taxes	\$ 4,399,369	\$ 780,490	\$ 2,382	\$ 0	\$ 773,046	\$ 5,955,287	
Licenses and Permits	21,900	0	0	0	0	21,900	
Fines, Forfeitures, and Penalties	158,665	0	0	0	58,739	217,404	
Charges for Current Services	1,580,112	0	0	0	275,960	1,856,072	
Other Local Revenues	216,772	25,700	0	0	0	242,472	
Fees Received from County Officials	943,661	0	0	0	0	943,661	
State of Tennessee	2,584,589	1,932,336	0	0	0	4,516,925	
Federal Government	57,389	182,179	0	0	0	239,568	
Other Governments and Citizens Groups	228,806	0	531,445	0	0	760,251	
Total Revenues	\$ 10,191,263	\$ 2,920,705	\$ 533,827	\$ 0	\$ 1,107,745	\$ 14,753,540	
Expenditures							
Current:							
General Government	\$ 841,176	\$ 0	\$ 0	\$ 0	\$ 0	\$ 841,176	
Finance	288,289	0	0	0	275,939	564,228	
Administration of Justice	559,772	0	0	0	0	559,772	
Public Safety	3,053,871	0	0	0	51,153	3,105,024	
Public Health and Welfare	2,146,815	0	0	0	0	2,146,815	
Social, Cultural, and Recreational Services	88,464	0	0	0	0	88,464	
Agriculture and Natural Resources	113,286	0	0	0	0	113,286	
Other Operations	3,033,428	0	0	0	0	3,033,428	
Highways	0	3,117,320	0	0	0	3,117,320	
Debt Service:							
Principal on Debt	35,699	12,835	386,940	0	0	435,474	
Interest on Debt	3,652	1,206	208,732	0	0	213,590	
Other Debt Service	0	0	293	102,472	0	102,765	
Capital Projects	0	0	0	2,790,773	953,878	3,744,651	
Total Expenditures	\$ 10,164,452	\$ 3,131,361	\$ 595,965	\$ 2,893,245	\$ 1,280,970	\$ 18,065,993	
Excess (Deficiency) of Revenues Over Expenditures	\$ 26,811	\$ (210,656)	\$ (62,138)	\$ (2,893,245)	\$ (173,225)	\$ (3,312,453)	
Other Financing Sources (Uses)							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 2,815,000	\$ 0	\$ 2,815,000	
Notes Issued	0	80,000	0	0	0	80,000	
Premiums on Debt Issued	0	0	0	54,995	0	54,995	
Other Loans Issued	0	0	0	23,250	0	23,250	
Insurance Recovery	24,359	25,955	0	0	0	50,314	
Transfers In	0	0	5,436	0	0	5,436	

(Continued)

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Education Capital Projects	Other			
					Governmental Funds	Governmental Funds		
Other Financing Sources (Uses) (Cont.)								
Transfers Out	\$ (5,436)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (5,436)
Total Other Financing Sources (Uses)	\$ 18,923	\$ 105,955	\$ 5,436	\$ 2,893,245	\$ 0	\$ 0	\$ 0	\$ 3,023,559
Net Change in Fund Balances	\$ 45,734	\$ (104,701)	\$ (56,702)	\$ 0	\$ 0	\$ (173,225)	\$ 642,479	\$ (288,894)
Fund Balance, July 1, 2012	1,271,773	1,113,034	936,466	0	0	0	0	3,963,752
Fund Balance, June 30, 2013	\$ 1,317,507	\$ 1,008,333	\$ 879,764	\$ 0	\$ 0	\$ 469,254	\$ 0	\$ 3,674,858

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

Exhibit C-4

Hardeman 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, 2013

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)		\$ (288,894)
(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	\$ 2,117,307	
Less: current-year depreciation expense	<u>(1,816,019)</u>	301,288
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: proceeds received from the disposal of capital assets		(2,334)
(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, 2013	\$ 1,021,755	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(935,993)</u>	85,762
(4) The issuance of long-term debt (e.g., bonds, notes, 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	\$ (80,000)	
Less: other loan proceeds	(23,250)	
Less: bond proceeds	(2,815,000)	
Add: other loan proceeds contributed to component unit	23,250	
Add: bond proceeds contributed to component unit	2,815,000	
Add: principal payments on bonds	335,000	
Add: principal payments on notes	52,420	
Add: principal payments on capital leases	48,054	
Less: debt service contributions for principal to primary government	(12,355)	
Less: change in deferred amount on refunding debt	(20,052)	
Less: change in premium on debt issuances	<u>(54,668)</u>	268,399
(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	\$ 2,873	
Change in compensated absences payable	<u>(101,681)</u>	(98,808)
Change in net position of governmental activities (Exhibit B)		<u>\$ 265,413</u>

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

Exhibit C-5

Hardeman County, Tennessee
 Statement of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund
 For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 4,399,369	\$ 0	\$ 4,399,369	\$ 4,144,412	\$ 4,144,412	\$ 254,957
Licenses and Permits	21,900	0	21,900	29,500	29,500	(7,600)
Fines, Forfeitures, and Penalties	158,665	0	158,665	147,600	152,600	6,065
Charges for Current Services	1,580,112	0	1,580,112	1,463,000	1,463,000	117,112
Other Local Revenues	216,772	0	216,772	236,500	238,185	(21,413)
Fees Received from County Officials	943,661	0	943,661	1,255,679	990,439	(46,778)
State of Tennessee	2,584,589	0	2,584,589	2,686,720	2,680,420	(95,831)
Federal Government	57,389	0	57,389	115,000	157,624	(100,235)
Other Governments and Citizens Groups	228,806	0	228,806	293,500	293,500	(64,694)
Total Revenues	\$ 10,191,263	\$ 0	\$ 10,191,263	\$ 10,371,911	\$ 10,149,680	\$ 41,583
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 12,155	\$ 0	\$ 12,155	\$ 7,500	\$ 12,155	\$ 0
Board of Equalization	1,855	0	1,855	1,400	1,900	45
Beer Board	595	0	595	2,100	1,600	1,005
Budget and Finance Committee	3,080	0	3,080	2,500	3,550	470
Other Boards and Committees	2,037	0	2,037	5,200	4,495	2,458
County Mayor/Executive	152,876	0	152,876	161,938	163,221	10,345
County Attorney	14,178	0	14,178	18,371	18,371	4,193
Election Commission	195,598	0	195,598	205,460	205,460	9,862
Register of Deeds	140,360	0	140,360	146,156	151,406	11,046
Development	62,425	0	62,425	65,940	65,940	3,515
County Buildings	162,452	0	162,452	170,487	175,986	13,534
Other General Administration	89,492	0	89,492	30,000	89,492	0

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
				Original	Final	
\$	4,073 \$	0 \$	4,073 \$	7,500 \$	7,500 \$	3,427
<u>Expenditures (Cont.)</u>						
<u>General Government (Cont.)</u>						
Preservation of Records						
Finance						
Accounting and Budgeting	18,000	0	18,000	18,200	18,200	200
Purchasing	3,600	0	3,600	3,600	3,600	0
Property Assessor's Office	179,930	0	179,930	203,689	203,689	23,759
Reappraisal Program	31,805	0	31,805	38,200	38,200	6,395
County Trustee's Office	17,635	0	17,635	155,772	46,772	29,137
County Clerk's Office	37,319	0	37,319	198,717	43,477	6,158
Administration of Justice						
Circuit Court	244,097	0	244,097	295,306	295,306	51,209
General Sessions Court	115,133	0	115,133	115,328	115,328	195
Drug Court	0	0	0	4,500	4,500	4,500
Chancery Court	148,110	0	148,110	157,886	157,886	9,776
Juvenile Court	37,834	0	37,834	45,316	45,316	7,482
Victims Assistance Programs	14,598	0	14,598	10,000	15,000	402
Public Safety						
Sheriff's Department	1,598,173	0	1,598,173	1,731,132	1,709,403	111,230
Workhouse	1,277,311	0	1,277,311	1,330,138	1,330,138	52,827
Juvenile Services	33,103	0	33,103	35,616	35,616	2,513
Fire Prevention and Control	87,800	0	87,800	90,000	90,000	2,200
Civil Defense	20,757	0	20,757	72,740	78,418	57,661
County Coroner/Medical Examiner	36,727	0	36,727	50,000	50,000	13,273
Public Health and Welfare						
Local Health Center	72,739	0	72,739	81,120	81,120	8,381

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Health and Welfare (Cont.)</u>						
Rabies and Animal Control	\$ 42,425	0	\$ 42,425	\$ 47,550	\$ 47,550	\$ 5,125
Ambulance/Emergency Medical Services	1,413,076	0	1,413,076	1,395,475	1,423,475	10,399
Dental Health Program	139,129	0	139,129	292,887	292,887	153,758
Alcohol and Drug Programs	5,000	0	5,000	5,000	5,000	0
Other Local Health Services	2,816	0	2,816	2,816	2,816	0
Regional Mental Health Center	5,000	0	5,000	5,000	5,000	0
Sanitation Education/Information	37,888	0	37,888	46,400	46,400	8,512
Waste Pickup	263,715	0	263,715	264,357	264,357	642
Convenience Centers	165,027	0	165,027	175,990	175,990	10,963
<u>Social, Cultural, and Recreational Services</u>						
Libraries	88,464	0	88,464	88,464	88,464	0
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	80,469	0	80,469	83,765	83,765	3,296
Forest Service	2,000	0	2,000	2,000	2,000	0
Soil Conservation	30,817	0	30,817	33,553	33,553	2,736
<u>Other Operations</u>						
Industrial Development	57,529	0	57,529	57,805	57,805	276
Housing and Urban Development	41,474	0	41,474	40,000	50,832	9,358
Other Economic and Community Development	2,549	0	2,549	0	25,492	22,943
Airport	913,329	46,428	959,757	1,098,833	1,098,833	139,076
Veterans' Services	4,034	0	4,034	6,440	6,440	2,406
Contributions to Other Agencies	20,051	0	20,051	21,500	21,500	1,449
Employee Benefits	1,659,196	0	1,659,196	1,720,851	1,781,277	122,081
Miscellaneous	335,266	0	335,266	343,250	344,935	9,669

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Principal on Debt</u>						
General Government	\$ 35,699	\$ 0	\$ 35,699	\$ 0	\$ 35,699	\$ 0
<u>Interest on Debt</u>						
General Government	3,652	0	3,652	0	3,652	0
Total Expenditures	\$ 10,164,452	\$ 46,428	\$ 10,210,880	\$ 11,193,748	\$ 11,160,767	\$ 949,887
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ 26,811	\$ (46,428)	\$ (19,617)	\$ (821,837)	\$ (1,011,087)	\$ 991,470
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 24,359	\$ 0	\$ 24,359	\$ 14,400	\$ 37,700	\$ (13,341)
Transfers Out	(5,436)	0	(5,436)	0	(5,436)	0
Total Other Financing Sources	\$ 18,923	\$ 0	\$ 18,923	\$ 14,400	\$ 32,264	\$ (13,341)
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ 45,734	\$ (46,428)	\$ (694)	\$ (807,437)	\$ (978,823)	\$ 978,129
	1,271,773	0	1,271,773	1,118,144	1,118,144	153,629
Fund Balance, June 30, 2013	\$ 1,317,507	\$ (46,428)	\$ 1,271,079	\$ 310,707	\$ 139,321	\$ 1,131,758

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

Exhibit C-6

Hardeman County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 780,490	\$ 825,000	\$ 825,000	\$ (44,510)
Charges for Current Services	0	100	100	(100)
Other Local Revenues	25,700	11,500	11,500	14,200
State of Tennessee	1,932,336	2,282,000	2,282,000	(349,664)
Federal Government	182,179	86,000	86,000	96,179
Total Revenues	<u>\$ 2,920,705</u>	<u>\$ 3,204,600</u>	<u>\$ 3,204,600</u>	<u>\$ (283,895)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 198,456	\$ 221,262	\$ 221,262	\$ 22,806
Highway and Bridge Maintenance	823,781	1,130,487	1,085,487	261,706
Operation and Maintenance of Equipment	541,621	575,700	640,700	99,079
Asphalt Plant Operations	660,480	659,500	744,500	84,020
Other Charges	67,526	105,100	105,100	37,574
Employee Benefits	363,876	480,400	480,400	116,524
Capital Outlay	461,580	592,000	672,108	210,528
<u>Principal on Debt</u>				
Highways and Streets	12,835	0	12,835	0
<u>Interest on Debt</u>				
Highways and Streets	1,206	0	1,206	0
Total Expenditures	<u>\$ 3,131,361</u>	<u>\$ 3,764,449</u>	<u>\$ 3,963,598</u>	<u>\$ 832,237</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (210,656)</u>	<u>\$ (559,849)</u>	<u>\$ (758,998)</u>	<u>\$ 548,342</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 80,000	0	\$ 80,000	0
Insurance Recovery	25,955	15,000	15,000	10,955
Total Other Financing Sources	<u>\$ 105,955</u>	<u>\$ 15,000</u>	<u>\$ 95,000</u>	<u>\$ 10,955</u>
Net Change in Fund Balance	\$ (104,701)	\$ (544,849)	\$ (663,998)	\$ 559,297
Fund Balance, July 1, 2012	<u>1,113,034</u>	<u>909,605</u>	<u>909,605</u>	<u>203,429</u>
Fund Balance, June 30, 2013	<u>\$ 1,008,333</u>	<u>\$ 364,756</u>	<u>\$ 245,607</u>	<u>\$ 762,726</u>

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

Exhibit D-1

Hardeman County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2013

	Business-type Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 340
Equity in Pooled Cash and Investments	1,773,274
Accounts Receivable	41,306
Allowance for Uncollectibles	(18,694)
Cash Shortage	163
Total Current Assets	<u>\$ 1,796,389</u>
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	\$ 219,838
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	1,693,819
Machinery and Equipment	198,112
Total Noncurrent Assets	<u>\$ 2,111,769</u>
Total Assets	<u>\$ 3,908,158</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 27,550
Payroll Deductions Payable	291
Compensated Absences Payable	28,561
Accrued Liability for Landfill Closure/Postclosure Care Costs	3,490
Total Current Liabilities	<u>\$ 59,892</u>
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 2,509,853
Total Noncurrent Liabilities	<u>\$ 2,509,853</u>
Total Liabilities	<u>\$ 2,569,745</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 2,111,769
Unrestricted	<u>(773,356)</u>
Net Position	<u>\$ 1,338,413</u>

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

Exhibit D-2

Hardeman County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2013

	Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>Operating Revenues</u>	
Solid Waste Disposal Fee	\$ 1,044,067
Total Operating Revenues	<u>\$ 1,044,067</u>
<u>Operating Expenses</u>	
County Official/Administrative Officer	\$ 33,750
Laborers	135,372
Clerical Personnel	25,926
Part-time Personnel	20,204
Other Per Diem and Fees	5,914
Social Security	13,084
State Retirement	16,242
Employee and Dependent Insurance	42,543
Disability Insurance	21,606
Unemployment Compensation	333
Employer Medicare	3,060
Communication	6,570
Consultant	17,668
Contracts with Private Agencies	42,792
Maintenance and Repair Services - Buildings	9,677
Maintenance and Repair Services - Equipment	86,565
Maintenance and Repair Services - Vehicles	7,902
Postal Charges	2,953
Travel	601
Disposal Fees	15,865
Custodial Supplies	1,135
Data Processing Supplies	849
Food Supplies	1,022
Gasoline	40,276
Lubricants	5,093

(Continued)

Exhibit D-2

Hardeman County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Fund (Cont.)

	Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>Operating Expenses (Cont.)</u>	
Office Supplies	\$ 3,401
Uniforms	2,470
Utilities	28,980
Gravel and Chert	6,000
Other Supplies and Materials	6,494
Liability Insurance	13,644
Refunds	3,034
Depreciation	139,651
Surcharge	17,105
Landfill Closure/Postclosure Care Costs	58,884
Other Charges	4,224
Solid Waste Equipment	9,021
Other Capital Outlay	6,750
Total Operating Expenses	<hr/> \$ 856,660
Operating Income	<hr/> \$ 187,407
 <u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 6,361
Miscellaneous Refunds	116
Solid Waste Grants	7,002
Total Nonoperating Revenues (Expenses)	<hr/> \$ 13,479
 Change in Net Position	 \$ 200,886
Net Position, July 1, 2012	<hr/> 1,137,527
 Net Position, June 30, 2013	 <hr/> \$ 1,338,413

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

Exhibit D-3

Hardeman County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2013

	Business-type Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 1,227,995
Payments for Waste Disposal and Maintenance	(856,089)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 371,906</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Solid Waste Grants	\$ 7,002
Miscellaneous Refunds	116
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 7,118</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	\$ (81,354)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (81,354)</u>
<u>Cash Flows from Investing Activities</u>	
Investment Income	\$ 6,361
Net Cash Provided By (Used In) Investing Activities	<u>\$ 6,361</u>
Increase (Decrease) in Cash	\$ 304,031
Cash, July 1, 2012	<u>1,469,583</u>
Cash, June 30, 2013	<u><u>\$ 1,773,614</u></u>

(Continued)

Exhibit D-3

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

	Business-type Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income	\$ 187,407
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	139,651
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	183,758
Decrease in Cash Shortage	169
(Decrease) in Accounts Payable	(13,343)
Increase in Payroll Deductions Payable	291
(Decrease) in Contracts Payable	(171,038)
(Decrease) in Retainage Payable	(19,787)
Increase in Compensated Absences Payable	5,914
Increase in Accrued Liability for Landfill Closure/Postclosure Costs	<u>58,884</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 371,906</u>
<u>Reconciliation of Cash With Statement of Net Position</u>	
Cash Per Net Position	\$ 340
Equity in Pooled Cash and Investments Per Net Position	<u>1,773,274</u>
Cash, June 30, 2013	<u>\$ 1,773,614</u>

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

Exhibit E

Hardeman County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 924,600
Due from Other Governments	<u>274,414</u>
Total Assets	<u>\$ 1,199,014</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 274,414
Due to Litigants, Heirs, and Others	<u>924,600</u>
Total Liabilities	<u>\$ 1,199,014</u>

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

HARDEMAN COUNTY, TENNESSEE
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HARDEMAN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hardeman 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 Hardeman County:

A. Reporting Entity

Hardeman County is a public municipal corporation governed by an elected 16-member board. As required by GAAP, these financial statements present Hardeman County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Hardeman County School Department operates the public school system in the county, and the voters of Hardeman 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 Hardeman County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Hardeman County, and the Hardeman 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 Hardeman 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 Hardeman County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Hardeman County Emergency Communications District
P.O. Box 355
Bolivar, TN 38008

Related Organizations – The Hardeman County Industrial Development Board and the Hardeman County Correctional Facilities Corporation are related organizations of Hardeman County. The county mayor nominates and the Hardeman County Commission confirms the board members, but the county’s accountability for the organizations 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 Hardeman 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.

Hardeman County issues all debt for the discretely presented Hardeman County School Department. Net debt issues totaling \$2,790,773 were contributed by the county to the School Department during the year ended June 30, 2013.

Separate financial statements are provided for governmental funds, the proprietary fund (enterprise fund), and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major

individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

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

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

Fund financial statements of Hardeman 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 inflow 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. Hardeman County only reports one proprietary fund, a major 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. Hardeman 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 General Debt Service Fund 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.

Hardeman County reports the following major governmental funds:

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

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

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

Education Capital Projects Fund – This fund accounts for debt issued by Hardeman County that is subsequently contributed to the discretely presented Hardeman County School Department for construction and renovation projects.

Hardeman County reports the following major proprietary fund:

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

Additionally, Hardeman County reports the following fund type:

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 Hardeman 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 Hardeman County School Department reports the following major governmental funds:

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

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

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, an enterprise fund, to account for the operations of the county's landfill. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations.

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 hand and funds held by the county trustee as Equity in Pooled Cash and Investments.

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 Hardeman 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. Hardeman 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 fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

All ambulance, property taxes, and solid waste receivables are shown with an allowance for uncollectibles. Ambulance and solid waste receivables allowances for uncollectibles are based on historical collection data. The allowance for uncollectible property taxes is equal to 2.33 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 a 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 as a 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.

Retainage payable in the General Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the General Fund.

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental 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 \$5,000 or more and an estimated useful life of more than five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25
Machinery and Equipment	5
Other Capital Assets	5 - 10
Infrastructure:	
Roads	10 - 20
Bridges	5 - 20

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 one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. 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 refunding or refunded 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 balance sheet. These revenues are from three sources: current and delinquent property taxes and other deferred/unavailable revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. **Compensated Absences**

It is the policy of the county and the School Department to permit employees to accumulate earned but unused vacation and sick leave benefits. There is no liability for unpaid accumulated sick leave since neither the county nor the School Department has a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide financial statements for the county and the discretely presented 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 and other postemployment benefits, 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.

The government-wide Statement of Net Position reports \$1,613,260 in restricted net position, of which \$262,862 is restricted by enabling legislation.

As of June 30, 2013, Hardeman County had \$7,479,006 in outstanding debt for capital purposes for the discretely presented Hardeman County School Department. This debt is a liability of Hardeman County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Hardeman 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 authorized the county's Budget Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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

8. Prior-period Adjustment

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of Governmental Accounting Standards Board Statement No. 65, debt issuance costs become period costs. An adjustment to beginning net position totaling \$35,966 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

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 Hardeman 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 Hardeman 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

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

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, Beer Board, Budget and Finance Committee, Other Boards and Committees, 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 the GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2013, the Hardeman County School Department reported the following significant encumbrance:

Fund	Description	Amount
School Department:		
Major Fund:		
General Purpose School	School renovations	\$ 1,937,266

B. Net Position Deficit

The Solid Waste Disposal Fund had a deficit in unrestricted net position of \$773,356 at June 30, 2013. This deficit resulted from the recognition of a liability totaling \$2,513,343 for costs associated with closing the county's landfill and monitoring the landfill for 30 years after closure.

C. Cash Shortage – Prior Year

The audit of Hardeman County for the 2007-08 year reported a cash shortage totaling \$3,032.47 in the Solid Waste Disposal Fund. This cash shortage is composed of 1) collections received at the landfill and delivered to the Solid Waste Office totaling \$2,152.97 that were not entered into the accounting system or deposited with the county trustee, and 2) receipts issued by the Solid Waste Office for monthly collections of landfill fees assessed to residents and businesses totaling \$879.50 that were not deposited with the county trustee. The bookkeeper was sentenced on August 5, 2010, for theft of property and ordered to pay restitution. As of the date of this report the unpaid cash shortage totaled \$162.97.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Hardeman County and the Hardeman 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 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.

Investment Balances. As of June 30, 2013, Hardeman County had the following investments carried at fair value. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Hardeman County and the discretely presented Hardeman County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
State Treasurer's Investment Pool	11 to 138	N/A	\$ 1,904,705

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Hardeman County has no investment policy that would further limit its investment choices. As of June 30, 2013, Hardeman County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2013, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 1,467,092	\$ 0	\$ 0	\$ 1,467,092
Construction in Progress	101,245	664,185	(36,500)	728,930
Total Capital Assets Not Depreciated	\$ 1,568,337	\$ 664,185	\$ (36,500)	\$ 2,196,022
Capital Assets Depreciated:				
Buildings and Improvements	\$ 8,819,543	\$ 59,095	\$ 0	\$ 8,878,638
Infrastructure	19,133,738	1,187,671	0	20,321,409
Other Capital Assets	5,713,522	242,856	(5,000)	5,951,378
Total Capital Assets Depreciated	\$ 33,666,803	\$ 1,489,622	\$ (5,000)	\$ 35,151,425

Governmental Activities (Cont.):

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,888,178	\$ 236,828	\$ 0	\$ 5,125,006
Infrastructure	6,343,179	1,102,902	0	7,446,081
Other Capital Assets	3,597,721	476,289	(2,666)	4,071,344
Total Accumulated Depreciation	<u>\$ 14,829,078</u>	<u>\$ 1,816,019</u>	<u>\$ (2,666)</u>	<u>\$ 16,642,431</u>
Total Capital Assets Depreciated, Net	<u>\$ 18,837,725</u>	<u>\$ (326,397)</u>	<u>\$ (2,334)</u>	<u>\$ 18,508,994</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,406,062</u>	<u>\$ 337,788</u>	<u>\$ (38,834)</u>	<u>\$ 20,705,016</u>

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

Governmental Activities:

General Government	\$ 39,789
Finance	2,512
Administration of Justice	21,394
Public Safety	102,170
Public Health and Welfare	138,607
Social, Cultural, and Recreational Services	9,550
Other Operations	184,420
Highways/Public Works	<u>1,317,577</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,816,019</u>

Business-type Activities:

	Balance			Balance
	7-1-12	Increases	Decreases	6-30-13
Capital Assets Not Depreciated:				
Land	\$ 219,838	\$ 0	\$ 0	\$ 219,838
Construction in Progress	456,868	0	(456,868)	0
Total Capital Assets Not Depreciated	<u>\$ 676,706</u>	<u>\$ 0</u>	<u>\$ (456,868)</u>	<u>\$ 219,838</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 1,984,592	\$ 497,625	\$ 0	\$ 2,482,217
Machinery and Equipment	692,515	40,597	0	733,112
Total Capital Assets Depreciated	<u>\$ 2,677,107</u>	<u>\$ 538,222</u>	<u>\$ 0</u>	<u>\$ 3,215,329</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 707,200	\$ 81,198	\$ 0	\$ 788,398
Machinery and Equipment	476,547	58,453	0	535,000
Total Accumulated Depreciation	<u>\$ 1,183,747</u>	<u>\$ 139,651</u>	<u>\$ 0</u>	<u>\$ 1,323,398</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,493,360</u>	<u>\$ 398,571</u>	<u>\$ 0</u>	<u>\$ 1,891,931</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,170,066</u>	<u>\$ 398,571</u>	<u>\$ (456,868)</u>	<u>\$ 2,111,769</u>

Depreciation expense was charged to functions of the business-type activities as follows:

Business-type Activities:			
Solid Waste Disposal		\$	139,651
Total Depreciation Expense - Business-type Activities		\$	139,651

Discretely Presented Hardeman County School Department

Governmental Activities:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets Not Depreciated:				
Land	\$ 358,116	\$ 0	\$ 0	\$ 358,116
Construction in Progress	0	830,257	0	830,257
Total Capital Assets Not Depreciated	<u>\$ 358,116</u>	<u>\$ 830,257</u>	<u>\$ 0</u>	<u>\$ 1,188,373</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 28,785,918	\$ 18,595	\$ 0	\$ 28,804,513
Other Capital Assets	7,356,679	535,288	(865,503)	7,026,464
Total Capital Assets Depreciated	<u>\$ 36,142,597</u>	<u>\$ 553,883</u>	<u>\$ (865,503)</u>	<u>\$ 35,830,977</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 16,644,043	\$ 807,820	\$ 0	\$ 17,451,863
Other Capital Assets	5,653,357	412,163	(865,503)	5,200,017
Total Accumulated Depreciation	<u>\$ 22,297,400</u>	<u>\$ 1,219,983</u>	<u>\$ (865,503)</u>	<u>\$ 22,651,880</u>
Total Capital Assets Depreciated, Net	<u>\$ 13,845,197</u>	<u>\$ (666,100)</u>	<u>\$ 0</u>	<u>\$ 13,179,097</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,203,313</u>	<u>\$ 164,157</u>	<u>\$ 0</u>	<u>\$ 14,367,470</u>

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

Governmental Activities:

Instruction	\$ 694,404
Support Services	456,154
Operation of Non-Instructional Services	<u>69,425</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,219,983</u></u>

C. Construction Commitments

At June 30, 2013, the discretely presented General Purpose School Fund had uncompleted construction contracts of approximately \$1,937,266 for school renovations. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General	Nonmajor governmental	\$ 1,081
Discretely Presented School Department: General Purpose School	School Federal Projects	50,040

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.

The receivable in the General Purpose School Fund totaling \$50,040 was in transit from the School Federal Projects Fund at June 30, 2013.

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: General Debt Service	Component Unit: General Purpose School	\$ 2,949,006

The due to the primary government is the balance of bonds, the other loan, and a capital lease issued by the county for the School Department. The School Department has agreed to contribute the funds necessary to retire these debt obligations.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2013, consisted of the following amounts:

Primary Government

	Transfer In
Transfer Out	General Debt Service Fund
General Fund	\$ 5,436

Discretely Presented Hardeman County School Department

	Transfers In	
Transfers Out	General Purpose School Fund	School Federal Projects Fund
School Federal Projects Fund	\$ 50,040	\$ 0
General Purpose School Fund	0	3,434
Total	\$ 50,040	\$ 3,434

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

E. Capital Leases

Primary Government

On December 21, 2011, Hardeman County entered into a two-year lease-purchase agreement for sheriff vehicles. The terms of the agreement require total lease payments of \$112,464 plus interest of 4.99 percent. Title to the vehicles transfers to Hardeman County at the end of the lease period. The lease payments are made from the General Fund.

On June 22, 2012, Hardeman County entered into a two-year lease-purchase agreement for a sheriff vehicle. The terms of the agreement require total lease payments of \$28,186 plus interest of 4.99 percent. Title to the vehicle transfers to Hardeman County at the end of the lease period. The lease payments are made from the General Fund.

On December 28, 2010, Hardeman County entered into a three-year lease-purchase agreement for the School Department for a modular building. The terms of the lease require total lease payments of \$36,239 plus interest of

4.6497 percent. Title to the building transfers to the School Department at the end of the lease. The School Department is making contributions to the primary government's General Debt Service Fund for these lease payments.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Vehicles	\$ 140,650
Modular Building	36,239
Less: Disposal of Wrecked Vehicle	(28,116)
Less: Accumulated Depreciation	<u>(36,891)</u>
Total Book Value	<u>\$ 111,882</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2014	<u>\$ 45,837</u>
Total Minimum Lease Payments	\$ 45,837
Less: Amount Representing Interest	<u>(1,957)</u>
Present Value of Minimum Lease Payments	<u>\$ 43,880</u>

F. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loan

Hardeman County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds. 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 the other loan are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and the other loan outstanding were issued for original terms of up to 40 years for bonds, up to 12 years for notes, and up to three years for the other loan. 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 the other loan included in long-term debt as of June 30, 2013, will be retired from the Highway/Public Works and General Debt Service funds.

General obligation bonds, capital outlay notes, other loan, and capital leases outstanding as of June 30, 2013, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-13
General Obligation Bonds	2 to 5	% 4-1-30	\$ 3,004,000	\$ 2,836,000
General Obligation Bonds - Refunding	3.98	4-1-24	6,370,000	4,530,000
Capital Outlay Notes	2.99 to 4.45	6-1-20	520,000	337,151
Other Loan	0	1-20-15	127,611	127,611
Capital Leases	4.6497 to 4.99	6-22-14	176,889	43,880

During the prior year, Hardeman County entered into an agreement with the Tennessee Energy Efficient Schools Council to receive funding from the Energy Efficient Schools Initiative program. Under this agreement, the program made \$500,000 available for loan to Hardeman County to fund a project to increase energy efficiency in the Hardeman County school system. As of June 30, 2013, Hardeman County had drawn \$127,611 of the available \$500,000 loan. The loan is interest free.

The annual requirements to amortize all general obligation bonds, notes, and other loan outstanding as of June 30, 2013, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 485,000	\$ 234,569	\$ 719,569
2015	501,000	231,048	732,048
2016	505,000	214,044	719,044
2017	530,000	196,716	726,716
2018	545,000	178,593	723,593
2019-2023	3,015,000	598,910	3,613,910
2024-2028	1,395,000	154,941	1,549,941
2029-2030	390,000	17,700	407,700
Total	\$ 7,366,000	\$ 1,826,521	\$ 9,192,521

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 61,053	\$ 13,811	\$ 74,864
2015	67,053	11,476	78,529
2016	54,045	8,887	62,932
2017	35,000	6,898	41,898
2018	40,000	5,340	45,340
2019-2020	80,000	5,340	85,340
Total	\$ 337,151	\$ 51,752	\$ 388,903

Year Ending June 30	Other Loan Principal
2014	\$ 71,424
2015	56,187
Total	\$ 127,611

There is \$879,764 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, other loan, and capital leases, totaled \$289, based on the 2010 federal census.

The School Department is currently servicing some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government. In the prior year, the other loan payable and capital lease were reflected as debt of the School Department; however, this debt has been reclassified as debt of the primary government because the primary government is legally obligated to repay the debt.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-13</u>
<u>Other Loan Payable</u>	
<u>Payable through General Purpose School Fund</u>	
Energy Efficient School Initiative	\$ 127,611
<u>Capital Lease</u>	
<u>Payable through General Purpose School Fund</u>	
Modular Building Lease	6,395
<u>Bonds Payable</u>	
<u>Payable through General Purpose School Fund</u>	
General Obligation School Bonds, Series 2013	<u>2,815,000</u>
Total	<u>\$ 2,949,006</u>

Changes in Long-term Obligations

Long-term obligation activity for the year ended June 30, 2013, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>	<u>Other Loan</u>
Balance, July 1, 2012	\$ 4,886,000	\$ 309,571	\$ 0
Reclassification of School Debt	0	0	104,361
Additions	2,815,000	80,000	23,250
Reductions	<u>(335,000)</u>	<u>(52,420)</u>	<u>0</u>
Balance, June 30, 2013	<u>\$ 7,366,000</u>	<u>\$ 337,151</u>	<u>\$ 127,611</u>
Balance Due Within One Year	<u>\$ 485,000</u>	<u>\$ 61,053</u>	<u>\$ 71,424</u>

	Capital Leases	Compensated Absences
Balance, July 1, 2012	\$ 73,184	\$ 422,696
Reclassification of School Debt	18,750	0
Additions	0	232,199
Reductions	(48,054)	(130,518)
Balance, June 30, 2013	<u>\$ 43,880</u>	<u>\$ 524,377</u>
Balance Due Within One Year	<u>\$ 43,880</u>	<u>\$ 100,701</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 8,399,019
Less: Balance Due Within One Year	(762,058)
Add: Unamortized Premium on Debt	<u>54,668</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 7,691,629</u>

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

Hardeman County Solid Waste Disposal Fund (enterprise fund)

Changes in Long-term Obligations

Long-term obligation activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2013, was as follows:

Business-type Activities:

	Landfill Closure/ Postclosure Care Costs	Compensated Absences
Balance, July 1, 2012	\$ 2,454,459	\$ 22,647
Additions	58,884	7,554
Reductions	0	(1,640)
Balance, June 30, 2013	<u>\$ 2,513,343</u>	<u>\$ 28,561</u>
Balance Due Within One Year	<u>\$ 3,490</u>	<u>\$ 28,561</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 2,541,904
Less: Balance Due Within One Year	<u>(32,051)</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,509,853</u>
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Discretely Presented Hardeman County School Department

Changes in Long-term Obligations

Long-term obligation activity for the discretely presented Hardeman County School Department for the year ended June 30, 2013, was as follows:

Governmental Activities:

	<u>Other Loan</u>	<u>Capital Leases</u>	<u>Compensated Absences</u>
Balance, July 1, 2012	\$ 104,361	\$ 18,750	\$ 176,646
Additions	0	0	73,546
Reductions	0	0	(36,677)
Reclassification of School Debt	<u>(104,361)</u>	<u>(18,750)</u>	<u>0</u>
Balance, June 30, 2013	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 213,515</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,773</u>

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2012	\$ 646,074
Additions	377,411
Reductions	<u>(199,941)</u>
Balance, June 30, 2013	<u>\$ 823,544</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2013	\$ 1,037,059
Less: Balance Due Within One Year	<u>(36,773)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,000,286</u>

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

G. On-Behalf Payments - Discretely Presented Hardeman County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hardeman 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, 2013, were \$97,403 and \$36,999, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

H. Short-term Debt

Hardeman 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 for general operating expenses coming due before current tax collections and other revenue sources. Short term debt activity for the year ended June 30, 2013, was as follows:

	<u>7-1-12</u>	Issued	Paid	<u>6-30-13</u>
Tax Anticipation Note	\$ 0	\$ 487,000	\$ (487,000)	\$ 0

V. **OTHER INFORMATION**

A. **Risk Management**

Primary Government

Employee Health Insurance

It is the policy of the county to carry commercial insurance for active employee's health and accident coverage. Retirees are not allowed to continue coverage. Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years.

Liability, Property, Casualty, and Workers' Compensation Insurance

Hardeman County participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county pays an annual premium to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

Discretely Presented Hardeman County School Department

Employee Health Insurance

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, *Tennessee Code Annotated (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.

Liability, Property, Casualty, and Workers' Compensation Insurance

The School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays an annual premium to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; No. 61, *The Financial Reporting Entity: Omnibus (an amendment of GASB Statements No. 14 and No. 34)*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; and Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* became effective for the year ended June 30, 2013. Hardeman County early implemented Statement No. 65, *Items Previously Reported as Assets and Liabilities* and Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which have an effective date of June 30, 2014.

GASB Statement No. 60 provides accounting and financial reporting guidance related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The standard establishes criteria for determining whether a SCA exists, how to account for SCAs, and requires certain disclosures associated with a SCA.

GASB Statement No. 61 amends Statements No. 14 and No. 34 and modifies certain requirements for inclusion of component units in the financial reporting entity to ensure that the reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. Statement No. 61 also clarifies the criteria for blending component units and presenting business-type component units.

GASB Statement No. 62 incorporates into GASB's literature the provisions in Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' Committee on Accounting Procedure issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements. The option to use subsequent FASB guidance has been removed.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources that were introduced and defined by Concepts Statement No. 4, *Elements of Financial Statements*. Previous financial reporting standards did not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. In addition, the previous Statement of Net Assets was renamed to a Statement of Financial Position.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets

and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66 resolves conflicting guidance by removing the provision that limits fund based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. Under Statement No. 66 decisions about fund type classifications are based on the nature of the activity to be reported as required by Statements No. 54 and No. 34. This statement also modifies guidance on operating lease payments, purchased loans, and servicing fees related to mortgage loans.

Prior to July 1, 2012, debt issuance costs were deferred and amortized over the life of the debt; however, with the implementation of GASB Statement No. 65, debt issuance costs become period costs. An adjustment to beginning net position totaling \$35,966 has been recognized for accumulated debt issuance costs on the government-wide financial statements.

C. Contingent Liabilities

Hardeman County is contingently liable for certain Local Government Public Improvement Bonds, Series 2008A and 2008B, of the Hardeman County Industrial Development Board. Hardeman County would become liable for these bonds and the interest thereon in the event of default by the Industrial Development Board. The principal of these public improvement bonds is reflected on the financial statements of the Hardeman County Industrial Development Board. As of June 30, 2013, future principal and interest requirements were \$17,575,000 and \$16,458,251, respectively.

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

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

D. Changes in Administration

Director of Schools, Dr. Donald Hopper, resigned June 30, 2012, and was succeeded by Warner Ross, II.

On August 31, 2012, Norma Kirk left the Office of Assessor of Property and was succeeded by Josh Pulse.

E. Landfill Closure/Postclosure Care Costs

Hardeman County has active permits on file with the state Department of Environment and Conservation for a sanitary landfill and a bailing/recycling center. The county has provided financial assurances for estimated 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 the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,513,343 reported as landfill closure and postclosure care liability at June 30, 2013, represents the cumulative amount reported to date based on the use of 90 percent of the estimated capacity of the extension landfill site (\$1,102,420) and for the original landfill site closed in 1999 (\$1,410,923) and represents estimates of the cost to perform all closure and postclosure care in 2013. The county will recognize the remaining estimated costs of closure and postclosure care of \$122,491 on the operating landfill as the remaining estimated capacity is filled. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

The Bolivar/Hardeman County Library is jointly owned by Hardeman County and the City of Bolivar and is operated by an appointed board. The board comprises seven members, four of whom are appointed by the Hardeman County Mayor. The remaining three members are appointed by the Bolivar City Mayor. Hardeman County has control over budgeting and financing the joint venture only to the extent of representation by the four board members appointed. Hardeman County contributed \$80,314 to the operations of the library during the year ended June 30, 2013.

The Twenty-fifth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fifth Judicial District, Fayette, Hardeman, Lauderdale, McNairy and Tipton counties, and various cities within these counties. 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 participating law enforcement agencies within each judicial district.

Hardeman County does not have an equity interest in the above noted joint ventures. Complete financial statements for the Bolivar/Hardeman County Library and the DTF can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Bolivar/Hardeman County Library
213 North Washington Street
Bolivar, TN 38008

Office of District Attorney General
Twenty-fifth Judicial District Drug Task Force
121 North Main
Ripley, TN 38063

G. Retirement Commitments

Plan Description

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

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

Funding Policy

Hardeman County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2013, was 8.9 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2013, the county's annual pension cost of \$761,596 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was one year. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$ 761,596	100%	\$0
6-30-12	1,083,512	100	0
6-30-11	1,010,874	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 100 percent funded. The actuarial accrued liability for benefits was \$23.69 million, and the actuarial value of assets was \$23.69 million, resulting in an unfunded actuarial accrued liability (UAAL) of zero. The covered payroll (annual payroll of active employees covered by the plan) was

\$8.28 million, and the ratio of the UAAL to the covered payroll was zero percent.

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 values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SCHOOL TEACHERS

Plan Description

The Hardeman County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer

rate for the fiscal year ended June 30, 2013, was 8.88 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2013, 2012, and 2011 were \$1,501,116, \$1,636,424, and \$1,508,646, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated*, for local education employees. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization (PPO) 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 plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of the plan members are established and may be amended by the insurance committee. The plan is 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 the plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides 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 ended June 30, 2013, the discretely presented Hardeman County School Department contributed \$199,941 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 379,000
Interest on the NOPEBO	25,843
Adjustment to the ARC	(27,432)
Annual OPEB cost	<hr/> \$ 377,411
Less: Amount of contribution	(199,941)
Increase/decrease in NOPEBO	<hr/> \$ 177,470
Net OPEB obligation, 7-1-12	<hr/> 646,074
	<hr/>
Net OPEB obligation, 6-30-13	<hr/> <hr/> \$ 823,544

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-11	Local Education Group	\$ 292,976	79 %	\$ 473,863
6-30-12	"	373,835	54	646,074
6-30-13	"	377,411	53	823,544

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Local Education Group Plan
	<hr/>
Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 3,586,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 3,586,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 20,905,099
UAAL as a % of covered payroll	17%

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, 2011, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.75 percent for fiscal year 2013. The trend will decrease to 8.25 percent in fiscal year 2014 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rate includes 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 30-year period beginning with July 1, 2007.

I. Purchasing Laws

Offices of County Mayor, Highway Superintendent, and Director of Schools

Purchasing procedures for all departments, agencies, and offices of Hardeman County are established by Chapter 90, Private Acts of 1989, as amended. Purchasing procedures for the Highway Department are also governed by provisions of the Uniform Road Law, Section 54-7-113, *Tennessee Code Annotated (TCA)*. Purchasing procedures for the School Department are also governed by provisions of purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*. Chapter 90, Private Acts of 1989, as amended, designates the county mayor as the county purchasing agent and authorizes the mayor to make purchases for all agencies, offices, and departments of the county, except for purchases that cost less than \$10,000, which may be made directly by the highway superintendent and director of schools. These statutes also require the issuance of purchase orders and the solicitation of bids through newspaper advertisements for all purchases exceeding \$10,000 for the Offices of County Mayor, Highway Superintendent, and Director of Schools.

VI. **OTHER NOTES – DISCRETELY PRESENTED HARDEMAN COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

A. **Significant Accounting Policies**

1. **Organization and Reporting Entity**

The Hardeman County Emergency Communications District, a component unit of Hardeman County, Tennessee, was established by voter referendum in November 1988, and the assessment of service fees began November 1989.

The purpose of the district is to provide a simplified means of securing emergency services by telephone to those persons living in Hardeman County, Tennessee.

The district is considered a component unit of Hardeman County because the Board of Directors of the district is appointed by the County Commission; the County Commission has the authority to adjust the rates charged by the district; and the County Commission must approve any debt issued by the district.

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

The district is accounted for as a single enterprise fund as prescribed by the state. Enterprise funds are a type of proprietary fund, and as such, are reported in accordance with generally accepted accounting principles for proprietary funds as defined by the Governmental Accounting Standards Board (GASB). Proprietary fund types are reported using the economic resources measurement focus and the accrual basis of accounting. The aim of this measurement focus is to report all inflows, outflows, and balances affecting or reflecting the entities net position. The accrual basis of accounting recognizes income as it is earned and expenses as they are incurred, whether or not cash is received or paid out at the time.

Operating revenues in proprietary funds are those revenues generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. The state has defined grants and reimbursements from the Tennessee Emergency Communications Board to be non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

3. **Assets, Liabilities, and Net Position**

a. **Deposits and Investments**

Cash and cash equivalents include amounts in demand deposits as well as deposits with original maturities of three months or less.

State statutes allow investments in obligations of the U.S. Treasury, agencies, instrumentalities, and obligations guaranteed as to principal and interest of the United States or any of its agencies, repurchase agreements, the Tennessee Local Government Investment Pool, and certificates of deposit.

b. **Accounts Receivable and Credit Risk**

Accounts receivable represents amounts due from telephone companies less applicable commissions.

c. **Capital Assets**

Capital assets are recorded at historical cost. Maintenance repairs and minor renewals are expensed as incurred. Interest costs incurred on financing during the construction or installation period of capital assets are capitalized as part of the cost of the assets. Any purchase of equipment, either for office or system use, purchased at a price in excess of \$5,000 and with an expected life span of five years or greater shall be considered a capital asset and carried on the books as such.

Depreciation has been provided over the estimated useful lives of the capital assets by the straight-line method. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	30
Equipment, Furniture, and Fixtures	5 - 7
Vehicles	5

d. **Compensated Absences**

The district allows full-time employees eight hours of vacation per month for 1-10 years of service, and 12 hours per month for 10-20 years of service. The vacation days will have monetary value and may be accrued; however, maximum accrual is 24 days for 1-10 years of service and 30 days for 10-20 years of

service. A liability is reflected in the financial statements for \$6,232.

The district allows employees to accrue eight hours per month sick leave. These days can be accrued; however, they have no monetary value except for the purpose granted or at the time of retirement. Therefore, no liability is reflected in the financial statements.

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

During the year ended June 30, 2013, the district adopted the provisions of GASB Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position*. The objective of the statement is to provide financial reporting guidance for deferred outflows of resources and deferred 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The district does not have any items that qualify for reporting in this category as of June 30, 2013.

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 acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The district does not have any items that qualify for reporting in this category as of June 30, 2013.

f. **Net Position Flow Assumption**

Sometimes the district will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the district's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

g. Net Position

Net position is classified for reporting purposes as unrestricted and invested in capital assets. There are currently no restrictions on net position.

B. Stewardship, Compliance, and Accountability

Budgetary Compliance

The district adopts a budget in accordance with the requirements of the Tennessee Emergency Communications Board and Section 7-86-120, *Tennessee Code Annotated*. This budget is adopted on another comprehensive basis of accounting, which is not in accordance with generally accepted accounting principles. The budgetary basis of accounting includes expenditures for capital assets and reduction of principal on long-term debt, but does not include depreciation. Expenditures are required to be within budgetary limits at the line item level of control.

C. Detailed Notes on Accounts

1. Deposits and Investments

The district's policies limit deposits and investments to those instruments allowed by applicable state laws and described below. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve banks acting as third-party agents.

State statutes also authorize the district to invest in bonds, notes, or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2013, \$715,330 of the district's bank balance was covered by federal depository insurance and \$5,633 was covered by the Tennessee Bank Collateral Pool.

2. Capital Assets

Changes in capital assets for the year ended June 30 2013, were as follows:

	Balance 7-1-12	Increases	Decreases	Balance 6-30-13
Capital Assets				
Depreciated:				
Office Building	\$ 72,671	\$ 0	\$ 0	\$ 72,671
Furniture and Fixtures	42,210	23,799	0	66,009
Office Equipment	11,618	0	(1,897)	9,721
Communications				
Equipment	436,163	153,581	(74,256)	515,488
Vehicles	14,838	0	0	14,838
Total Capital Assets				
Depreciated	\$ 577,500	\$ 177,380	\$ (76,153)	\$ 678,727
Less Accumulated				
Depreciation For:				
Office Building	\$ 36,348	\$ 2,422	\$ 0	\$ 38,770
Furniture and Fixtures	33,180	7,772	0	40,952
Office Equipment	9,854	747	(1,897)	8,704
Communications				
Equipment	167,803	92,594	(74,256)	186,141
Vehicles	2,473	2,968	0	5,441
Total Accumulated				
Depreciation	\$ 249,658	\$ 106,503	\$ (76,153)	\$ 280,008
Total Capital				
Assets, Net	\$ 327,842	\$ 70,877	\$ 0	\$ 398,719

D. Other Information

1. Funding Sources

Funds for operations are provided by monthly fees from service users in Hardeman County and by the Tennessee Emergency Communications Board. Service suppliers in Hardeman County collect the service fees and remit the funds to the district. The service suppliers retain one percent of the collections as an administrative fee.

The Tennessee Emergency Communications Board collects monthly service fees from wireless cellular phone subscribers and voice over internet protocol services and remits a set percentage to the district.

2. Retirement Plan

Plan Description

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

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

Funding Policy

The district requires employees to contribute five percent of their earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2013, was 15.19 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. Contribution requirements for the district are established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2013, the district's annual pension cost of \$11,233 to TCRS was equal to the district's required and actual

contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen initial liability actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of equities over a 10-year period. The district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was nine years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Year Ended	Pension Cost (APC)	of APC Contributed	Pension Obligation
6-30-13	\$ 11,233	100 %	\$ 0
6-30-12	10,810	100	0
6-30-11	11,067	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 86.51 percent funded. The actuarial accrued liability for benefits was \$.18 million, and the actuarial value of assets was \$.16 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.02 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.07 million, and the ratio of the UAAL to the covered payroll was 34.52 percent.

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 values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

3. Risk Management

The district is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended

June 30, 2013, the district purchased commercial insurance for all the above risks. Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in the amount of coverage provided.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Hardeman County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Hardeman County School Department
June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 23,695	\$ 23,695	\$ 0	100 %	\$ 8,283	0 %
7-1-09	19,053	19,053	0	100	8,036	0
7-1-07	17,373	17,373	0	100	7,617	0

Exhibit F-2

Hardeman County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Hardeman County Emergency Communications District
June 30, 2013

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-11	\$ 159	\$ 184	\$ 25	86.51 %	\$ 72	34.52 %
7-1-09	126	153	27	82.41	62	43.42
7-1-07	108	137	29	78.83	73	39.73

Exhibit F-3

Hardeman County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Hardeman County School Department
June 30, 2013

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a
							Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-09	\$ 0	\$ 2,845	\$ 2,845	0 %	\$ 20,742	14 %
"	7-1-10	0	2,947	2,947	0	21,381	14
"	7-1-11	0	3,586	3,586	0	20,905	17

HARDEMAN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

BUDGETARY INFORMATION

In prior years, the budgetary statements for the General Fund and major special revenue funds were presented as required supplementary information in the financial statements of its external financial report. Effective for the year ended June 30, 2013, these budgetary statements are presented as part of the basic financial statements. This change in presentation was done to be consistent in the presentation of the information for both municipal and county governments in Tennessee.

**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, and sheriff.

Capital Projects Fund

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

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Exhibit G-1

Hardeman County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Drug Control</u>	<u>Constitu - tional Officers - Fees</u>	<u>Total</u>	<u>General Capital Projects</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 75,218	\$ 75,218	\$ 0	\$ 75,218
Equity in Pooled Cash and Investments	81,452	0	81,452	313,545	394,997
Accounts Receivable	0	141	141	0	141
Total Assets	\$ 81,452	\$ 75,359	\$ 156,811	\$ 313,545	\$ 470,356
<u>LIABILITIES</u>					
Accounts Payable	\$ 21	\$ 0	\$ 21	\$ 0	\$ 21
Due to Other Funds	0	1,081	1,081	0	1,081
Total Liabilities	\$ 21	\$ 1,081	\$ 1,102	\$ 0	\$ 1,102
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 81,431	\$ 0	\$ 81,431	\$ 0	\$ 81,431
Committed:					
Committed for Finance	0	74,278	74,278	0	74,278
Committed for Capital Projects	0	0	0	313,545	313,545
Total Fund Balances	\$ 81,431	\$ 74,278	\$ 155,709	\$ 313,545	\$ 469,254
Total Liabilities and Fund Balances	\$ 81,452	\$ 75,359	\$ 156,811	\$ 313,545	\$ 470,356

Hardeman County, Tennessee
Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	Drug Control	Constitutional Officers - Fees	Total	General Capital Projects	Total	
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 773,046	\$ 773,046	
Fines, Forfeitures, and Penalties	58,739	0	58,739	0	58,739	
Charges for Current Services	0	275,960	275,960	0	275,960	
Total Revenues	\$ 58,739	\$ 275,960	\$ 334,699	\$ 773,046	\$ 1,107,745	
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 275,939	\$ 275,939	\$ 0	\$ 275,939	
Public Safety	51,153	0	51,153	0	51,153	
Debt Service:						
Principal on Debt	0	0	0	0	102,472	
Capital Projects	0	0	0	953,878	953,878	
Total Expenditures	\$ 51,153	\$ 275,939	\$ 327,092	\$ 953,878	\$ 1,280,970	
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,586	\$ 21	\$ 7,607	\$ (180,832)	\$ (173,225)	
Net Change in Fund Balances	\$ 7,586	\$ 21	\$ 7,607	\$ (180,832)	\$ (173,225)	
Fund Balance, July 1, 2012	73,845	74,257	148,102	494,377	642,479	
Fund Balance, June 30, 2013	\$ 81,431	\$ 74,278	\$ 155,709	\$ 313,545	\$ 469,254	

Exhibit G-3

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 58,739	\$ 36,500	\$ 36,500	\$ 22,239
State of Tennessee	0	1,828	1,828	(1,828)
Total Revenues	\$ 58,739	\$ 38,328	\$ 38,328	\$ 20,411
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 51,153	\$ 76,000	\$ 76,000	\$ 24,847
Total Expenditures	\$ 51,153	\$ 76,000	\$ 76,000	\$ 24,847
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,586	\$ (37,672)	\$ (37,672)	\$ 45,258
Net Change in Fund Balance	\$ 7,586	\$ (37,672)	\$ (37,672)	\$ 45,258
Fund Balance, July 1, 2012	73,845	73,845	73,845	0
Fund Balance, June 30, 2013	\$ 81,431	\$ 36,173	\$ 36,173	\$ 45,258

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,382	\$ 3,700	\$ 3,700	\$ (1,318)
Other Governments and Citizens Groups	531,445	0	525,037	6,408
Total Revenues	\$ 533,827	\$ 3,700	\$ 528,737	\$ 5,090
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 49,585	\$ 44,394	\$ 49,585	\$ 0
Education	337,355	325,000	337,355	0
<u>Interest on Debt</u>				
General Government	14,892	17,060	17,060	2,168
Education	193,840	205,567	206,178	12,338
<u>Other Debt Service</u>				
General Government	43	2,500	2,500	2,457
Education	250	3,000	3,000	2,750
Total Expenditures	\$ 595,965	\$ 597,521	\$ 615,678	\$ 19,713
Excess (Deficiency) of Revenues Over Expenditures	\$ (62,138)	\$ (593,821)	\$ (86,941)	\$ 24,803
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 5,436	\$ 517,507	\$ 5,436	\$ 0
Total Other Financing Sources	\$ 5,436	\$ 517,507	\$ 5,436	\$ 0
Net Change in Fund Balance	\$ (56,702)	\$ (76,314)	\$ (81,505)	\$ 24,803
Fund Balance, July 1, 2012	936,466	936,009	936,009	457
Fund Balance, June 30, 2013	\$ 879,764	\$ 859,695	\$ 854,504	\$ 25,260

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, general sessions, and juvenile courts clerk; clerk and master; register; and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit I-1

Hardeman County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 924,600	\$ 924,600
Due from Other Governments	274,414	0	274,414
Total Assets	<u>\$ 274,414</u>	<u>\$ 924,600</u>	<u>\$ 1,199,014</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 274,414	\$ 0	\$ 274,414
Due to Litigants, Heirs, and Others	0	924,600	924,600
Total Liabilities	<u>\$ 274,414</u>	<u>\$ 924,600</u>	<u>\$ 1,199,014</u>

Exhibit I-2

Hardeman County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,591,526	\$ 1,591,526	\$ 0
Due from Other Governments	280,000	274,414	280,000	274,414
Total Assets	\$ 280,000	\$ 1,865,940	\$ 1,871,526	\$ 274,414
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 280,000	\$ 1,865,940	\$ 1,871,526	\$ 274,414
Total Liabilities	\$ 280,000	\$ 1,865,940	\$ 1,871,526	\$ 274,414
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 850,646	\$ 5,874,078	\$ 5,800,124	\$ 924,600
Total Assets	\$ 850,646	\$ 5,874,078	\$ 5,800,124	\$ 924,600
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 850,646	\$ 5,874,078	\$ 5,800,124	\$ 924,600
Total Liabilities	\$ 850,646	\$ 5,874,078	\$ 5,800,124	\$ 924,600
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 850,646	\$ 5,874,078	\$ 5,800,124	\$ 924,600
Equity in Pooled Cash and Investments	0	1,591,526	1,591,526	0
Due from Other Governments	280,000	274,414	280,000	274,414
Total Assets	\$ 1,130,646	\$ 7,740,018	\$ 7,671,650	\$ 1,199,014
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 280,000	\$ 1,865,940	\$ 1,871,526	\$ 274,414
Due to Litigants, Heirs, and Others	850,646	5,874,078	5,800,124	924,600
Total Liabilities	\$ 1,130,646	\$ 7,740,018	\$ 7,671,650	\$ 1,199,014

Hardeman County School Department

This section presents combining and individual fund financial statements for the Hardeman 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.

Hardeman County, Tennessee
Statement of Activities
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 20,703,775	\$ 225	\$ 2,261,120	\$ (18,442,430)
Support Services	11,196,294	95,069	346,408	(10,754,817)
Operation of Non-Instructional Services	3,714,344	379,514	2,221,807	(1,113,023)
Other Debt Service	566,567	0	0	(566,567)
Total Governmental Activities	\$ 36,180,980	\$ 474,808	\$ 4,829,335	\$ (30,876,837)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 5,551,560
Local Option Sales Taxes				2,165,738
Other Local Taxes				2,297
Grants and Contributions Not Restricted for Specific Programs				22,682,639
Unrestricted Investment Income				5,518
Miscellaneous				82,205
Total General Revenues				\$ 30,489,957
Change in Net Position				\$ (386,880)
Net Position, July 1, 2012				20,854,445
Net Position, June 30, 2013				\$ 20,467,565

Hardeman County, Tennessee
 Balance Sheet - Governmental Funds
 Discretely Presented Hardeman County School Department
 June 30, 2013

	Major Funds		Nonmajor	Total Governmental Funds
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 16	\$ 16
Equity in Pooled Cash and Investments	7,768,097	57,103	555,908	8,381,108
Accounts Receivable	31,913	12,012	0	43,925
Due from Other Governments	752,755	682,949	12,124	1,447,828
Due from Other Funds	50,040	0	0	50,040
Property Taxes Receivable	5,830,515	0	0	5,830,515
Allowance for Uncollectible Property Taxes	(255,320)	0	0	(255,320)
Total Assets	\$ 14,178,000	\$ 752,064	\$ 568,048	\$ 15,498,112
<u>LIABILITIES</u>				
Accounts Payable	\$ 32,692	\$ 0	\$ 0	\$ 32,692
Payroll Deductions Payable	26,757	2,070	0	28,827
Total Liabilities	\$ 59,449	\$ 2,070	\$ 0	\$ 61,519
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 5,350,433	\$ 0	\$ 0	\$ 5,350,433
Deferred Delinquent Property Taxes	194,282	0	0	194,282
Other Deferred/Unavailable Revenue	180,244	0	0	180,244
Total Deferred Inflows of Resources	\$ 5,724,959	\$ 0	\$ 0	\$ 5,724,959
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 192,578	\$ 0	\$ 0	\$ 192,578
Restricted for Operation of Non-Instructional Services	0	0	568,048	568,048
Restricted for Capital Outlay	1,937,266	0	0	1,937,266
Assigned:				
Assigned for Education	151,116	749,994	0	901,110
Unassigned	6,112,632	0	0	6,112,632
Total Fund Balances	\$ 8,393,592	\$ 749,994	\$ 568,048	\$ 9,711,634
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,178,000	\$ 752,064	\$ 568,048	\$ 15,498,112

Exhibit J-3

Hardeman County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Hardeman County School Department
June 30, 2013

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 9,711,634	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	358,116	
Add: construction in progress		830,257	
Add: buildings and improvements net of accumulated depreciation		11,352,650	
Add: other capital assets net of accumulated depreciation		<u>1,826,447</u>	14,367,470
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on bonds payable on primary government debt	\$	(2,815,000)	
Less: contributions due on other loan payable on primary government debt		(127,611)	
Less: contributions due on capital lease payable on primary government debt		(6,395)	
Less: other postemployment benefits liability		(823,544)	
Less: compensated absences payable		<u>(213,515)</u>	(3,986,065)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>374,526</u>
Net position of governmental activities (Exhibit A)			<u>\$ 20,467,565</u>

Hardeman County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2013

	Major Funds		Nonmajor	Total Governmental Funds
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 7,769,339	\$ 0	\$ 0	\$ 7,769,339
Licenses and Permits	2,973	0	0	2,973
Charges for Current Services	11,378	0	421,676	433,054
Other Local Revenues	166,415	0	7,013	173,428
State of Tennessee	22,031,524	0	123,552	22,155,076
Federal Government	27,703	3,225,237	2,057,034	5,309,974
Other Governments and Citizens Groups	2,790,773	0	0	2,790,773
Total Revenues	\$ 32,800,105	\$ 3,225,237	\$ 2,609,275	\$ 38,634,617
<u>Expenditures</u>				
Current:				
Instruction	\$ 17,123,392	\$ 2,547,521	\$ 0	\$ 19,670,913
Support Services	10,704,319	699,613	0	11,403,932
Operation of Non-Instructional Services	1,057,206	0	2,589,073	3,646,279
Capital Outlay	853,507	0	0	853,507
Debt Service:				
Other Debt Service	531,445	0	0	531,445
Total Expenditures	\$ 30,269,869	\$ 3,247,134	\$ 2,589,073	\$ 36,106,076
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,530,236	\$ (21,897)	\$ 20,202	\$ 2,528,541
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 10,400	\$ 0	\$ 0	\$ 10,400
Transfers In	50,040	3,434	0	53,474
Transfers Out	(3,434)	(50,040)	0	(53,474)
Total Other Financing Sources (Uses)	\$ 57,006	\$ (46,606)	\$ 0	\$ 10,400
Net Change in Fund Balances	\$ 2,587,242	\$ (68,503)	\$ 20,202	\$ 2,538,941
Fund Balance, July 1, 2012	5,806,350	818,497	547,846	7,172,693
Fund Balance, June 30, 2013	\$ 8,393,592	\$ 749,994	\$ 568,048	\$ 9,711,634

Exhibit J-5

Hardeman County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2013

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)		\$ 2,538,941
(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	\$ 1,384,140	
Less: current-year depreciation expense	<u>(1,219,983)</u>	164,157
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2013	\$ 374,526	
Less: deferred delinquent property taxes and other deferred June 30, 2012	<u>(424,270)</u>	(49,744)
(3) The issuance of long-term debt (e.g., bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Less: contribution of bond proceeds from primary government	\$ (2,815,000)	
Less: contribution of other loan proceeds from primary government	(23,250)	
Add: contribution payments on capital lease for primary government	<u>12,355</u>	(2,825,895)
(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 other postemployment benefits liability	\$ (177,470)	
Change in compensated absences payable	<u>(36,869)</u>	(214,339)
Change in net position of governmental activities (Exhibit B)		<u>\$ (386,880)</u>

Exhibit J-6

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hardeman County School Department
General Purpose School Fund
For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 7,769,339	\$ 0	\$ 0	\$ 7,769,339	\$ 7,868,892	\$ 7,868,892	\$ (99,553)
Licenses and Permits	2,973	0	0	2,973	3,268	3,268	(295)
Charges for Current Services	11,378	0	0	11,378	71,914	71,914	(60,536)
Other Local Revenues	166,415	0	0	166,415	104,838	104,838	61,577
State of Tennessee	22,031,524	0	0	22,031,524	21,834,477	21,983,918	47,606
Federal Government	27,703	0	0	27,703	451,996	451,996	(424,293)
Other Governments and Citizens Groups	2,790,773	0	0	2,790,773	0	2,790,773	0
Total Revenues	\$ 32,800,105	\$ 0	\$ 0	\$ 32,800,105	\$ 30,335,385	\$ 33,275,599	\$ (475,494)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 13,334,353	\$ (55,792)	\$ 23,749	\$ 13,302,310	\$ 14,017,693	\$ 14,134,223	\$ 831,913
Alternative Instruction Program	213,526	0	0	213,526	272,291	272,291	58,765
Special Education Program	2,259,504	0	0	2,259,504	2,274,856	2,294,756	35,252
Vocational Education Program	1,316,009	0	0	1,316,009	1,320,463	1,342,713	26,704
<u>Support Services</u>							
Attendance	129,007	0	0	129,007	131,987	154,987	25,980
Health Services	289,107	(156)	208	289,159	295,226	293,663	4,504
Other Student Support	950,907	0	0	950,907	948,333	961,483	10,576
Regular Instruction Program	1,297,838	0	1,470	1,299,308	1,272,384	1,322,154	22,846
Alternative Instruction Program	28,587	0	0	28,587	28,590	28,590	3
Special Education Program	591,437	0	0	591,437	543,192	616,380	24,943
Vocational Education Program	48,902	0	0	48,902	48,245	49,410	508
Other Programs	134,402	0	0	134,402	0	134,402	0
Board of Education	556,241	0	0	556,241	560,653	560,653	4,412
Director of Schools	316,568	(802)	108	315,874	313,470	325,036	9,162
Office of the Principal	1,567,479	0	0	1,567,479	1,566,247	1,587,147	19,668
Fiscal Services	167,599	(2,971)	0	164,628	171,736	171,736	7,108

(Continued)

Exhibit J-6

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hardeman County School Department
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2012	Encumbrances 6/30/2013			Original	Final	
<u>Expenditures (Cont.)</u>								
<u>Support Services (Cont.)</u>								
Human Services/Personnel	\$ 55,565	\$ 0	\$ 0	\$ 55,565	\$ 56,500	\$ 56,500	\$ 935	
Operation of Plant	1,859,360	0	0	1,859,360	1,894,529	1,894,529	35,169	
Maintenance of Plant	759,205	(4,666)	2,965	757,504	801,832	801,832	44,328	
Transportation	1,765,153	(10,590)	74,391	1,828,954	1,873,196	1,882,196	53,242	
Central and Other	186,962	0	22,205	209,167	221,044	221,044	11,877	
<u>Operation of Non-Instructional Services</u>								
Food Service	1,165	0	0	1,165	0	1,165	0	
Community Services	1,568	0	0	1,568	14,298	14,298	12,730	
Early Childhood Education	1,054,473	(50,682)	26,020	1,029,811	1,015,053	1,030,092	281	
<u>Capital Outlay</u>								
Regular Capital Outlay	853,507	0	1,937,266	2,790,773	854,026	3,621,549	830,776	
<u>Principal on Debt</u>								
Education	0	0	0	0	336,795	0	0	
Interest on Debt	0	0	0	0	194,651	0	0	
Education	0	0	0	0	0	0	0	
<u>Other Debt Service</u>								
Education	531,445	0	0	531,445	0	531,446	1	
Total Expenditures	\$ 30,269,869	\$ (125,659)	\$ 2,088,382	\$ 32,232,592	\$ 31,027,290	\$ 34,304,275	\$ 2,071,683	
<u>Excess (Deficiency) of Revenues</u>								
Over Expenditures	\$ 2,530,236	\$ 125,659	\$ (2,088,382)	\$ 567,513	\$ (691,905)	\$ (1,028,676)	\$ 1,596,189	
<u>Other Financing Sources (Uses)</u>								
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 422,030	\$ 398,780	\$ (398,780)	
Insurance Recovery	10,400	0	0	10,400	0	0	10,400	
Transfers In	50,040	0	0	50,040	100,000	100,000	(49,960)	
Transfers Out	(3,434)	0	0	(3,434)	0	(3,434)	0	
Total Other Financing Sources	\$ 57,006	\$ 0	\$ 0	\$ 57,006	\$ 522,030	\$ 495,346	\$ (438,340)	

(Continued)

Exhibit J-6

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hardeman County School Department
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Add: Encumbrances 6/30/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 2,587,242	\$ 125,659	\$ (2,088,382)	\$ 624,519	\$ (169,875)	\$ (533,330)	\$ 1,157,849
Fund Balance, July 1, 2012	5,806,350	(125,659)	0	5,680,691	6,304,745	6,304,745	(624,054)
Fund Balance, June 30, 2013	\$ 8,393,592	\$ 0	\$ (2,088,382)	\$ 6,305,210	\$ 6,134,870	\$ 5,771,415	\$ 533,795

Exhibit J-7

Hardeman County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Hardeman County School Department
 School Federal Projects Fund
 For the Year Ended June 30, 2013

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 3,225,237	\$ 0	\$ 3,225,237	\$ 3,562,133	\$ 3,507,796	\$ (282,559)
Total Revenues	\$ 3,225,237	\$ 0	\$ 3,225,237	\$ 3,562,133	\$ 3,507,796	\$ (282,559)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 1,917,836	\$ (42,386)	\$ 1,875,450	\$ 1,964,119	\$ 1,927,677	\$ 52,227
Special Education Program	580,015	0	580,015	755,709	757,283	177,268
Vocational Education Program	49,670	0	49,670	49,231	49,670	0
<u>Support Services</u>						
Other Student Support	19,727	0	19,727	18,500	19,727	0
Regular Instruction Program	261,038	(3,900)	257,138	293,052	272,361	15,223
Special Education Program	285,416	0	285,416	288,411	300,518	15,102
Vocational Education Program	986	0	986	2,661	986	0
Transportation	132,446	0	132,446	140,560	132,971	525
Total Expenditures	\$ 3,247,134	\$ (46,286)	\$ 3,200,848	\$ 3,512,243	\$ 3,461,193	\$ 260,345
Excess (Deficiency) of Revenues Over Expenditures	\$ (21,897)	\$ 46,286	\$ 24,389	\$ 49,890	\$ 46,603	\$ (22,214)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 3,434	\$ 0	\$ 3,434	\$ 121,793	\$ 5,587	\$ (2,153)
Transfers Out	(50,040)	0	(50,040)	(171,681)	(52,191)	2,151
Total Other Financing Sources	\$ (46,606)	\$ 0	\$ (46,606)	\$ (49,888)	\$ (46,604)	\$ (2)

(Continued)

Exhibit J-7

Hardeman County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Hardeman County School Department
 School Federal Projects Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance Fund Balance, July 1, 2012	\$ (68,503) \$ 818,497	46,286 \$ (46,286)	(22,217) \$ 772,211	2 \$ 772,211	(1) \$ 772,211	(22,216) 0
Fund Balance, June 30, 2013	\$ 749,994 \$	0 \$	749,994 \$	772,213 \$	772,210 \$	(22,216)

Exhibit J-8

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Hardeman County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2013

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 421,676	\$ 407,194	\$ 407,194	\$ 14,482
Other Local Revenues	7,013	6,500	6,500	513
State of Tennessee	123,552	141,450	141,450	(17,898)
Federal Government	2,057,034	1,919,417	2,035,655	21,379
Total Revenues	<u>\$ 2,609,275</u>	<u>\$ 2,474,561</u>	<u>\$ 2,590,799</u>	<u>\$ 18,476</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,589,073	\$ 2,466,094	\$ 2,589,111	\$ 38
Total Expenditures	<u>\$ 2,589,073</u>	<u>\$ 2,466,094</u>	<u>\$ 2,589,111</u>	<u>\$ 38</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 20,202</u>	<u>\$ 8,467</u>	<u>\$ 1,688</u>	<u>\$ 18,514</u>
Net Change in Fund Balance	\$ 20,202	\$ 8,467	\$ 1,688	\$ 18,514
Fund Balance, July 1, 2012	<u>547,846</u>	<u>899</u>	<u>899</u>	<u>546,947</u>
Fund Balance, June 30, 2013	<u>\$ 568,048</u>	<u>\$ 9,366</u>	<u>\$ 2,587</u>	<u>\$ 565,461</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Hardeman County, Tennessee
Schedule of Changes in Long-term Notes, Other Loan, Capital Leases, and Bonds
For the Year Ended June 30, 2013

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-13
NOTES PAYABLE								
<u>Payable through Highway/Public Works Fund</u>								
Backhoe	\$ 80,000	2.99 %	8-20-12	8-20-15	\$ 0	80,000 \$	12,835 \$	67,165
Total Payable through Highway/Public Works Fund					\$ 0	80,000 \$	12,835 \$	67,165
<u>Payable through General Debt Service Fund</u>								
Convenience Centers	50,000	4.35	5-19-04	5-18-16	\$ 19,571	0 \$	4,585 \$	14,986
Airport Hangars	390,000	4.45	12-27-07	6-1-20	290,000	0	35,000	255,000
Total Payable through General Debt Service Fund					\$ 309,571	0 \$	39,585 \$	269,986
Total Notes Payable					\$ 309,571	80,000 \$	52,420 \$	337,151
OTHER LOAN PAYABLE								
<u>Payable by School Department Contributions from the General Purpose School Fund to the General Debt Service Fund</u>								
Energy Efficient School Initiative	(1)	0	4-20-12	4-20-15	\$ 104,361	23,250 \$	0 \$	127,611
Total Other Loan Payable					\$ 104,361	23,250 \$	0 \$	127,611
CAPITAL LEASES PAYABLE								
<u>Payable through General Fund</u>								
Sheriff Department Vehicles	112,464	4.99	12-21-11	12-21-13	\$ 54,854	0 \$	26,758 \$	28,096
Sheriff Department Vehicle	28,186	4.99	6-22-12	6-22-14	18,330	0	8,941	9,389
Total Payable through General Fund					\$ 73,184	0 \$	35,699 \$	37,485
<u>Payable by School Department Contributions from the General Purpose School Fund to the General Debt Service Fund</u>								
Modular Building Lease	36,239	4.6497	12-28-10	12-28-13	\$ 18,750	0 \$	12,355 \$	6,395
Total Payable by School Department Contributions from the General Purpose School Fund to the General Debt Service Fund					\$ 18,750	0 \$	12,355 \$	6,395
Total Capital Leases Payable					\$ 91,934	0 \$	48,054 \$	43,880

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-12	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-13
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Hardeman County Industrial, Fm.H.A.	\$ 189,000	5 %	1-1-1975	1-1-15	\$ 31,000	\$ 0	10,000	\$ 21,000
School Refunding Series 2005	6,370,000	3.98	12-6-05	4-1-24	4,855,000	0	325,000	4,530,000
Total Payable through General Debt Service Fund					\$ 4,886,000	\$ 0	335,000	\$ 4,551,000
<u>Payable by School Department Contributions from the General Purpose School Fund to the General Debt Service Fund</u>								
General Obligation School Bonds, Series 2013	2,815,000	2 to 3	6-12-13	4-1-30	\$ 0	2,815,000	\$ 0	2,815,000
Total Payable by School Department Contributions from the General Purpose School Fund to the General Debt Service Fund					\$ 0	2,815,000	\$ 0	2,815,000
Total Bonds Payable					\$ 4,886,000	2,815,000	\$ 335,000	\$ 7,366,000

(1) Total amount approved was \$500,000, of which \$372,389 remains available for draws as of June 30, 2013.

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2014	\$ 61,053	\$ 13,811	\$ 74,864
2015	67,053	11,476	78,529
2016	54,045	8,887	62,932
2017	35,000	6,898	41,898
2018	40,000	5,340	45,340
2019	40,000	3,560	43,560
2020	40,000	1,780	41,780
Total	\$ 337,151	\$ 51,752	\$ 388,903

Year Ending June 30	Other Loan		
	Principal	Interest	Total
2014	\$ 71,424	\$ 0	\$ 71,424
2015	56,187	0	56,187
Total	\$ 127,611	\$ 0	\$ 127,611

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2014	\$ 43,880	\$ 1,957	\$ 45,837
Total	\$ 43,880	\$ 1,957	\$ 45,837

Year Ending June 30	Bonds		
	Principal	Interest	Total
2014	\$ 485,000	\$ 234,569	\$ 719,569
2015	501,000	231,048	732,048
2016	505,000	214,044	719,044
2017	530,000	196,716	726,716
2018	545,000	178,593	723,593
2019	560,000	159,871	719,871
2020	575,000	140,554	715,554
2021	605,000	120,638	725,638
2022	625,000	99,728	724,728
2023	650,000	78,119	728,119
2024	660,000	55,191	715,191
2025	180,000	31,950	211,950
2026	180,000	27,450	207,450
2027	185,000	22,950	207,950
2028	190,000	17,400	207,400
2029	190,000	11,700	201,700
2030	200,000	6,000	206,000
Total	\$ 7,366,000	\$ 1,826,521	\$ 9,192,521

Exhibit K-3

Hardeman County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2013

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt payments	\$ 5,436
Total Transfers Primary Government			\$ 5,436
<u>DISCRETELY PRESENTED HARDEMAN COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 49,191
"	"	IDEA - DSP funding	849
General Purpose School	School Federal Projects	Save the Children program cost share	3,434
Total Transfers Discretely Presented Hardeman County School Department			\$ 53,474

Exhibit K-4

Hardeman County, Tennessee
 Schedule of Salaries and Official Bonds of Principal Officials
 Primary Government and Discretely Presented Hardeman County School Department
 For the Year Ended June 30, 2013

Official	Authorization for Salary	\$	(1)	(2)	(3)	Bond	Surety
County Mayor	Section 8-24-102, TCA, and Chapter 90, Private Acts of 1989	76,063				50,000	Auto-Owners Mutual Insurance Company
Highway Superintendent	Section 8-24-102, TCA	75,307				100,000	"
Director of Schools	State Board of Education and County Board of Education	114,930				150,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, TCA, and County Commission	62,739				1,172,400	Auto-Owners Mutual Insurance Company
Assessor of Property:							
Norma Kirk (7-1-12 through 8-31-12)	Section 8-24-102, TCA, and County Commission	10,292				10,000	Western Surety Company
Josh Pulse (9-1-12 through 6-30-13)	Section 8-24-102, TCA, and County Commission	52,447				50,000	Auto-Owners Mutual Insurance Company
County Clerk	Section 8-24-102, TCA	62,739				50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	62,739				65,000	"
Clerk and Master	Section 8-24-102, TCA, and County Commission	62,739				65,000	Western Surety Company
Register of Deeds	Section 8-24-102, TCA, and County Commission	62,739				50,000	Auto-Owners Mutual Insurance Company
Sheriff	Section 8-24-102, TCA	69,613				25,000	"
Employee Dishonesty Coverage:							
County General Employees						150,000	Tennessee Risk Management Trust
Highway Superintendent's Office						150,000	"
Office of Director of Schools:							
Central Office Staff						150,000	"

- (1) Includes a purchasing agent supplement of \$3,600.
- (2) Includes a chief executive officer training supplement of \$1,000.
- (3) Includes a law enforcement training supplement of \$600.

Hardeman County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2013

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	Total
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service			
Local Taxes								
<u>County Property Taxes</u>								
Current Property Tax	\$ 3,130,656	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,130,656	
Trustee's Collections - Prior Year	133,535	0	0	0	1,259	0	134,794	
Trustee's Collections - Bankruptcy	8,214	0	0	0	84	0	8,298	
Circuit/Clerk & Master Collections - Prior Years	77,309	0	0	0	797	0	78,106	
Interest and Penalty	24,453	0	0	0	190	0	24,643	
Payments in-Lieu-of Taxes - Other	209,654	0	0	0	52	0	209,706	
<u>County Local Option Taxes</u>								
Local Option Sales Tax	225,801	0	0	0	0	0	225,801	
Hotel/Motel Tax	12,657	0	0	0	0	0	12,657	
Wheel Tax	0	0	0	780,490	0	773,046	1,553,536	
Litigation Tax - General	94,777	0	0	0	0	0	94,777	
Litigation Tax - Jail, Workhouse, or Courthouse	73,201	0	0	0	0	0	73,201	
Business Tax	194,289	0	0	0	0	0	194,289	
<u>Statutory Local Taxes</u>								
Bank Excise Tax	46,390	0	0	0	0	0	46,390	
Wholesale Beer Tax	166,923	0	0	0	0	0	166,923	
Interstate Telecommunications Tax	1,510	0	0	0	0	0	1,510	
Total Local Taxes	\$ 4,399,369	\$ 0	\$ 0	\$ 780,490	\$ 2,382	\$ 773,046	\$ 5,955,287	
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Animal Registration	\$ 4,093	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,093	
Cable TV Franchise	8,057	0	0	0	0	0	8,057	
<u>Permits</u>								
Beer Permits	1,940	0	0	0	0	0	1,940	
Building Permits	7,000	0	0	0	0	0	7,000	
Other Permits	810	0	0	0	0	0	810	
Total Licenses and Permits	\$ 21,900	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,900	
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 19,118	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,118	
Officers Costs	11,991	0	0	0	0	0	11,991	
Drug Control Fines	6,832	10,820	0	0	0	0	17,652	
Jail Fees	3,038	0	0	0	0	0	3,038	
DUI Treatment Fines	3,187	0	0	0	0	0	3,187	

(Continued)

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

	Special Revenue Funds					Debt Service Fund		Capital Projects Fund	Total
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects			
Fines, Forfeitures, and Penalties (Cont.)									
<u>Circuit Court (Cont.)</u>									
Data Entry Fee - Circuit Court	\$ 1,324	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,324
Courtroom Security Fee	230	0	0	0	0	0	0	0	230
Victims Assistance Assessments	3,433	0	0	0	0	0	0	0	3,433
<u>Criminal Court</u>									
DUI Treatment Fines	570	0	0	0	0	0	0	0	570
<u>General Sessions Court</u>									
Fines	27,004	0	0	0	0	0	0	0	27,004
Officers Costs	35,019	0	0	0	0	0	0	0	35,019
Game and Fish Fines	443	0	0	0	0	0	0	0	443
Drug Control Fines	3,960	3,463	0	0	0	0	0	0	7,423
Drug Court Fees	3,309	0	0	0	0	0	0	0	3,309
Jail Fees	7,839	0	0	0	0	0	0	0	7,839
DUI Treatment Fines	4,913	0	0	0	0	0	0	0	4,913
Data Entry Fee - General Sessions Court	8,352	0	0	0	0	0	0	0	8,352
Courtroom Security Fee	915	0	0	0	0	0	0	0	915
Victims Assistance Assessments	8,998	0	0	0	0	0	0	0	8,998
<u>Juvenile Court</u>									
Fines	280	0	0	0	0	0	0	0	280
Officers Costs	783	0	0	0	0	0	0	0	783
Data Entry Fee - Juvenile Court	1,485	0	0	0	0	0	0	0	1,485
<u>Chancery Court</u>									
Officers Costs	1,849	0	0	0	0	0	0	0	1,849
Data Entry Fee - Chancery Court	3,710	0	0	0	0	0	0	0	3,710
<u>Other Courts - In-county</u>									
Officers Costs	83	0	0	0	0	0	0	0	83
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	44,456	0	0	0	0	0	0	44,456
Total Fines, Forfeitures, and Penalties	\$ 158,665	\$ 58,739	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 217,404
Charges for Current Services									
<u>General Service Charges</u>									
Patient Charges	\$ 1,482,444	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,482,444
Work Release Charges for Board	1,404	0	0	0	0	0	0	0	1,404
<u>Fees</u>									
Copy Fees	52	0	0	0	0	0	0	0	52
Greenbelt Late Application Fee	400	0	0	0	0	0	0	0	400

(Continued)

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

	Special Revenue Funds					Debt Service Fund		Capital Projects Fund	Total
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Debt Service	General Capital Projects		
<u>Charges for Current Services (Cont.)</u>									
<u>Fees (Cont.)</u>									
Telephone Commissions	\$ 81,425	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 81,425
Constitutional Officers' Fees and Commissions	0	0	275,960	0	0	0	0	0	275,960
Data Processing Fee - Register	7,904	0	0	0	0	0	0	0	7,904
Data Processing Fee - Sheriff	4,331	0	0	0	0	0	0	0	4,331
Data Processing Fee - County Clerk	1,302	0	0	0	0	0	0	0	1,302
<u>Other Charges for Services</u>									
Other Charges for Services	850	0	0	0	0	0	0	0	850
Total Charges for Current Services	\$ 1,580,112	\$ 0	\$ 275,960	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,856,072
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 83,105	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 83,105
Lease/Rentals	7,605	0	0	0	0	0	0	0	7,605
Commissary Sales	18,968	0	0	0	0	0	0	0	18,968
Sale of Maps	602	0	0	0	0	0	0	0	602
Miscellaneous Refunds	74,668	0	0	9,950	0	0	0	0	84,618
<u>Nonrecurring Items</u>									
Sale of Equipment	0	0	0	15,750	0	0	0	0	15,750
Sale of Property	19,994	0	0	0	0	0	0	0	19,994
<u>Other Local Revenues</u>									
Other Local Revenues	11,830	0	0	0	0	0	0	0	11,830
Total Other Local Revenues	\$ 216,772	\$ 0	\$ 0	\$ 25,700	\$ 0	\$ 0	\$ 0	\$ 0	\$ 242,472
<u>Fees Received from County Officials</u>									
<u>Excess Fees</u>									
County Clerk	\$ 99,608	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 99,608
Trustee	232,004	0	0	0	0	0	0	0	232,004
<u>Fees in-Lieu-of Salary</u>									
Circuit Court Clerk	104,176	0	0	0	0	0	0	0	104,176
General Sessions Court Clerk	217,867	0	0	0	0	0	0	0	217,867
Clerk and Master	159,419	0	0	0	0	0	0	0	159,419
Juvenile Court Clerk	28,470	0	0	0	0	0	0	0	28,470
Register	83,831	0	0	0	0	0	0	0	83,831
Sheriff	18,286	0	0	0	0	0	0	0	18,286
Total Fees Received from County Officials	\$ 943,661	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 943,661

(Continued)

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

	Special Revenue Funds				Debt Service Fund		Capital Projects Fund	Total
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects		
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	4,500	\$	0	0	0	0	0	4,500
Airport Maintenance Program	10,266		0	0	0	0	0	10,266
<u>Health and Welfare Grants</u>								
Health Department Programs	160,527		0	0	0	0	0	160,527
<u>Public Works Grants</u>								
State Aid Program	0		0	4,184	0	0	0	4,184
Litter Program	57,266		0	0	0	0	0	57,266
<u>Other State Revenues</u>								
Income Tax	60,302		0	0	0	0	0	60,302
Beer Tax	18,586		0	0	0	0	0	18,586
Alcoholic Beverage Tax	63,582		0	0	0	0	0	63,582
State Revenue Sharing - T.V.A.	838,912		0	0	0	0	0	838,912
Contracted Prisoner Boarding	721,037		0	0	0	0	0	721,037
Gasoline and Motor Fuel Tax	0		0	1,908,488	0	0	0	1,908,488
Petroleum Special Tax	0		0	19,664	0	0	0	19,664
Registrar's Salary Supplement	15,164		0	0	0	0	0	15,164
Other State Grants	616,110		0	0	0	0	0	616,110
Other State Revenues	18,337		0	0	0	0	0	18,337
Total State of Tennessee	2,584,589	\$	0	1,932,336	\$	0	0	4,516,925
<u>Federal Government</u>								
<u>Federal Through State</u>								
Community Development	2,549		0	0	0	0	0	2,549
Disaster Relief	0		0	9,320	0	0	0	9,320
Homeland Security Grants	13,366		0	0	0	0	0	13,366
Other Federal through State	0		0	172,859	0	0	0	172,859
<u>Direct Federal Revenue</u>								
Other Direct Federal Revenue	41,474		0	0	0	0	0	41,474
Total Federal Government	57,389	\$	0	182,179	\$	0	0	239,568
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Contributions	28,442		0	0	0	531,445	0	559,887
Contracted Services	168,750		0	0	0	0	0	168,750
Other	31,614		0	0	0	0	0	31,614
Total Other Governments and Citizens Groups	228,806	\$	0	0	0	531,445	0	760,251
Total	10,191,263	\$	58,739	275,960	\$	2,920,705	\$	14,753,540

Exhibit K-6

Hardeman County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2013

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 5,138,393	\$ 0	\$ 0	\$ 5,138,393
Trustee's Collections - Prior Year	197,680	0	0	197,680
Trustee's Collections - Bankruptcy	13,461	0	0	13,461
Circuit/Clerk & Master Collections - Prior Years	123,107	0	0	123,107
Interest and Penalty	39,870	0	0	39,870
Payments in-Lieu-of Taxes - Other	71,227	0	0	71,227
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,183,304	0	0	2,183,304
Other County Local Option Taxes	186	0	0	186
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	2,111	0	0	2,111
Total Local Taxes	\$ 7,769,339	\$ 0	\$ 0	\$ 7,769,339
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,973	\$ 0	\$ 0	\$ 2,973
Total Licenses and Permits	\$ 2,973	\$ 0	\$ 0	\$ 2,973
<u>Charges for Current Services</u>				
<u>Fees</u>				
Vending Machine Collections	\$ 319	\$ 0	\$ 0	\$ 319
<u>Education Charges</u>				
Tuition - Summer School	225	0	0	225
Lunch Payments - Children	0	0	179,303	179,303
Lunch Payments - Adults	0	0	59,333	59,333
Income from Breakfast	0	0	58,689	58,689
A la carte Sales	0	0	82,189	82,189
Receipts from Individual Schools	10,834	0	0	10,834
<u>Other Charges for Services</u>				
Other Charges for Services	0	0	42,162	42,162
Total Charges for Current Services	\$ 11,378	\$ 0	\$ 421,676	\$ 433,054
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 1,119	\$ 0	\$ 4,399	\$ 5,518
Lease/Rentals	41,754	0	0	41,754
Sale of Materials and Supplies	1,062	0	0	1,062
Refund of Telecommunication & Internet Fees (E-Rate)	41,951	0	0	41,951
Retirees' Insurance Payments	20,897	0	0	20,897
Miscellaneous Refunds	10,867	0	2,614	13,481
<u>Nonrecurring Items</u>				
Sale of Equipment	41,278	0	0	41,278
Sale of Property	1,950	0	0	1,950
Contributions and Gifts	2,000	0	0	2,000
<u>Other Local Revenues</u>				
Other Local Revenues	3,537	0	0	3,537
Total Other Local Revenues	\$ 166,415	\$ 0	\$ 7,013	\$ 173,428
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 134,402	\$ 0	\$ 0	\$ 134,402
<u>State Education Funds</u>				
Basic Education Program	20,470,188	0	0	20,470,188
Early Childhood Education	1,043,040	0	0	1,043,040
School Food Service	0	0	22,323	22,323

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Driver Education	\$ 7,053	\$ 0	\$ 0	\$ 7,053
Other State Education Funds	150,958	0	0	150,958
Career Ladder Program	172,897	0	0	172,897
Career Ladder - Extended Contract	51,700	0	0	51,700
<u>Other State Revenues</u>				
Other State Grants	1,286	0	101,229	102,515
Total State of Tennessee	\$ 22,031,524	\$ 0	\$ 123,552	\$ 22,155,076
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,341,203	\$ 1,341,203
USDA - Commodities	0	0	116,237	116,237
Breakfast	0	0	577,620	577,620
USDA - Other	0	0	21,974	21,974
Vocational Education - Basic Grants to States	0	71,231	0	71,231
Title I Grants to Local Education Agencies	0	1,164,438	0	1,164,438
Special Education - Grants to States	27,703	861,929	0	889,632
Special Education Preschool Grants	0	125,914	0	125,914
Safe and Drug-free Schools - State Grants	0	351,945	0	351,945
Rural Education	0	88,720	0	88,720
Eisenhower Professional Development State Grants	0	258,309	0	258,309
Race-to-the-Top - ARRA	0	159,477	0	159,477
Other Federal through State	0	143,274	0	143,274
Total Federal Government	\$ 27,703	\$ 3,225,237	\$ 2,057,034	\$ 5,309,974
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 2,790,773	\$ 0	\$ 0	\$ 2,790,773
Total Other Governments and Citizens Groups	\$ 2,790,773	\$ 0	\$ 0	\$ 2,790,773
Total	\$ 32,800,105	\$ 3,225,237	\$ 2,609,275	\$ 38,634,617

Exhibit K-7

Hardeman County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2013

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 12,155	
Total County Commission		\$ 12,155

Board of Equalization

Board and Committee Members Fees	\$ 1,855	
Total Board of Equalization		1,855

Beer Board

Board and Committee Members Fees	\$ 595	
Total Beer Board		595

Budget and Finance Committee

Board and Committee Members Fees	\$ 3,080	
Total Budget and Finance Committee		3,080

Other Boards and Committees

Board and Committee Members Fees	\$ 1,900	
Travel	137	
Total Other Boards and Committees		2,037

County Mayor/Executive

County Official/Administrative Officer	\$ 72,463	
Secretary(ies)	52,996	
Part-time Personnel	9,596	
Educational Incentive - Other County Employees	188	
Communication	2,970	
Maintenance and Repair Services - Office Equipment	1,099	
Postal Charges	2,205	
Travel	6,390	
Office Supplies	3,764	
Other Supplies and Materials	185	
Other Charges	1,020	
Total County Mayor/Executive		152,876

County Attorney

County Official/Administrative Officer	\$ 10,621	
Legal Services	3,140	
Travel	417	
Total County Attorney		14,178

Election Commission

County Official/Administrative Officer	\$ 56,465	
Clerical Personnel	19,985	
Overtime Pay	2,344	
Other Salaries and Wages	7,512	
Board and Committee Members Fees	3,850	
Election Workers	37,090	
Communication	2,098	
Dues and Memberships	175	
Legal Notices, Recording, and Court Costs	2,376	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Postal Charges	\$	5,646	
Printing, Stationery, and Forms		4,802	
Rentals		15,856	
Travel		7,880	
Other Contracted Services		20,458	
Office Supplies		3,624	
Utilities		3,810	
Other Charges		521	
Office Equipment		1,106	
Total Election Commission			\$ 195,598

Register of Deeds

County Official/Administrative Officer	\$	62,739	
Deputy(ies)		44,370	
Part-time Personnel		7,910	
Educational Incentive - Other County Employees		1,361	
Communication		3,880	
Data Processing Services		12,310	
Dues and Memberships		110	
Maintenance Agreements		1,287	
Postal Charges		240	
Travel		2,548	
Data Processing Supplies		133	
Office Supplies		3,257	
Data Processing Equipment		215	
Total Register of Deeds			140,360

Development

County Official/Administrative Officer	\$	18,092	
Clerical Personnel		22,899	
Part-time Personnel		1,414	
Communication		1,827	
Contracts with Government Agencies		14,800	
Rentals		816	
Travel		1,789	
Office Supplies		523	
Other Charges		149	
Office Equipment		116	
Total Development			62,425

County Buildings

Supervisor/Director	\$	33,771	
Custodial Personnel		45,201	
Communication		2,668	
Maintenance and Repair Services - Buildings		19,102	
Maintenance and Repair Services - Equipment		5,538	
Maintenance and Repair Services - Vehicles		1,036	
Other Contracted Services		7,498	
Custodial Supplies		4,455	
Gasoline		2,098	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Uniforms	\$	1,181	
Utilities		35,730	
Other Supplies and Materials		704	
Other Charges		1,820	
Building Improvements		1,650	
Total County Buildings			\$ 162,452

Other General Administration

Land	\$	89,492	
Total Other General Administration			89,492

Preservation of Records

Maintenance and Repair Services - Buildings	\$	165	
Utilities		3,908	
Total Preservation of Records			4,073

Finance

Accounting and Budgeting

Other Contracted Services	\$	18,000	
Total Accounting and Budgeting			18,000

Purchasing

County Official/Administrative Officer	\$	3,600	
Total Purchasing			3,600

Property Assessor's Office

County Official/Administrative Officer	\$	62,739	
Deputy(ies)		45,750	
Clerical Personnel		28,732	
Part-time Personnel		1,748	
Educational Incentive - Other County Employees		1,688	
Communication		1,987	
Data Processing Services		14,004	
Dues and Memberships		1,700	
Postal Charges		699	
Travel		1,766	
Other Contracted Services		14,432	
Office Supplies		1,172	
Other Supplies and Materials		2,430	
Office Equipment		1,083	
Total Property Assessor's Office			179,930

Reappraisal Program

Other Salaries and Wages	\$	17,297	
Advertising		92	
Data Processing Services		3,488	
Postal Charges		5,318	
Travel		5,515	
Other Contracted Services		95	
Total Reappraisal Program			31,805

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office

Educational Incentive - Other County Employees	\$	85	
Communication		4,500	
Maintenance and Repair Services - Office Equipment		158	
Postal Charges		8,005	
Office Supplies		4,737	
Office Equipment		150	
Total County Trustee's Office	\$		17,635

County Clerk's Office

Part-time Personnel	\$	398	
Educational Incentive - Other County Employees		1,125	
Communication		3,031	
Maintenance and Repair Services - Office Equipment		25,038	
Postal Charges		5,500	
Office Supplies		2,227	
Total County Clerk's Office			37,319

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	62,739	
Deputy(ies)		46,829	
Clerical Personnel		86,886	
Part-time Personnel		15,883	
Educational Incentive - Other County Employees		3,000	
Jury and Witness Expense		10,252	
Other Per Diem and Fees		239	
Maintenance and Repair Services - Office Equipment		263	
Postal Charges		3,742	
Travel		300	
Office Supplies		10,273	
Other Charges		309	
Office Equipment		3,382	
Total Circuit Court			244,097

General Sessions Court

Judge(s)	\$	103,554	
Secretary(ies)		6,624	
Part-time Personnel		3,600	
Dues and Memberships		200	
Travel		1,155	
Total General Sessions Court			115,133

Chancery Court

County Official/Administrative Officer	\$	62,739	
Deputy(ies)		64,696	
Educational Incentive - Other County Employees		2,250	
Communication		2,481	
Data Processing Services		933	
Legal Notices, Recording, and Court Costs		2,691	
Maintenance and Repair Services - Office Equipment		688	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Postal Charges	\$	6,703	
Travel		1,085	
Office Supplies		3,784	
Other Charges		60	
Total Chancery Court			\$ 148,110

Juvenile Court

Other Salaries and Wages	\$	27,316	
Communication		1,124	
Contracts with Government Agencies		4,900	
Contracts with Other Public Agencies		300	
Dues and Memberships		35	
Travel		2,814	
Drug Treatment		1,205	
Office Supplies		140	
Total Juvenile Court			37,834

Victims Assistance Programs

Other Per Diem and Fees	\$	14,598	
Total Victims Assistance Programs			14,598

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	69,013	
Assistant(s)		45,000	
Deputy(ies)		557,371	
Investigator(s)		130,934	
Salary Supplements		14,400	
Dispatchers/Radio Operators		290,585	
Secretary(ies)		75,620	
Part-time Personnel		6,429	
Overtime Pay		46,706	
In-Service Training		7,243	
Communication		35,100	
Dues and Memberships		2,070	
Maintenance and Repair Services - Buildings		20	
Maintenance and Repair Services - Vehicles		53,047	
Postal Charges		2,404	
Travel		6,301	
Gasoline		155,412	
Office Supplies		6,933	
Uniforms		13,938	
Other Supplies and Materials		4,700	
Medical Claims		805	
Other Charges		13,492	
Communication Equipment		4,247	
Law Enforcement Equipment		8,708	
Motor Vehicles		38,705	
Office Equipment		4,340	
Other Equipment		4,650	
Total Sheriff's Department			1,598,173

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse

Guards	\$	613,715	
Maintenance Personnel		30,000	
Part-time Personnel		13,205	
Overtime Pay		28,916	
Communication		2,113	
Maintenance and Repair Services - Buildings		15,086	
Maintenance and Repair Services - Equipment		15,109	
Medical and Dental Services		128,850	
Custodial Supplies		30,329	
Electricity		153,159	
Food Preparation Supplies		1,835	
Food Supplies		209,153	
Other Supplies and Materials		9,454	
In Service/Staff Development		4,516	
Other Charges		15,551	
Communication Equipment		3,596	
Office Equipment		2,724	
Total Workhouse			\$ 1,277,311

Juvenile Services

Supervisor/Director	\$	32,216	
Postal Charges		141	
Office Supplies		96	
Office Equipment		650	
Total Juvenile Services			33,103

Fire Prevention and Control

Contracts with Government Agencies	\$	87,800	
Total Fire Prevention and Control			87,800

Civil Defense

Supervisor/Director	\$	2,816	
Part-time Personnel		1,224	
Communication		8,646	
Maintenance and Repair Services - Vehicles		251	
Gasoline		421	
Office Supplies		333	
Other Equipment		7,066	
Total Civil Defense			20,757

County Coroner/Medical Examiner

Other Contracted Services	\$	36,727	
Total County Coroner/Medical Examiner			36,727

Public Health and Welfare

Local Health Center

Communication	\$	7,478	
Contracts with Government Agencies		25,320	
Janitorial Services		14,400	
Maintenance and Repair Services - Buildings		5,048	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Postal Charges	\$	270	
Travel		122	
Custodial Supplies		1,429	
Drugs and Medical Supplies		158	
Office Supplies		2,000	
Utilities		13,677	
Other Supplies and Materials		2,837	
Total Local Health Center			\$ 72,739

Rabies and Animal Control

Part-time Personnel	\$	18,975	
Communication		2,485	
Maintenance and Repair Services - Buildings		5	
Maintenance and Repair Services - Vehicles		1,906	
Animal Food and Supplies		300	
Drugs and Medical Supplies		2,020	
Gasoline		6,600	
Uniforms		486	
Utilities		5,219	
Other Supplies and Materials		218	
Refunds		150	
Other Charges		561	
Motor Vehicles		3,500	
Total Rabies and Animal Control			42,425

Ambulance/Emergency Medical Services

Assistant(s)	\$	34,628	
Supervisor/Director		45,000	
Clerical Personnel		20,847	
Attendants		649,429	
Part-time Personnel		7,761	
Educational Incentive - Other County Employees		402	
Overtime Pay		203,438	
In-Service Training		3,898	
Communication		15,382	
Contracts with Private Agencies		24,551	
Maintenance and Repair Services - Buildings		8,190	
Maintenance and Repair Services - Equipment		4,461	
Maintenance and Repair Services - Vehicles		58,403	
Postal Charges		8,673	
Travel		947	
Custodial Supplies		4,922	
Drugs and Medical Supplies		124,040	
Gasoline		94,279	
Office Supplies		6,998	
Tires and Tubes		7,151	
Uniforms		10,256	
Utilities		11,113	
Refunds		14,730	
Other Charges		3,139	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Motor Vehicles	\$	42,949	
Other Equipment		907	
Other Capital Outlay		6,582	
Total Ambulance/Emergency Medical Services			\$ 1,413,076

Dental Health Program

Medical Personnel	\$	54,383	
Paraprofessionals		21,758	
Clerical Personnel		27,888	
State Retirement		6,597	
Employee and Dependent Insurance		15,068	
Travel		2,945	
Drugs and Medical Supplies		10,490	
Total Dental Health Program			139,129

Alcohol and Drug Programs

Contributions	\$	5,000	
Total Alcohol and Drug Programs			5,000

Other Local Health Services

Supervisor/Director	\$	2,816	
Total Other Local Health Services			2,816

Regional Mental Health Center

Contributions	\$	5,000	
Total Regional Mental Health Center			5,000

Sanitation Education/Information

Foremen	\$	14,582	
Laborers		2,726	
Employee and Dependent Insurance		6,210	
Gasoline		303	
Instructional Supplies and Materials		7,834	
Other Supplies and Materials		3,365	
Other Charges		2,868	
Total Sanitation Education/Information			37,888

Waste Pickup

Contracts with Private Agencies	\$	263,715	
Total Waste Pickup			263,715

Convenience Centers

Supervisor/Director	\$	11,250	
Laborers		10,520	
Clerical Personnel		8,642	
Part-time Personnel		87,315	
Communication		5,843	
Maintenance and Repair Services - Equipment		3,015	
Postal Charges		1,234	
Travel		691	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Other Contracted Services	\$	6,441	
Data Processing Supplies		1,312	
Gasoline		1,800	
Office Supplies		2,360	
Road Signs		36	
Uniforms		607	
Utilities		14,004	
Gravel and Chert		4,950	
Fencing		53	
Other Supplies and Materials		1,070	
Other Charges		3,884	
Total Convenience Centers			\$ 165,027

Social, Cultural, and Recreational Services

Libraries

Contributions	\$	8,150	
Other Contracted Services		80,314	
Total Libraries			88,464

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	50,824	
Communication		3,056	
Dues and Memberships		275	
Rentals		19,104	
Travel		2,500	
Utilities		3,654	
Other Supplies and Materials		529	
Other Capital Outlay		527	
Total Agriculture Extension Service			80,469

Forest Service

Other Contracted Services	\$	2,000	
Total Forest Service			2,000

Soil Conservation

Secretary(ies)	\$	20,866	
Dues and Memberships		1,050	
Travel		1,720	
Other Contracted Services		5,750	
Other Supplies and Materials		1,431	
Total Soil Conservation			30,817

Other Operations

Industrial Development

Advertising	\$	244	
Contracts with Other Public Agencies		24,775	
Contributions		32,510	
Total Industrial Development			57,529

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Housing and Urban Development

Other Contracted Services	\$ 41,474	
Total Housing and Urban Development		\$ 41,474

Other Economic and Community Development

Other Contracted Services	\$ 2,549	
Total Other Economic and Community Development		2,549

Airport

Supervisor/Director	\$ 36,000	
Communication	6,699	
Maintenance and Repair Services - Buildings	7,003	
Maintenance and Repair Services - Equipment	10,229	
Maintenance and Repair Services - Vehicles	2,745	
Other Contracted Services	13,732	
Custodial Supplies	359	
Gasoline	64,677	
Office Supplies	1,296	
Utilities	9,796	
Other Charges	3,057	
Airport Improvement	<u>757,736</u>	
Total Airport		913,329

Veterans' Services

Secretary(ies)	\$ 3,311	
Communication	410	
Travel	<u>313</u>	
Total Veterans' Services		4,034

Contributions to Other Agencies

Dues and Memberships	\$ 20,051	
Total Contributions to Other Agencies		20,051

Employee Benefits

Social Security	\$ 280,826	
State Retirement	343,176	
Employee and Dependent Insurance	833,937	
Disability Insurance	124,666	
Unemployment Compensation	10,914	
Employer Medicare	<u>65,677</u>	
Total Employee Benefits		1,659,196

Miscellaneous

Audit Services	\$ 8,176	
Contributions	17,500	
Data Processing Services	37,367	
Dues and Memberships	5,920	
Legal Notices, Recording, and Court Costs	3,330	
Other Supplies and Materials	8,758	
Liability Insurance	139,360	
Premiums on Corporate Surety Bonds	797	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous (Cont.)

Refunds	\$	1,685	
Trustee's Commission		104,975	
Other Charges		7,398	
Total Miscellaneous			\$ 335,266

Principal on Debt

General Government

Principal on Capital Leases	\$	35,699	
Total General Government			35,699

Interest on Debt

General Government

Interest on Capital Leases	\$	3,652	
Total General Government			3,652

Total General Fund \$ 10,164,452

Drug Control Fund

Public Safety

Drug Enforcement

In-Service Training	\$	1,900	
Communication		139	
Confidential Drug Enforcement Payments		4,000	
Maintenance and Repair Services - Vehicles		618	
Travel		1,455	
Gasoline		943	
Instructional Supplies and Materials		6,390	
Office Supplies		674	
Trustee's Commission		604	
Other Charges		9,165	
Law Enforcement Equipment		15,226	
Other Equipment		10,039	
Total Drug Enforcement			\$ 51,153

Total Drug Control Fund 51,153

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	116,324	
Total County Trustee's Office			\$ 116,324

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	159,615	
Total County Clerk's Office			159,615

Total Constitutional Officers - Fees Fund 275,939

(Continued)

Exhibit K-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	75,307	
Secretary(ies)		59,332	
Board and Committee Members Fees		8,380	
Communication		7,295	
Data Processing Services		5,690	
Dues and Memberships		3,854	
Legal Services		3,427	
Legal Notices, Recording, and Court Costs		636	
Maintenance and Repair Services - Office Equipment		597	
Postal Charges		776	
Rentals		1,716	
Travel		909	
Other Contracted Services		1,968	
Electricity		22,859	
Office Supplies		4,822	
Other Supplies and Materials		888	
Total Administration			\$ 198,456

Highway and Bridge Maintenance

Foremen	\$	135,824	
Laborers		506,899	
Overtime Pay		10,323	
Other Salaries and Wages		11,759	
Engineering Services		800	
Rentals		974	
Other Contracted Services		5,000	
Asphalt - Liquid		65,015	
Crushed Stone		54,029	
General Construction Materials		2,832	
Road Signs		12,475	
Chemicals		16,955	
Other Supplies and Materials		896	
Total Highway and Bridge Maintenance			823,781

Operation and Maintenance of Equipment

Materials Supervisor	\$	23,476	
Foremen		26,646	
Mechanic(s)		39,202	
Overtime Pay		2,966	
Other Salaries and Wages		1,526	
Equipment and Machinery Parts		163,289	
Garage Supplies		657	
Gasoline		223,720	
Lubricants		11,146	
Tires and Tubes		36,585	
Uniforms		11,483	
Other Supplies and Materials		925	
Total Operation and Maintenance of Equipment			541,621

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Asphalt Plant Operations

Laborers	\$	3,789	
Other Contracted Services		624	
Asphalt - Hot Mix		439,099	
Crushed Stone		76,980	
Equipment and Machinery Parts		90,015	
Utilities		46,750	
Other Supplies and Materials		3,223	
Total Asphalt Plant Operations	\$		660,480

Other Charges

Liability Insurance	\$	36,664	
Trustee's Commission		27,042	
Liability Claims		3,820	
Total Other Charges			67,526

Employee Benefits

Social Security	\$	56,246	
State Retirement		66,674	
Employee and Dependent Insurance		159,997	
Disability Insurance		59,460	
Unemployment Compensation		7,303	
Employer Medicare		13,154	
Other Fringe Benefits		1,042	
Total Employee Benefits			363,876

Capital Outlay

Bridge Construction	\$	220,000	
Communication Equipment		24,936	
Highway Equipment		177,895	
State Aid Projects		5,675	
Other Equipment		1,645	
Other Capital Outlay		31,429	
Total Capital Outlay			461,580

Principal on Debt

Highways and Streets

Principal on Notes	\$	12,835	
Total Highways and Streets			12,835

Interest on Debt

Highways and Streets

Interest on Notes	\$	1,206	
Total Highways and Streets			1,206

Total Highway/Public Works Fund \$ 3,131,361

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	10,000	
Principal on Notes		39,585	
Total General Government	\$		49,585

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Education

Principal on Bonds	\$	325,000	
Principal on Capital Leases		<u>12,355</u>	
Total Education	\$		337,355

Interest on Debt

General Government

Interest on Bonds	\$	1,300	
Interest on Notes		<u>13,592</u>	
Total General Government			14,892

Education

Interest on Bonds	\$	193,229	
Interest on Capital Leases		<u>611</u>	
Total Education			193,840

Other Debt Service

General Government

Trustee's Commission	\$	<u>43</u>	
Total General Government			43

Education

Other Charges	\$	<u>250</u>	
Total Education			<u>250</u>

Total General Debt Service Fund \$ 595,965

General Capital Projects Fund

Capital Projects

Administration of Justice Projects

Contributions	\$	946,118	
Trustee's Commission		<u>7,760</u>	
Total Administration of Justice Projects	\$		<u>953,878</u>

Total General Capital Projects Fund 953,878

Education Capital Projects Fund

Other Debt Service

Education

Underwriter's Discount	\$	32,049	
Other Debt Issuance Charges		<u>70,423</u>	
Total Education	\$		102,472

Capital Projects

Education Capital Projects

Contributions	\$	<u>2,790,773</u>	
Total Education Capital Projects			<u>2,790,773</u>

Total Education Capital Projects Fund 2,893,245

Total Governmental Funds - Primary Government \$ 18,065,993

Exhibit K-8

Hardeman County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2013

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	9,460,980	
Career Ladder Program		96,178	
Career Ladder Extended Contracts		32,171	
Homebound Teachers		5,993	
Educational Assistants		207,932	
Certified Substitute Teachers		50,767	
Non-certified Substitute Teachers		85,746	
Social Security		572,475	
State Retirement		852,454	
Medical Insurance		1,378,788	
Dental Insurance		79,008	
Employer Medicare		135,714	
Other Contracted Services		96,990	
Instructional Supplies and Materials		138,766	
Textbooks		83,719	
Other Charges		880	
Regular Instruction Equipment		55,792	
Total Regular Instruction Program			\$ 13,334,353

Alternative Instruction Program

Teachers	\$	173,864	
Certified Substitute Teachers		65	
Social Security		8,889	
State Retirement		13,181	
Medical Insurance		12,703	
Dental Insurance		576	
Employer Medicare		2,448	
Instructional Supplies and Materials		1,800	
Total Alternative Instruction Program			213,526

Special Education Program

Teachers	\$	1,566,387	
Career Ladder Program		16,500	
Homebound Teachers		1,615	
Educational Assistants		140,247	
Certified Substitute Teachers		7,014	
Non-certified Substitute Teachers		12,653	
Social Security		101,282	
State Retirement		151,288	
Medical Insurance		225,694	
Dental Insurance		8,767	
Employer Medicare		23,903	
Instructional Supplies and Materials		586	
Special Education Equipment		3,568	
Total Special Education Program			2,259,504

Vocational Education Program

Teachers	\$	944,919	
Career Ladder Program		8,000	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Career Ladder Extended Contracts	\$	600	
Educational Assistants		5,698	
Certified Substitute Teachers		7,734	
Non-certified Substitute Teachers		10,759	
Social Security		56,891	
State Retirement		85,160	
Medical Insurance		142,860	
Dental Insurance		6,512	
Employer Medicare		13,329	
Maintenance and Repair Services - Equipment		2,197	
Instructional Supplies and Materials		23,903	
Other Supplies and Materials		2,026	
Other Charges		1,500	
Vocational Instruction Equipment		3,921	
Total Vocational Education Program	\$		1,316,009

Support Services

Attendance

Supervisor/Director	\$	67,460	
Career Ladder Program		2,000	
Clerical Personnel		24,096	
Social Security		5,510	
State Retirement		8,313	
Medical Insurance		7,426	
Dental Insurance		394	
Employer Medicare		1,289	
Contracts with Private Agencies		10,567	
Travel		514	
Other Supplies and Materials		272	
In Service/Staff Development		165	
Attendance Equipment		1,001	
Total Attendance			129,007

Health Services

Medical Personnel	\$	198,781	
Social Security		11,239	
State Retirement		17,691	
Medical Insurance		44,017	
Dental Insurance		2,197	
Employer Medicare		2,628	
Travel		5,385	
Other Contracted Services		428	
Drugs and Medical Supplies		6,028	
Other Supplies and Materials		692	
In Service/Staff Development		21	
Total Health Services			289,107

Other Student Support

Career Ladder Program	\$	2,000	
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(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Guidance Personnel	\$	550,057	
Social Workers		92,015	
Other Salaries and Wages		56,922	
Social Security		41,936	
State Retirement		61,262	
Medical Insurance		83,325	
Dental Insurance		3,844	
Employer Medicare		9,808	
Evaluation and Testing		4,547	
Travel		3,485	
Other Supplies and Materials		24,953	
In Service/Staff Development		911	
Other Equipment		15,842	
Total Other Student Support	\$		950,907

Regular Instruction Program

Supervisor/Director	\$	65,191	
Career Ladder Program		12,000	
Career Ladder Extended Contracts		450	
Librarians		365,500	
Educational Assistants		47,399	
Other Salaries and Wages		455,579	
Social Security		56,151	
State Retirement		84,024	
Medical Insurance		109,172	
Dental Insurance		5,364	
Employer Medicare		13,132	
Maintenance and Repair Services - Equipment		28,682	
Travel		4,144	
Other Contracted Services		11,730	
Library Books/Media		29,673	
Other Supplies and Materials		9,627	
In Service/Staff Development		20	
Total Regular Instruction Program			1,297,838

Alternative Instruction Program

Clerical Personnel	\$	24,551	
Social Security		1,500	
State Retirement		2,185	
Employer Medicare		351	
Total Alternative Instruction Program			28,587

Special Education Program

Supervisor/Director	\$	61,697	
Career Ladder Program		1,500	
Psychological Personnel		111,202	
Social Security		10,395	
State Retirement		15,442	
Medical Insurance		13,418	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Dental Insurance	\$	908	
Employer Medicare		2,438	
Maintenance and Repair Services - Equipment		855	
Travel		3,866	
Other Contracted Services		364,628	
Other Supplies and Materials		2,804	
In Service/Staff Development		1,020	
Other Charges		100	
Other Equipment		1,164	
Total Special Education Program			\$ 591,437

Vocational Education Program

Supervisor/Director	\$	36,245	
Career Ladder Program		1,000	
Social Security		2,144	
State Retirement		3,307	
Medical Insurance		4,951	
Dental Insurance		97	
Employer Medicare		501	
Other Supplies and Materials		657	
Total Vocational Education Program			48,902

Other Programs

On-Behalf Payments to OPEB	\$	134,402	
Total Other Programs			134,402

Board of Education

Board and Committee Members Fees	\$	12,000	
Social Security		930	
State Retirement		267	
Medical Insurance		21,226	
Unemployment Compensation		25,153	
Employer Medicare		218	
Audit Services		23,100	
Dues and Memberships		12,823	
Legal Services		6,790	
Travel		13,167	
Other Contracted Services		4,500	
Liability Insurance		32,888	
Premiums on Corporate Surety Bonds		2,415	
Trustee's Commission		191,989	
Workers' Compensation Insurance		202,393	
In Service/Staff Development		5,761	
Other Charges		621	
Total Board of Education			556,241

Director of Schools

County Official/Administrative Officer	\$	113,930	
Career Ladder Program		1,000	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Clerical Personnel	\$	49,179	
Social Security		9,589	
State Retirement		14,583	
Medical Insurance		14,853	
Dental Insurance		773	
Employer Medicare		2,243	
Communication		44,430	
Dues and Memberships		70	
Postal Charges		5,091	
Travel		3,134	
Other Contracted Services		29,638	
Office Supplies		5,964	
In Service/Staff Development		2,586	
Other Charges		17,050	
Administration Equipment		1,810	
Other Equipment		645	
Total Director of Schools			\$ 316,568

Office of the Principal

Principals	\$	588,909	
Career Ladder Program		8,100	
Career Ladder Extended Contracts		6,695	
Assistant Principals		329,260	
Secretary(ies)		328,910	
Social Security		75,372	
State Retirement		111,822	
Medical Insurance		95,248	
Dental Insurance		4,387	
Employer Medicare		17,675	
Other Charges		1,101	
Total Office of the Principal			1,567,479

Fiscal Services

Supervisor/Director	\$	37,525	
Accountants/Bookkeepers		72,391	
Social Security		5,991	
State Retirement		8,773	
Medical Insurance		13,038	
Dental Insurance		276	
Employer Medicare		1,566	
Data Processing Services		9,423	
Dues and Memberships		345	
Travel		2,165	
Data Processing Supplies		1,193	
Office Supplies		4,875	
Other Supplies and Materials		88	
In Service/Staff Development		1,164	
Other Charges		10	
Administration Equipment		8,776	
Total Fiscal Services			167,599

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Human Services/Personnel

Supervisor/Director	\$	45,434	
Social Security		2,781	
State Retirement		4,044	
Dental Insurance		331	
Employer Medicare		650	
Dues and Memberships		220	
Travel		755	
Office Supplies		229	
In Service/Staff Development		295	
Administration Equipment		826	
Total Human Services/Personnel			\$ 55,565

Operation of Plant

Supervisor/Director	\$	36,575	
Custodial Personnel		688	
Social Security		2,189	
State Retirement		3,309	
Medical Insurance		3,416	
Dental Insurance		152	
Employer Medicare		512	
Janitorial Services		737,494	
Disposal Fees		20,366	
Electricity		700,692	
Natural Gas		134,295	
Water and Sewer		75,331	
Boiler Insurance		7,726	
Building and Contents Insurance		136,615	
Total Operation of Plant			1,859,360

Maintenance of Plant

Supervisor/Director	\$	77,422	
Maintenance Personnel		181,587	
In-Service Training		113	
Social Security		14,702	
State Retirement		23,055	
Medical Insurance		50,467	
Dental Insurance		1,697	
Employer Medicare		3,438	
Laundry Service		4,095	
Maintenance and Repair Services - Buildings		272,444	
Maintenance and Repair Services - Equipment		53,432	
Travel		1,650	
Other Contracted Services		19,852	
General Construction Materials		19,046	
In Service/Staff Development		200	
Other Charges		407	
Maintenance Equipment		35,598	
Total Maintenance of Plant			759,205

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	36,245	
Mechanic(s)		114,445	
Bus Drivers		444,275	
Clerical Personnel		26,739	
In-Service Training		7,297	
Social Security		34,770	
State Retirement		47,013	
Medical Insurance		25,390	
Dental Insurance		1,005	
Employer Medicare		9,061	
Contracts with Parents		3,007	
Laundry Service		3,952	
Maintenance and Repair Services - Vehicles		37,916	
Medical and Dental Services		2,893	
Travel		1,953	
Diesel Fuel		337,871	
Garage Supplies		5,956	
Gasoline		54,877	
Lubricants		4,837	
Tires and Tubes		36,202	
Vehicle Parts		29,150	
Other Supplies and Materials		1,736	
Vehicle and Equipment Insurance		42,078	
In Service/Staff Development		367	
Other Charges		31,100	
Transportation Equipment		425,018	
Total Transportation			\$ 1,765,153

Central and Other

Supervisor/Director	\$	45,181	
Computer Programmer(s)		84,353	
Clerical Personnel		800	
Social Security		7,549	
State Retirement		11,600	
Medical Insurance		20,332	
Dental Insurance		883	
Employer Medicare		1,766	
Maintenance and Repair Services - Equipment		821	
Travel		1,345	
Other Contracted Services		3,595	
Data Processing Supplies		2,657	
In Service/Staff Development		4,018	
Data Processing Equipment		2,062	
Total Central and Other			186,962

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$	1,000	
Social Security		62	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

State Retirement	\$	89	
Employer Medicare		14	
Total Food Service			\$ 1,165

Community Services

Office Supplies	\$	600	
Other Supplies and Materials		968	
Total Community Services			1,568

Early Childhood Education

Supervisor/Director	\$	141,662	
Teachers		409,890	
Clerical Personnel		16,000	
Educational Assistants		133,040	
Certified Substitute Teachers		8,225	
Non-certified Substitute Teachers		9,755	
Social Security		42,294	
State Retirement		61,802	
Medical Insurance		76,715	
Dental Insurance		3,818	
Employer Medicare		9,899	
Operating Lease Payments		7,119	
Travel		8,187	
Instructional Supplies and Materials		59,429	
Office Supplies		3,403	
Other Supplies and Materials		10,915	
In Service/Staff Development		8,449	
Other Charges		8,364	
Other Equipment		35,507	
Total Early Childhood Education			1,054,473

Capital Outlay

Regular Capital Outlay

Engineering Services	\$	19,500	
Building Improvements		834,007	
Total Regular Capital Outlay			853,507

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	531,445	
Total Education			531,445

Total General Purpose School Fund \$ 30,269,869

School Federal Projects Fund

Instruction

Regular Instruction Program

Supervisor/Director	\$	2,500	
Teachers		980,752	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Educational Assistants	\$	101,669	
Part-time Personnel		14,809	
Other Salaries and Wages		131,704	
Certified Substitute Teachers		8,434	
Non-certified Substitute Teachers		6,830	
Social Security		73,304	
State Retirement		108,050	
Medical Insurance		118,339	
Dental Insurance		4,980	
Employer Medicare		17,171	
Maintenance and Repair Services - Equipment		1,000	
Other Contracted Services		12,969	
Instructional Supplies and Materials		107,659	
Other Supplies and Materials		67,660	
In Service/Staff Development		389	
Regular Instruction Equipment		159,344	
Other Equipment		273	
Total Regular Instruction Program			\$ 1,917,836

Special Education Program

Educational Assistants	\$	465,956	
Social Security		28,785	
State Retirement		40,831	
Employer Medicare		6,732	
Instructional Supplies and Materials		35,441	
Other Supplies and Materials		2,270	
Total Special Education Program			580,015

Vocational Education Program

Educational Assistants	\$	7,978	
Social Security		495	
State Retirement		710	
Employer Medicare		116	
Other Contracted Services		350	
Instructional Supplies and Materials		8,785	
Other Charges		419	
Vocational Instruction Equipment		30,817	
Total Vocational Education Program			49,670

Support Services

Other Student Support

Travel	\$	19,727	
Total Other Student Support			19,727

Regular Instruction Program

Supervisor/Director	\$	95,697	
Teachers		3,430	
Clerical Personnel		23,551	
Educational Assistants		735	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Social Security	\$	7,549	
State Retirement		10,964	
Medical Insurance		8,320	
Dental Insurance		469	
Employer Medicare		1,766	
Travel		22,737	
Other Contracted Services		1,557	
Other Supplies and Materials		8,221	
In Service/Staff Development		74,434	
Other Equipment		1,608	
Total Regular Instruction Program			\$ 261,038

Special Education Program

Assessment Personnel	\$	123,759	
Social Security		5,765	
State Retirement		8,824	
Medical Insurance		15,195	
Dental Insurance		607	
Employer Medicare		1,702	
Travel		20,426	
Other Contracted Services		99,030	
Other Supplies and Materials		2,684	
In Service/Staff Development		7,202	
Other Equipment		222	
Total Special Education Program			285,416

Vocational Education Program

Travel	\$	986	
Total Vocational Education Program			986

Transportation

Bus Drivers	\$	66,444	
Other Salaries and Wages		30,831	
Social Security		6,043	
State Retirement		8,623	
Employer Medicare		1,413	
Diesel Fuel		19,092	
Total Transportation			132,446

Total School Federal Projects Fund \$ 3,247,134

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	60,416	
Accountants/Bookkeepers		30,638	
Cafeteria Personnel		786,174	
Social Security		53,277	
State Retirement		72,937	

(Continued)

Exhibit K-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Medical Insurance	\$	11,509	
Dental Insurance		552	
Employer Medicare		12,591	
Communication		3,544	
Data Processing Services		3,600	
Dues and Memberships		612	
Maintenance and Repair Services - Equipment		17,511	
Printing, Stationery, and Forms		680	
Travel		4,242	
Permits		800	
Other Contracted Services		15,759	
Electricity		35,016	
Food Supplies		1,176,491	
Natural Gas		8,767	
Office Supplies		293	
Uniforms		17,188	
Water and Sewer		3,218	
USDA - Commodities		116,237	
Other Supplies and Materials		111,004	
Refunds		483	
In Service/Staff Development		1,335	
Other Charges		13,674	
Food Service Equipment		30,525	
Total Food Service			\$ 2,589,073

Total Central Cafeteria Fund \$ 2,589,073

Total Governmental Funds - Hardeman County School Department \$ 36,106,076

Exhibit K-9

Hardeman County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2013

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,591,526
Total Cash Receipts	<u>\$ 1,591,526</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,575,610
Trustee's Commission	<u>15,916</u>
Total Cash Disbursements	<u>\$ 1,591,526</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2012	<u>0</u>
Cash Balance, June 30, 2013	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardeman County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Hardeman County's basic financial statements, and have issued our report thereon dated October 28, 2013. Our report includes a reference to other auditors who audited the financial statements of the Hardeman County Emergency Communications District, as described in our report on Hardeman County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hardeman 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 Hardeman County's internal control. Accordingly, we do not express an opinion on the effectiveness of Hardeman County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be

prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. 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: 2013-001, 2013-002, 2013-003, and 2013-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hardeman 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

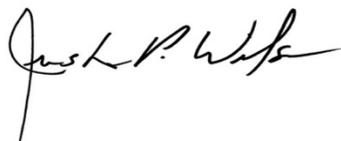
Hardeman County's Response to Findings

Hardeman County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Hardeman County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Hardeman 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

October 28, 2013

JPW/kp



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

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Hardeman County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Hardeman County's major federal programs for the year ended June 30, 2013. Hardeman 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 Hardeman 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 OMB Circular A-133, *Audits of States, Local Governments, and*

Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hardeman County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Hardeman 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, 2013.

Report on Internal Control Over Compliance

Management of Hardeman 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 Hardeman 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 OMB Circular A-133, 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 Hardeman 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

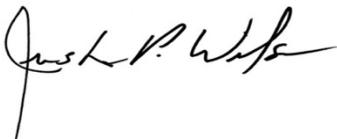
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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 Hardeman County, Tennessee, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Hardeman County's basic financial statements. We issued our report thereon dated October 28, 2013, 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 OMB Circular A-133 and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

October 28, 2013

JPW/kp

Hardeman County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2013

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:			
School Breakfast Program	10.553	N/A	\$ 577,620
National School Lunch Program	10.555	N/A	1,341,203 (3)
Summer Food Service Program for Children	10.559	N/A	21,974
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	116,237 (3)
Fresh Fruit and Vegetable Program	10.582	N/A	101,229
Total U.S. Department of Agriculture			<u>\$ 2,158,263</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-10-22	\$ 2,549
Total U.S. Department of Housing and Urban Development			<u>\$ 2,549</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	\$ 4,500
Total U.S. Department of Justice			<u>\$ 4,500</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	AERO 11-143	\$ 375,284
Total U.S. Department of Transportation			<u>\$ 375,284</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,184,605
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	889,632
Special Education - Preschool Grants	84.173	N/A	125,914
Career and Technical Education - Basic Grants to States	84.048	N/A	71,231
Twenty-first Century Community Learning Centers	84.287	N/A	351,950
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	58,279
Rural Education	84.358	(2)	88,600
Improving Teacher Quality State Grants	84.367	N/A	274,368
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	(2)	199,778
Total U.S. Department of Education			<u>\$ 3,244,357</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Preventive Health and Health Services Block Grant	93.991	(2)	\$ 160,527
Total U.S. Department of Health and Human Services			<u>\$ 160,527</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 9,320
Hazard Mitigation Grant	97.039	(2)	172,859
Emergency Management Performance Grants	97.042	(2)	6,300
Homeland Security Grant Program	97.067	(2)	7,066
Total U.S. Department of Homeland Security			<u>\$ 195,545</u>
Total Expenditures of Federal Awards			<u>\$ 6,141,025</u>
		<u>Contract Number</u>	
<u>State Grants</u>			
Computer Clubhouse Grant - State Department of Economic and Community Development	N/A	(2)	\$ 3,711
Coordinated School Health - State Department of Education	N/A	(2)	100,000
Early Childhood Education - State Department of Education	N/A	(2)	1,043,040
Connectenn - State Department of Education	N/A	(2)	12,854
ACT/Explore - State Department of Education	N/A	(2)	4,337
Arts Student Ticket Subsidy - State Department of Education	N/A	(2)	1,286
State Student Management System - State Department of Education	N/A	(2)	10,567
Safe Schools - State Department of Education	N/A	(2)	23,200
Solid Waste Grant - State Department of Environment and Conservation	N/A	(2)	7,002
Aircraft Fueling System Program - State Department of Transportation	N/A	AERO 11-143	205,168
Runway Safety Improvement Program - State Department of Transportation	N/A	AERO 13-200	314
Airport Maintenance Program - State Department of Transportation	N/A	AERO M-12203	10,266
Litter Grant - State Department of Transportation	N/A	(2)	<u>57,266</u>
Total State Grants			<u>\$ 1,479,011</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,457,440.

Hardeman County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2013

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Hardeman County, Tennessee, for the year ended June 30, 2012, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.06	163	The Solid Waste Disposal Fund had a deficit in unrestricted net assets
12.07	164	Usernames and passwords were shared by Ambulance Service employees

OFFICE OF TRUSTEE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
12.13	167	Duties were not segregated adequately

HARDEMAN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Hardeman County is unmodified.
2. The audit of the financial statements of Hardeman County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Hardeman County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555 and 10.559); Airport Improvement Program (CFDA No. 20.106); and Title I Grants to Local Educational Agencies (CFDA No. 84.010) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Hardeman County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county mayor provided a written response on one finding, which is paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 2013-001

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 \$773,356, in unrestricted net position at June 30, 2013. This deficit resulted from the recognition of a liability of \$2,513,343 for future costs associated with closing the county's landfill and monitoring the landfill for 30 years after closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The county has recognized this deficit since owning the Hardeman County Landfill, and we are continuing to focus on building the Solid Waste Disposal Fund's balances to cover this deficit. However, I would encourage that generally accepted accounting principles and state statutes be revised not to require a county to collect and hold the total amount for closing and monitoring for 30 years. The landfill may close and require monitoring, but the county will continue to operate and have the ability to, if required by state statutes, cover the cost for monitoring for the 30 years.

FINDING 2013-002

USERNAMES AND PASSWORDS WERE SHARED BY AMBULANCE SERVICE EMPLOYEES

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

Although each employee of the Ambulance Service had been assigned a unique username and password for accessing the office's accounting software, this information was shared with other employees. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because employees had access to each other's username and password. Sound business practices dictate that each transaction be

identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight. This deficiency was also a result of management's failure to correct the finding noted in the prior-year audit report. This practice was discontinued in February 2013.

OFFICE OF TRUSTEE

FINDING 2013-003

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

Duties were not segregated adequately among the official and employees in the Office of Trustee. The official and employees responsible for maintaining the accounting records in this office were also involved in receipting, depositing, disbursing, and/or reconciling bank statements. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

The trustee should segregate duties to the extent possible using available resources.

OFFICE OF SHERIFF

FINDING 2013-004

ACCOUNTING RECORDS WERE NOT PROPERLY MAINTAINED AND RECONCILED ON A TIMELY BASIS (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Transactions were not posted to the cash journal and reconciled with bank statements and subsidiary records in a timely manner. In February 2013, we noted that transactions had not been posted since August 2012. The cash journal was subsequently posted and provided to us in July 2013. The cash journal is the primary financial record for the Sheriff's Department, and it should be maintained and reconciled on a current basis. This deficiency exists because management failed to ensure that accounting records were properly maintained and reconciled currently.

RECOMMENDATION

The office should maintain the cash journal on a current basis. The cash journal should be reconciled with bank statements and subsidiary records monthly.

BEST PRACTICES

The Division of Local Government Audit strongly believes that the items noted below are best practices 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 Hardeman County.

ITEM 1. HARDEMAN COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Hardeman County does not have a central system of accounting, budgeting, and purchasing. 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. 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.

ITEM 2. HARDEMAN COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE

Hardeman County does not have an Audit Committee. An Audit Committee can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks. County officials should establish an Audit Committee as a best practice.

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

There were no findings and questioned costs for federal awards.

**HARDEMAN COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2013**

There were audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs. There were no audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

Director of Schools – Summary Schedule of Prior-Year's Findings

FINDINGS 12.08 and 12.14

The Hardeman County School Department now follows all bid processes as required by OMB Circular A-133, as well as Chapter 90, Private Acts of 1989.