ANNUAL FINANCIAL REPORT

HARDIN COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015

TENNESSEE COMPTROLLER OF THE TREASURY

DIVISION OF LOCAL GOVERNMENT AUDIT

ANNUAL FINANCIAL REPORT

HARDIN COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2015

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

HARDIN COUNTY, TENNESSEE
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Summary of Audit Findings

Annual Financial Report
Hardin County, Tennessee
For the Year Ended June 30, 2015

Scope

We have audited the basic financial statements of Hardin County as of and for the year ended June 30, 2015.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF HIGHWAY COMMISSIONER

- Time sheets did not always accurately reflect time worked.

OFFICE OF DIRECTOR OF SCHOOLS

- The School Department had deficiencies in budget operations.

OFFICE OF TRUSTEE

- The office maintained a duplicate set of receipts.
- Employees had access to the trustee's cash drawer.

Introductory Section

Hardin County Officials
June 30, 2015

Officials

Kevin Davis, County Mayor
Paul Blount, Highway Commissioner
Michael Davis, Director of Schools
Linda McCasland, Trustee
Calvin Hinton, Assessor of Property
Connie Stephens, County Clerk
Diane Polk, Circuit and General Sessions Courts Clerk
Martha Smith, Clerk and Master
Julie Gail Adkisson, Register of Deeds
Sammy Davidson, Sheriff
Linda Franks, Accounting and Budget Director

Board of County Commissioners

Kevin Davis, County Mayor, Chairman
Boyce Bain
Stephen Ballard
Bobby Barnes
Larry Byrd
Nickie Cagle
Adam Coleman
Gary Combs
Mike Fowler
Wally Hamilton
Charles Holloway
Darren Howard
Roger Jenkins
Mike Jerrolds
Brodie Johnson
Fred McFalls, Jr.
Brandon Morris
C. D. Rickman
Paul Riddell
Kathy Smith
Emery White

Highway Commission

Kevin Davis, County Mayor, Secretary
Hugh Gresham
Billy Grooms
Carter Horton
Jamie Lee Johnson

Board of Education

Ron Ashe, Chairman
James David Baker
David Burgess
Jeanelle Dennis
Justin Johnson
Brad Jones
Janie Milender
Danny Sewell
Olga Turnbow
Gary Vickery

Audit Committee

David Davis, Chairman
Jack Adams
Boyce Bain
Emery White
Kathy Smith

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

Hardin County Mayor and
Board of County Commissioners
Hardin 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 Hardin County, Tennessee, as of and for the year ended June 30, 2015, 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 Park Rest Hardin County Health Center (the entire business-type activities and a major fund). Also, we did not audit the financial statements of the Hardin Medical Center (which represent 41.7 percent, 41.1 percent, and 54.6 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units), the Hardin County Emergency Communications District (which represent 3.4 percent, 3.3 percent, and 1.3 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units), or the Hardin County Convention and Visitors Bureau (which represent .1 percent, .2 percent, and .3 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented

component units). Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Park Rest Hardin County Health Center, Hardin Medical Center, Hardin County Emergency Communications District, and Hardin County Convention and Visitors Bureau is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardin County, Tennessee, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons 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.

Change in Accounting Principle

As described in Note V.B., Hardin County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Notes I.D.8. and VII.B.17. to the financial statements, which describe restatements decreasing the beginning Governmental Activities net position by $436,468, the

discretely presented Hardin County School Department's net position by $5,220,700, and the discretely presented Hardin Medical Center's net position by $3,496,419 on the Government-wide Statement of Activities. We also draw attention to Note VIII.B.3. to the financial statements, which describes a restatement increasing the discretely presented Hardin County Emergency Communications District's net position by $156,922. These restatements were necessary because of the transitional requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension asset, and schedule of funding progress - other postemployment benefits plans on pages 135-141 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 Hardin 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 and Rural Debt Service funds, combining and individual fund financial statements of the Hardin County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

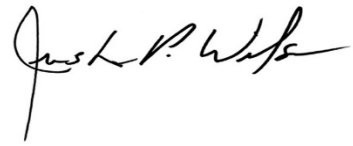
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Rural Debt Service funds, combining and individual fund financial statements of the Hardin County School Department (a discretely presented component unit), 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 and Rural Debt Service funds, combining and individual fund financial statements of the Hardin County School Department (a discretely presented component unit), and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2016, on our consideration of Hardin 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 Hardin County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 5, 2016

JPW/kp

Basic Financial Statements

Exhibit A

Hardin County, Tennessee
Statement of Net Position
June 30, 2015

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Hardin County School Department	Hardin Medical Center	Emergency Communications District	Hardin County Convention and Visitors Bureau
ASSETS							
Cash	$ 272	$ 129,873	$ 130,145	$ 0	$ 18,088,986	$ 791,377	$ 28,395
Equity in Pooled Cash and Investments	7,369,857	0	7,369,857	3,323,647	0	0	0
Inventories	0	6,552	6,552	0	1,282,610	0	0
Accounts Receivable	95,015	898,246	993,261	14,027	2,511,230	0	49,053
Due from Other Governments	1,070,292	0	1,070,292	994,601	0	42,982	0
Due from Component Units	1,817,714	0	1,817,714	0	0	0	0
Property Taxes Receivable	5,981,150	0	5,981,150	6,783,960	0	0	0
Allowance for Uncollectible Property Taxes	(290,290)	0	(290,290)	(322,336)	0	0	0
Prepaid Items	0	25,230	25,230	0	103,998	17,874	13,137
Accrued Interest Receivable	7,950	0	7,950	0	0	0	0
Other Current Assets	0	0	0	0	189,725	0	0
Restricted Assets:							
Cash and Cash Equivalents	0	0	0	0	0	78,188	0
Patient Trust	0	23,041	23,041	0	0	0	0
Net Pension Asset - Agent Plan	439,327	0	439,327	461,858	0	198,088	0
Net Pension Asset - Cost-sharing Plan	0	0	0	58,591	0	0	0
Capital Assets:							
Assets Not Depreciated:							
Land	1,929,017	26,700	1,955,717	1,149,600	274,533	140,550	0
Construction in Progress	0	0	0	0	12,188	0	0
Assets Net of Accumulated Depreciation:							
Buildings and Improvements	10,615,489	294,744	10,910,233	36,785,501	11,867,494	1,292,231	0
Infrastructure	7,498,147	0	7,498,147	0	0	0	0
Other Capital Assets	2,908,961	39,316	2,948,277	298,673	3,426,531	496,253	29
Total Assets	$ 39,442,901	$ 1,443,702	$ 40,886,603	$ 49,548,122	$ 37,757,295	$ 3,057,543	$ 90,614
DEFERRED OUTFLOWS OF RESOURCES							
Pension Changes in Experience	$ 0	$ 0	$ 0	$ 142,243	$ 0	$ 0	$ 0
Pension Contributions After Measurement Date	500,010	0	500,010	1,443,867	306,332	15,683	0
Total Deferred Outflows of Resources	$ 500,010	$ 0	$ 500,010	$ 1,586,110	$ 306,332	$ 15,683	$ 0

(Continued)

Exhibit A

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

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Hardin County School Department	Hardin Medical Center	Emergency Communications District	Hardin County Convention and Visitors Bureau
LIABILITIES							
Accounts Payable	$ 46,211	$ 17,347	$ 63,558	$ 27,497	$ 1,766,108	$ 5,654	$ 4,951
Accrued Management Fee	0	1,240,786	1,240,786	0	0	0	0
Other Accrued Expenses	0	132,646	132,646	0	2,165,799	29,830	0
Accrued Payroll	212,667	0	212,667	0	0	0	0
Payroll Deductions Payable	17,912	0	17,912	160,677	0	0	541
Due to Primary Government	0	0	0	1,817,714	0	0	0
Accrued Interest Payable	178,981	0	178,981	0	0	0	0
Assets:							
Patient Trust	0	23,041	23,041	0	0	0	0
Noncurrent Liabilities:							
Due Within One Year	1,768,425	0	1,768,425	213,147	522,507	30,000	0
Due in More Than One Year (net of deferred discount on debt and unamortized premium on debt)	44,706,568	0	44,706,568	5,697,494	8,319,142	1,122,285	0
Total Liabilities	$ 46,930,764	$ 1,413,820	$ 48,344,584	$ 7,916,529	$ 12,773,556	$ 1,187,769	$ 5,492
DEFERRED INFLOWS OF RESOURCES							
Deferred Current Property Taxes	$ 5,445,951	$ 0	$ 5,445,951	$ 6,195,956	$ 0	$ 0	$ 0
Pension Changes in Experience	140,547	0	140,547	147,755	262,391	245	0
Pension Changes in Investment Earnings	723,533	0	723,533	5,588,125	1,865,959	28,197	0
Pension Other Deferrals	0	0	0	72,813	0	0	0
Total Deferred Inflows of Resources	$ 6,310,031	$ 0	$ 6,310,031	$ 12,004,649	$ 2,128,350	$ 28,442	$ 0

(Continued)

Exhibit A

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

	Primary Government			Component Units			
	Governmental Activities	Business-type Activities	Total	Hardin County School Department	Hardin Medical Center	Emergency Communications District	Hardin County Convention and Visitors Bureau
NET POSITION							
Net Investment in Capital Assets	$ 11,345,444	$ 360,760	$ 11,706,204	$ 38,233,774	$ 7,936,677	$ 776,749	$ 29
Restricted for:							
General Government	99,651	0	99,651	0	0	0	0
Finance	8,555	0	8,555	0	0	0	0
Administration of Justice	76,427	0	76,427	0	0	0	0
Public Safety	170,045	0	170,045	0	0	0	0
Public Health and Welfare	14,914	0	14,914	0	0	0	0
Social, Cultural, and Recreational Services	545,074	0	545,074	0	0	0	0
Highway/Public Works	189,818	0	189,818	0	0	0	0
Education	0	0	0	544,267	0	0	0
Operation of Non-instructional Services	0	0	0	295,680	0	78,188	0
Debt Service	2,377,952	0	2,377,952	0	0	0	0
Capital Projects	0	0	0	765,668	0	0	0
Other Purposes	439,327	0	439,327	0	0	198,088	0
Unrestricted	(28,565,091)	(330,878)	(28,895,969)	(8,626,335)	15,225,044	803,990	85,093
Total Net Position	$ (13,297,884)	$ 29,882	$ (13,268,002)	$ 31,213,054	$ 23,161,721	$ 1,857,015	$ 85,122

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

Exhibit B

Hardin County, Tennessee
Statement of Activities
For the Year Ended June 30, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position						
					Primary Government			Component Units			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Business-type Activities	Total	Hardin County School Department	Hardin Medical Center	Emergency Communications District	Hardin County Convention and Visitors Bureau
Primary Government:											
Governmental Activities:											
General Government	$ 2,343,976	$ 244,144	$ 100,972	$ 0	$ (1,998,860)	$ 0	$ (1,998,860)	$ 0	$ 0	$ 0	$ 0
Finance	985,164	765,580	0	0	(219,584)	0	(219,584)	0	0	0	0
Administration of Justice	751,005	674,701	12,152	0	(64,152)	0	(64,152)	0	0	0	0
Public Safety	5,633,387	700,845	767	823,598	(4,108,177)	0	(4,108,177)	0	0	0	0
Public Health and Welfare	2,420,505	388,808	302,074	5,300	(1,724,323)	0	(1,724,323)	0	0	0	0
Social, Cultural, and Recreational Services	627,076	8,445	30,892	19,004	(568,735)	0	(568,735)	0	0	0	0
Agriculture and Natural Resources	196,474	122,649	3,000	0	(70,825)	0	(70,825)	0	0	0	0
Highways/Public Works	3,854,452	0	1,880,606	230,437	(1,743,409)	0	(1,743,409)	0	0	0	0
Interest on Long-term Debt	2,366,276	0	2,517,606	0	151,330	0	151,330	0	0	0	0
Total Governmental Activities	$ 19,178,315	$ 2,905,172	$ 4,848,069	$ 1,078,339	$ (10,346,735)	$ 0	$ (10,346,735)	$ 0	$ 0	$ 0	$ 0
Business-type Activities:											
Park Rest Hardin County Health Center	$ 2,639,447	$ 2,611,066	$ 0	$ 0	$ 0	$ (28,381)	$ (28,381)	$ 0	$ 0	$ 0	$ 0
Total Business-type Activities	$ 2,639,447	$ 2,611,066	$ 0	$ 0	$ 0	$ (28,381)	$ (28,381)	$ 0	$ 0	$ 0	$ 0
Total Primary Government	$ 21,817,762	$ 5,516,238	$ 4,848,069	$ 1,078,339	$ (10,346,735)	$ (28,381)	$ (10,375,116)	$ 0	$ 0	$ 0	$ 0
Component Units:											
School Department	$ 33,317,667	$ 376,791	$ 5,394,130	$ 0	$ 0	$ 0	$ 0	$ (27,546,746)	$ 0	$ 0	$ 0
Hardin Medical Center	37,166,992	39,342,897	1,058,509	0	0	0	0	0	3,234,414	0	0
Emergency Communications District	812,669	547,147	279,594	0	0	0	0	0	0	14,072	0
Hardin County Convention and Visitors Bureau	262,520	6,049	18,600	0	0	0	0	0	0	0	(237,871)
Total Component Units	$ 71,559,848	$ 40,272,884	$ 6,750,833	$ 0	$ 0	$ 0	$ 0	$ (27,546,746)	$ 3,234,414	$ 14,072	$ (237,871)

(Continued)

Exhibit B

Hardin County, Tennessee
Statement of Activities (Cont.)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position						
					Primary Government			Component Units			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Business-type Activities	Total	Hardin County School Department	Hardin Medical Center	Emergency Communications District	Hardin County Convention and Visitors Bureau
General Revenues:											
Taxes:											
Property Taxes Levied for General Purposes					$ 5,871,811	$ 0	$ 5,871,811	$ 6,619,295	$ 0	$ 0	$ 0
Property Taxes Levied for Debt Service					229,182	0	229,182	0	0	0	0
Local Option Sales Taxes					914,701	0	914,701	3,902,406	0	0	0
Hotel/Motel Tax					213,323	0	213,323	0	0	0	202,656
Wheel Tax					1,095,363	0	1,095,363	0	0	0	0
Litigation Tax					177,250	0	177,250	0	0	0	0
Business Tax					276,699	0	276,699	0	0	0	0
Mineral Severance Tax					56,145	0	56,145	0	0	0	0
Wholesale Beer Tax					291,030	0	291,030	0	0	0	0
Other Local Taxes					25,374	0	25,374	24,270	0	0	0
Grants and Contributions Not Restricted to Specific Programs					1,594,822	0	1,594,822	16,348,957	135,572	125,947	0
Unrestricted Investment Income					44,980	81	45,061	0	114,000	3,203	0
Miscellaneous					0	2,516	2,516	31,641	102,381	18,350	1,625
Pension Income					11,715	0	11,715	74,699	170,489	12,724	0
Total General Revenues					$ 10,802,395	$ 2,597	$ 10,804,992	$ 27,001,268	$ 522,442	$ 160,224	$ 204,281
Change in Net Position					$ 455,660	$ (25,784)	$ 429,876	$ (545,478)	$ 3,756,856	$ 174,296	$ (33,590)
Net Position, July 1, 2014					(13,317,076)	55,666	(13,261,410)	36,979,232	22,901,284	1,525,797	118,712
Restatement - Pension Liability (See Note I.D.8)					(436,468)	0	(436,468)	(5,220,700)	0	0	0
Restatement - Pension Liability (See Note VII.B.17)					0	0	0	0	(3,496,419)	0	0
Restatement - Pension Asset (See Note VIII.B.3)					0	0	0	0	0	156,922	0
Net Position, June 30, 2015					$ (13,297,884)	$ 29,882	$ (13,268,002)	$ 31,213,054	$ 23,161,721	$ 1,857,015	$ 85,122

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

Exhibit C-1

Hardin County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Other Govern-mental Funds	Total Governmental Funds
ASSETS						
Cash	$ 0	$ 0	$ 0	$ 0	$ 272	$ 272
Equity in Pooled Cash and Investments	4,074,789	518,621	1,420,424	1,209,721	146,302	7,369,857
Accounts Receivable	59,644	150	2,048	0	33,173	95,015
Due from Other Governments	461,182	360,024	0	74,061	175,025	1,070,292
Due from Other Funds	272	0	0	0	0	272
Due from Component Units	0	0	0	281,575	0	281,575
Property Taxes Receivable	4,991,352	613,166	204,389	0	172,243	5,981,150
Allowance for Uncollectible Property Taxes	(244,251)	(31,282)	(10,427)	0	(4,330)	(290,290)
Accrued Interest Receivable	7,950	0	0	0	0	7,950
Total Assets	$ 9,350,938	$ 1,460,679	$ 1,616,434	$ 1,565,357	$ 522,685	$ 14,516,093
LIABILITIES						
Accounts Payable	$ 34,133	$ 0	$ 0	$ 0	$ 12,078	$ 46,211
Accrued Payroll	187,570	0	0	0	25,097	212,667
Payroll Deductions Payable	15,848	100	0	0	1,964	17,912
Due to Other Funds	0	0	0	0	272	272
Total Liabilities	$ 237,551	$ 100	$ 0	$ 0	$ 39,411	$ 277,062
DEFERRED INFLOWS OF RESOURCES						
Deferred Current Property Taxes	$ 4,539,224	$ 554,110	$ 184,704	$ 0	$ 167,913	$ 5,445,951
Deferred Delinquent Property Taxes	192,149	25,673	8,558	0	0	226,380
Other Deferred/Unavailable Revenue	201,155	177,292	0	182,007	88,633	649,087
Total Deferred Inflows of Resources	$ 4,932,528	$ 757,075	$ 193,262	$ 182,007	$ 256,546	$ 6,321,418

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Other Govern-mental Funds	Total Governmental Funds
FUND BALANCES						
Restricted:						
Restricted for General Government	$ 7,166	$ 0	$ 0	$ 0	$ 0	$ 7,166
Restricted for Finance	8,555	0	0	0	0	8,555
Restricted for Administration of Justice	76,427	0	0	0	0	76,427
Restricted for Public Safety	109,701	0	0	0	60,344	170,045
Restricted for Public Health and Welfare	14,914	0	0	0	0	14,914
Restricted for Social, Cultural, and Recreational Services	545,074	0	0	0	0	545,074
Restricted for Other Operations	92,485	0	0	0	0	92,485
Restricted for Debt Service	0	0	978,020	1,383,350	0	2,361,370
Committed:						
Committed for Administration of Justice	104,128	0	0	0	0	104,128
Committed for Public Safety	516,934	0	0	0	0	516,934
Committed for Public Health and Welfare	288,786	0	0	0	166,384	455,170
Committed for Highways/Public Works	0	703,504	0	0	0	703,504
Committed for Debt Service	0	0	445,152	0	0	445,152
Assigned:						
Assigned for General Government	421	0	0	0	0	421
Assigned for Administration of Justice	12,084	0	0	0	0	12,084
Assigned for Public Safety	71,186	0	0	0	0	71,186
Assigned for Public Health and Welfare	557	0	0	0	0	557
Assigned for Social, Cultural, and Recreational Services	2,079	0	0	0	0	2,079
Assigned for Other Operations	77,405	0	0	0	0	77,405
Unassigned	2,252,957	0	0	0	0	2,252,957
Total Fund Balances	$ 4,180,859	$ 703,504	$ 1,423,172	$ 1,383,350	$ 226,728	$ 7,917,613
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 9,350,938	$ 1,460,679	$ 1,616,434	$ 1,565,357	$ 522,685	$ 14,516,093

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

Exhibit C-2

Hardin County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

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)		$ 7,917,613
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	$ 1,929,017	
Add: buildings and improvements net of accumulated depreciation	10,615,489	
Add: infrastructure net of accumulated depreciation	7,498,147	
Add: other capital assets net of accumulated depreciation	2,908,961	22,951,614
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: note payable	$ (7,900)	
Less: capital leases payable	(2,241,161)	
Less: bonds payable	(43,470,000)	
Add: debt to be contributed by the School Department	1,536,139	
Add: deferred charges - discount on debt issued	1,752	
Less: compensated absences payable	(155,221)	
Less: landfill postclosure care costs	(302,443)	
Less: other postemployment benefits liability	(229,507)	
Less: accrued interest on bonds and capital leases	(178,981)	
Less: unamortized premium on debt	(70,513)	(45,117,835)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.		
Add: deferred outflows of resources related to pensions	$ 500,010	
Less: deferred inflows of resources related to pensions	(864,080)	(364,070)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		439,327
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		875,467
Net position of governmental activities (Exhibit A)		$ (13,297,884)

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

Exhibit C-3

Hardin County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Other Govern-mental Funds	Total Governmental Funds
Revenues						
Local Taxes	$ 6,877,338	$ 866,400	$ 231,874	$ 364,889	$ 840,012	$ 9,180,513
Licenses and Permits	109,457	0	0	0	0	109,457
Fines, Forfeitures, and Penalties	198,168	0	0	0	27,621	225,789
Charges for Current Services	152,922	0	0	0	374,391	527,313
Other Local Revenues	218,068	7,291	67,788	4,245	15,295	312,687
Fees Received from County Officials	1,346,558	0	0	0	0	1,346,558
State of Tennessee	2,220,299	2,140,376	19,847	0	4,600	4,385,122
Federal Government	834,202	11,414	0	593,791	0	1,439,407
Other Governments and Citizens Groups	141,744	0	464,066	1,819,786	4,705	2,430,301
Total Revenues	$ 12,098,756	$ 3,025,481	$ 783,575	$ 2,782,711	$ 1,266,624	$ 19,957,147
Expenditures						
Current:						
General Government	$ 1,223,646	$ 0	$ 0	$ 0	$ 0	$ 1,223,646
Finance	782,029	0	0	0	0	782,029
Administration of Justice	586,013	0	0	0	2,820	588,833
Public Safety	4,891,908	0	0	0	41,426	4,933,334
Public Health and Welfare	826,024	0	0	0	1,350,330	2,176,354
Social, Cultural, and Recreational Services	356,346	0	0	0	0	356,346
Agriculture and Natural Resources	147,113	0	0	0	0	147,113
Other Operations	3,057,037	0	0	0	200,062	3,257,099
Highways	0	2,670,185	0	0	0	2,670,185
Debt Service:						
Principal on Debt	195,781	0	882,201	850,000	0	1,927,982
Interest on Debt	26,374	0	512,333	1,830,145	0	2,368,852
Other Debt Service	0	0	47,314	7,255	0	54,569
Total Expenditures	$ 12,092,271	$ 2,670,185	$ 1,441,848	$ 2,687,400	$ 1,594,638	$ 20,486,342

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Other Govern-mental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	$ 6,485	$ 355,296	$ (658,273)	$ 95,311	$ (328,014)	$ (529,195)
Other Financing Sources (Uses)						
Capital Leases Issued	$ 135,488	$ 0	$ 0	$ 0	$ 224,518	$ 360,006
Insurance Recovery	206,407	0	0	0	0	206,407
Transfers In	0	0	837,982	0	0	837,982
Transfers Out	(613,693)	(224,289)	0	0	0	(837,982)
Total Other Financing Sources (Uses)	$ (271,798)	$ (224,289)	$ 837,982	$ 0	$ 224,518	$ 566,413
Net Change in Fund Balances	$ (265,313)	$ 131,007	$ 179,709	$ 95,311	$ (103,496)	$ 37,218
Fund Balance, July 1, 2014	4,446,172	572,497	1,243,463	1,288,039	330,224	7,880,395
Fund Balance, June 30, 2015	$ 4,180,859	$ 703,504	$ 1,423,172	$ 1,383,350	$ 226,728	$ 7,917,613

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

Exhibit C-4

Hardin 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, 2015

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)		$ 37,218
(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	$ 1,255,784	
Less: current-year depreciation expense	(2,571,384)	(1,315,600)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Add: assets donated and capitalized	$ 23,300	
Less: proceeds received from the disposal of capital assets	(55,469)	(32,169)
(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, 2015	$ 875,467	
Less: deferred delinquent property taxes and other deferred June 30, 2014	(817,148)	58,319
(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: capital lease proceeds	$ (360,006)	
Add: change in premium on debt issuances	3,881	
Less: change in discount on debt issuances	(79)	
Add: principal payments on notes	62,150	
Add: principal payments on capital leases	380,832	
Add: principal payments on bonds	1,230,000	
Less: contributions from the School Department for the capital lease	(109,918)	1,206,860
(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	$ 2,576	
Change in compensated absences payable	(4,929)	
Change in landfill postclosure care costs	89	
Change in other postemployment benefits liability	(8,429)	
Change in net pension asset	875,795	
Change in deferred outflows related to pensions	500,010	
Change in deferred inflows related to pensions	(864,080)	501,032
Change in net position of governmental activities (Exhibit B)		$ 455,660

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

Exhibit C-5

Hardin County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 6,877,338	$ 0	$ 0	$ 6,877,338	$ 6,671,554	$ 6,671,554	$ 205,784
Licenses and Permits	109,457	0	0	109,457	106,460	106,460	2,997
Fines, Forfeitures, and Penalties	198,168	0	0	198,168	188,445	188,445	9,723
Charges for Current Services	152,922	0	0	152,922	160,550	165,050	(12,128)
Other Local Revenues	218,068	0	0	218,068	145,150	194,237	23,831
Fees Received from County Officials	1,346,558	0	0	1,346,558	1,331,800	1,335,000	11,558
State of Tennessee	2,220,299	0	0	2,220,299	2,239,580	2,281,408	(61,109)
Federal Government	834,202	0	0	834,202	141,290	853,432	(19,230)
Other Governments and Citizens Groups	141,744	0	0	141,744	95,213	151,325	(9,581)
Total Revenues	$ 12,098,756	$ 0	$ 0	$ 12,098,756	$ 11,080,042	$ 11,946,911	$ 151,845
Expenditures							
General Government							
County Commission	$ 73,689	$ 0	$ 0	$ 73,689	$ 70,539	$ 82,539	$ 8,850
Board of Equalization	900	0	0	900	1,500	1,500	600
Beer Board	3,360	0	0	3,360	4,075	4,075	715
Other Boards and Committees	500	0	0	500	1,700	1,700	1,200
County Mayor/Executive	155,300	(300)	0	155,000	154,373	155,338	338
County Attorney	3,990	0	0	3,990	4,000	4,000	10
Election Commission	172,383	(1,144)	0	171,239	164,091	178,793	7,554
Register of Deeds	147,136	0	0	147,136	152,146	152,146	5,010
County Buildings	666,388	(9,612)	421	657,197	632,814	681,672	24,475
Finance							
Accounting and Budgeting	117,068	(27)	0	117,041	116,592	117,552	511
Property Assessor's Office	186,561	0	0	186,561	195,630	196,366	9,805
Reappraisal Program	43,155	0	0	43,155	45,250	45,250	2,095
County Trustee's Office	177,423	0	0	177,423	182,124	182,124	4,701
County Clerk's Office	257,822	0	0	257,822	256,752	261,200	3,378
Administration of Justice							
Circuit Court	314,317	0	168	314,485	309,879	325,604	11,119
General Sessions Court	145,532	0	0	145,532	145,128	145,936	404

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Administration of Justice (Cont.)							
Drug Court	$ 0	$ 0	$ 11,916	$ 11,916	$ 10,500	$ 10,500	$ (1,416)
Chancery Court	126,164	0	0	126,164	129,634	130,266	4,102
Public Safety							
Sheriff's Department	1,395,113	0	7,387	1,402,500	1,361,885	1,512,309	109,809
Traffic Control	16,133	0	0	16,133	18,203	36,576	20,443
Administration of the Sexual Offender Registry	1,093	0	0	1,093	1,400	1,400	307
Jail	1,505,758	0	1,420	1,507,178	1,551,942	1,579,531	72,353
Juvenile Services	112,499	0	350	112,849	117,197	117,749	4,900
Fire Prevention and Control	1,457,010	0	28,264	1,485,274	634,291	1,498,333	13,059
Civil Defense	125,181	0	33,765	158,946	89,944	159,209	263
Other Public Safety	279,121	0	0	279,121	284,838	284,838	5,717
Public Health and Welfare							
Local Health Center	130,028	0	0	130,028	161,100	161,100	31,072
Rabies and Animal Control	295,870	0	0	295,870	257,238	339,810	43,940
Ambulance/Emergency Medical Services	235,800	0	0	235,800	198,000	236,725	925
Alcohol and Drug Programs	9,966	0	0	9,966	9,966	9,966	0
Crippled Children Services	2,005	0	0	2,005	2,005	2,005	0
Other Local Health Services	30,663	0	0	30,663	24,246	31,421	758
General Welfare Assistance	22,104	0	0	22,104	24,040	24,040	1,936
Other Local Welfare Services	10,000	0	0	10,000	10,000	10,000	0
Sanitation Education/Information	89,588	0	557	90,145	90,974	91,574	1,429
Social, Cultural, and Recreational Services							
Senior Citizens Assistance	74,821	0	600	75,421	87,362	87,362	11,941
Libraries	215,655	0	1,479	217,134	744,585	746,082	528,948
Other Social, Cultural, and Recreational	65,870	0	0	65,870	71,750	71,750	5,880
Agriculture and Natural Resources							
Agricultural Extension Service	78,065	0	0	78,065	78,279	78,279	214
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	25,794	0	0	25,794	25,794	25,794	0
Flood Control	36,890	0	0	36,890	38,000	38,000	1,110

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Agriculture and Natural Resources (Cont.)							
Other Agriculture and Natural Resources	$ 5,364	$ 0	$ 0	$ 5,364	$ 6,050	$ 6,050	$ 686
Other Operations							
Tourism	172,668	0	21,421	194,089	180,000	200,000	5,911
Tourism-resort District	663,066	0	55,984	719,050	714,000	718,000	(1,050)
Industrial Development	66,670	0	0	66,670	68,800	68,800	2,130
Other Economic and Community Development	98,569	0	0	98,569	125,750	139,688	41,119
Airport	59,243	0	0	59,243	25,000	59,444	201
Veterans' Services	49,846	0	0	49,846	49,920	49,920	74
Other Charges	297,695	0	0	297,695	289,863	299,817	2,122
Contributions to Other Agencies	15,500	0	0	15,500	15,500	15,500	0
Employee Benefits	1,624,828	0	0	1,624,828	1,694,132	1,696,796	71,968
Miscellaneous	8,952	0	0	8,952	9,700	10,010	1,058
Principal on Debt							
General Government	195,781	0	0	195,781	0	195,783	2
Interest on Debt							
General Government	26,374	0	0	26,374	0	26,375	1
Total Expenditures	$ 12,092,271	$ (11,083)	$ 163,732	$ 12,244,920	$ 11,639,481	$ 13,307,597	$ 1,062,677
Excess (Deficiency) of Revenues Over Expenditures	$ 6,485	$ 11,083	$ (163,732)	$ (146,164)	$ (559,439)	$ (1,360,686)	$ 1,214,522
Other Financing Sources (Uses)							
Capital Leases Issued	$ 135,488	$ 0	$ 0	$ 135,488	$ 0	$ 135,488	$ 0
Insurance Recovery	206,407	0	0	206,407	0	208,801	(2,394)
Transfers Out	(613,693)	0	0	(613,693)	(604,178)	(613,694)	1
Total Other Financing Sources	$ (271,798)	$ 0	$ 0	$ (271,798)	$ (604,178)	$ (269,405)	$ (2,393)
Net Change in Fund Balance	$ (265,313)	$ 11,083	$ (163,732)	$ (417,962)	$ (1,163,617)	$ (1,630,091)	$ 1,212,129
Fund Balance, July 1, 2014	4,446,172	(11,083)	0	4,435,089	4,339,834	4,339,834	95,255
Fund Balance, June 30, 2015	$ 4,180,859	$ 0	$ (163,732)	$ 4,017,127	$ 3,176,217	$ 2,709,743	$ 1,307,384

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

Exhibit C-6

Hardin County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 866,400	$ 889,148	$ 889,148	$ (22,748)
Other Local Revenues	7,291	45,000	45,000	(37,709)
State of Tennessee	2,140,376	2,091,177	2,091,177	49,199
Federal Government	11,414	163,000	163,000	(151,586)
Total Revenues	$ 3,025,481	$ 3,188,325	$ 3,188,325	$ (162,844)
Expenditures				
Highways				
Administration	$ 280,868	$ 294,074	$ 294,074	$ 13,206
Highway and Bridge Maintenance	1,027,272	1,247,434	1,247,434	220,162
Operation and Maintenance of Equipment	404,583	504,418	504,418	99,835
Other Charges	193,741	416,289	195,266	1,525
Employee Benefits	443,548	468,815	468,815	25,267
Capital Outlay	320,173	367,290	364,024	43,851
Total Expenditures	$ 2,670,185	$ 3,298,320	$ 3,074,031	$ 403,846
Excess (Deficiency) of Revenues Over Expenditures	$ 355,296	$ (109,995)	$ 114,294	$ 241,002
Other Financing Sources (Uses)				
Transfers Out	$ (224,289)	$ 0	$ (224,289)	$ 0
Total Other Financing Sources	$ (224,289)	$ 0	$ (224,289)	$ 0
Net Change in Fund Balance	$ 131,007	$ (109,995)	$ (109,995)	$ 241,002
Fund Balance, July 1, 2014	572,497	445,401	445,401	127,096
Fund Balance, June 30, 2015	$ 703,504	$ 335,406	$ 335,406	$ 368,098

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

Exhibit D-1

Hardin County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2015

	Major Fund Business-type Activities - Enterprise Fund Park Rest Hardin County Health Center
ASSETS	
Current Assets:	
Cash	$ 129,873
Inventories	6,552
Accounts Receivable	217,723
Due from Hardin Home	680,523
Prepaid Items	25,230
Restricted Assets:	
Patient Trust	23,041
Total Current Assets	$ 1,082,942
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	$ 26,700
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	294,744
Other Capital Assets	39,316
Total Noncurrent Assets	$ 360,760
Total Assets	$ 1,443,702
LIABILITIES	
Liabilities:	
Accounts Payable	$ 17,347
Accrued Management Fee	1,240,786
Other Accrued Expenses	132,646
Current Liabilities Payable from Restricted Assets:	
Patient Trust	23,041
Total Liabilities	$ 1,413,820
NET POSITION	
Net Investment in Capital Assets	$ 360,760
Unrestricted	(330,878)
Net Position	$ 29,882

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

Exhibit D-2

Hardin County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2015

	Major Fund Business-type Activities - Enterprise Fund Park Rest Hardin County Health Center
Operating Revenues	
Charges for Current Services	
Patient Revenues	$ 2,840,633
Uncollectible Accounts	(229,567)
Total Operating Revenues	$ 2,611,066
Operating Expenses	
Administrative	$ 908,527
Dietary	270,916
Housekeeping	138,395
Laundry	161,057
Operation and Maintenance	154,400
Nursing	895,221
Social Service	66,093
Depreciation	44,838
Total Operating Expenses	$ 2,639,447
Operating Income (Loss)	$ (28,381)
Nonoperating Revenues (Expenses)	
Investment Income	$ 81
Miscellaneous Income	2,516
Total Nonoperating Revenues (Expenses)	$ 2,597
Net Income (Loss)	$ (25,784)
Change in Net Position	$ (25,784)
Net Position, July 1, 2014	55,666
Net Position, June 30, 2015	$ 29,882

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

Exhibit D-3

Hardin County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2015

	Major Fund Business-type Activities - Enterprise Fund Park Rest Hardin County Health Center
Cash Flows from Operating Activities	
Receipts from Patient Services	$ 2,570,608
Payments to Suppliers	(908,734)
Payments to Employees	(1,571,490)
Other Operating Cash Receipts	2,516
Net Cash Provided By (Used In) Operating Activities	$ 92,900
Cash Flows from Investing Activities	
Interest Income	$ 81
Net Cash Provided By (Used In) Investing Activities	$ 81
Cash Flows from Capital and Related Financing Activities	
Purchase of Equipment	$ (2,917)
Net Cash Provided By (Used In) Capital and Related Financing Activities	$ (2,917)
Net Increase (Decrease) in Cash	$ 90,064
Cash, July 1, 2014	39,809
Cash, June 30, 2015	$ 129,873

(Continued)

Exhibit D-3

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

	Major Fund Business-type Activities - Enterprise Fund Park Rest Hardin County Health Center
Reconciliation of Net Operating Income to Net Cash Provided By (Used In) Operating Activities	
Operating Income (Loss)	$ (28,381)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	44,838
Other Revenue	2,516
Changes in Assets and Liabilities:	
Inventories	(1,050)
Accounts Receivable	(40,458)
Due from Hardin Home	(59,068)
Prepaid Items	(1,188)
Accounts Payable	(2,677)
Accrued Management Fee	182,774
Other Accrued Expenses	(4,406)
Net Cash Provided By (Used In) Operating Activities	$ 92,900
Reconciliation of Cash With the Statement of Net Position	
Cash Per Net Position	$ 129,873
Cash, June 30, 2015	$ 129,873

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

Exhibit E

Hardin County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	Agency Funds
ASSETS	
Cash	$ 550,760
Due from Other Governments	542,730
Cash Shortage	6,413
Total Assets	$ 1,099,903
LIABILITIES	
Due to Other Taxing Units	$ 542,730
Due to Litigants, Heirs, and Others	557,173
Total Liabilities	$ 1,099,903

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

HARDIN COUNTY, TENNESSEE
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HARDIN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hardin 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 Hardin County:

A. Reporting Entity

Hardin County is a public municipal corporation governed by an elected 20-member board. As required by GAAP, these financial statements present Hardin 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 Hardin County School Department operates the public school system in the county, and the voters of Hardin 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 Hardin County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Hardin County, and the Hardin 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 Hardin Medical Center is a community medical center providing general and specialized medical services to patients. Included as part of the Hardin Medical Center are the HMC Health and Rehabilitation Center, an intermediate and skilled care facility, and the HMC Physician Services, Inc., a physician practice, which provides medical and other health care services. The Hardin County Commission appoints the Hardin Medical Center's governing body, which also oversees the Hardin County Nursing Home. Hardin County

is financially obligated to retire general obligation bonds of the Hardin Medical Center in the event of default by the hospital.

The Hardin County Convention and Visitors Bureau is a nonprofit organization located in Savannah, Tennessee. Its purpose is to promote tourism in the county. The Hardin County Commission appoints the Hardin County Convention and Visitors Bureau's governing body and provides a significant amount of the bureau's funding.

The Hardin 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 Hardin County Emergency Communications District, Hardin Medical Center, and Hardin County Convention and Visitors Bureau can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Hardin County Emergency Communications District
465 Main Street
Savannah, TN 38372

Hardin Medical Center
935 Wayne Road
Savannah, TN 38372

Hardin County Convention and Visitors Bureau
495 Main Street
Savannah, TN 38372

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 Hardin 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.

Hardin County issues all debt for the discretely presented Hardin County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2015.

Separate financial statements are provided for governmental funds, proprietary funds (internal service and enterprise), and fiduciary funds. The internal service fund is reported with the governmental activities in the government-wide financial statements of the discretely presented Hardin County School Department, and 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 funds 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 Hardin 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 outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Hardin County only reports one proprietary fund, a major enterprise fund, and the discretely presented School Department reports one proprietary fund, an internal service fund.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds

and the major enterprise fund are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The internal service fund and the fiduciary funds in total are reported in single columns by fund type.

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. Hardin County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

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

Proprietary funds 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.

Hardin 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.

Rural Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on school improvement projects for which the City of Savannah contributes a portion of its sales tax.

Hardin County reports the following major enterprise fund:

Park Rest Hardin County Health Center – This fund accounts for the transactions of the county-owned health center.

Additionally, Hardin 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 Hardin 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 Hardin County School Department reports the following major governmental fund:

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.

Additionally, the Hardin County School Department reports the following fund types:

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

Capital Projects Fund – The Education Capital Projects Fund accounts for the receipt of debt issued by Hardin County and contributed to the School Department for building construction and renovation and the acquisition of other major capital assets.

Internal Service Fund – The Employee Insurance Fund is used to account for transactions pertaining to the Hardin County School Department's dental insurance plan.

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 (enterprise fund) used to account for a health care center. The discretely presented School Department has one proprietary fund (internal service fund) used to account for a self-insurance dental program. Operating revenues and expenses generally result from providing services in connection with the funds' principal ongoing operations. The principal operating revenue of the county's proprietary fund is charges for services. The principal operating revenue for the discretely presented School Department's internal service fund is self-insurance premiums. Operating expenses include administrative expenses and dental claims.

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 in the internal service fund of the discretely presented Hardin County School Department consists entirely of cash on deposit with the county trustee.

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

The county trustee maintains a cash and internal investment pool that is used by all funds (excluding the Park Rest Hardin County Health Center) and the discretely presented Hardin 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. Hardin 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. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.51 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.

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. Governmental activities 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:

Assets	Years
Primary Government:	
Buildings and Improvements	25
Other Capital Assets	5 - 10
Infrastructure:	
Roads	10 - 20
Bridges	30
School Department:	
Land Improvements	20
Buildings and Improvements	25
Other Capital Assets	5 - 15

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. Deferred

outflows of resources represent 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 has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for pension changes in experience as well as employer contributions made to the pension plan after the measurement date.

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

5. <u>Compensated Absences</u>

It is the county's policy to permit employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation from service. The Hardin County Highway Department allows its employees to accrue no more than five vacation days at year-end, except with special permission from the Highway Commissioner. All vacation leave for the primary government is accrued when incurred in the government-wide statements for the county. A liability for vacation leave is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. The granting of sick leave for employees of Hardin County has no guaranteed payment attached and therefore is not required to be accrued or recorded.

It is the School Department's policy to permit professional employees to accumulate an unlimited amount of earned but unused sick leave days and support staff to accumulate earned but unused sick leave up to 120 days. Upon leaving employment, professional employees and support staff receive $10 per day for unused sick days. The policy permits 12-month support staff to accumulate an unlimited amount of earned but unused annual and sick leave days. Upon leaving employment, 12-month support staff are compensated at their daily rate of pay for unused annual and sick leave. All annual and sick leave benefits for the School Department are accrued when incurred in the government-wide

statements. A liability for annual and sick leave 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, landfill closure/postclosure care costs, 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 funds 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 $3,921,763 of restricted net position, of which $92,485 is restricted by enabling legislation.

As of June 30, 2015, Hardin County had $34,111,139 in outstanding debt for capital purposes for the discretely presented Hardin County School Department. This debt is a liability of Hardin County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Hardin County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county's Budget 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. Restatements

In prior years, the government was not required to recognize a liability for its defined benefit pension plans. However, with the implementation of GASB Statement No. 68, government employers are required to recognize a new pension liability in their Statement of Net Position. Therefore, a restatement decreasing Hardin County's Governmental Activities beginning net position by $436,468 has been recognized on the Statement of Activities. In addition, a restatement decreasing the Hardin County School Department's beginning net position by $5,220,700 has been recognized on the Statement of Activities for liabilities of the pension agent plan ($458,850) and the pension cost-sharing plan ($4,761,850).

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Hardin County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Hardin County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan.

For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Hardin County School Department

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Hardin 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 Hardin County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the Education Capital Projects Fund, which adopts 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, 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.

B. Cash Shortage – Prior Year

On February 14, 2014, an investigative report by the Comptroller's Division of Investigations, Special Investigations Unit revealed that beginning at least in March 2012 and continuing through April 2013, a deputy clerk misappropriated cash totaling at least $15,008 from the office. The deputy admitted to investigators that she took cash from daily collections for her personal use and used cash collected on subsequent days to conceal the misappropriation. Additionally, the deputy subverted the clerk's established practice of rotating deposit duties among deputy clerks by voluntarily making

all of the daily deposits. This enabled the deputy to continue her misappropriation scheme undetected. On May 17, 2014, the former deputy pled guilty to theft and official misconduct and was ordered to pay restitution ($13,539) plus court costs. The outstanding cash shortage totaled $6,413 at June 30, 2015.

C. Expenditures Exceeded Appropriations

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

Fund/Major Appropriation Category		Amount Overspent
Primary Government:		
General:		
Administration of Justice - Drug Court	$	1,416
Other Operations - Tourism-resort District		1,050
Discretely Presented Hardin County School Department:		
General Purpose School:		
Other Debt Service - Education		21,468

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balances.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Hardin County (excluding the Park Rest Hardin County Health Center, enterprise fund) and the Hardin 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.

The county had no pooled and nonpooled investments as of June 30, 2015.

B. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	$ 1,935,585	$ 5,300	$ 11,868	$ 1,929,017
Total Capital Assets Not Depreciated	$ 1,935,585	$ 5,300	$ 11,868	$ 1,929,017
Capital Assets Depreciated:				
Buildings and Improvements	$ 16,584,541	$ 51,499	$ 0	$ 16,636,040
Infrastructure	40,672,561	0	0	40,672,561
Other Capital Assets	9,994,751	1,222,285	277,529	10,939,507
Total Capital Assets Depreciated	$ 67,251,853	$ 1,273,784	$ 277,529	$ 68,248,108
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 5,475,441	$ 545,110	$ 0	$ 6,020,551
Infrastructure	32,044,302	1,130,112	0	33,174,414
Other Capital Assets	7,368,312	896,162	233,928	8,030,546
Total Accumulated Depreciation	$ 44,888,055	$ 2,571,384	$ 233,928	$ 47,225,511
Total Capital Assets Depreciated, Net	$ 22,363,798	$ (1,297,600)	$ 43,601	$ 21,022,597
Governmental Activities Capital Assets, Net	$ 24,299,383	$ (1,292,300)	$ 55,469	$ 22,951,614

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

Governmental Activities:

General Government	$ 29,597
Finance	10,731
Administration of Justice	11,126
Public Safety	871,675
Public Health and Welfare	199,621
Social, Cultural, and Recreational Services	95,741
Agriculture and Natural Resources	43,812
Highways/Public Works	1,309,081
Total Depreciation Expense - Governmental Activities	$ 2,571,384

Discretely Presented Hardin County School Department

Governmental Activities:

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Not Depreciated:			
Land	$ 1,149,600	$ 0	$ 1,149,600
Total Capital Assets Not Depreciated	$ 1,149,600	$ 0	$ 1,149,600
Capital Assets Depreciated:			
Buildings and Improvements	$ 66,392,327	$ 89,670	$ 66,481,997
Other Capital Assets	2,178,097	13,999	2,192,096
Total Capital Assets Depreciated	$ 68,570,424	$ 103,669	$ 68,674,093
Less Accumulated Depreciation For:			
Buildings and Improvements	$ 27,397,731	$ 2,298,765	$ 29,696,496
Other Capital Assets	1,677,081	216,342	1,893,423
Total Accumulated Depreciation	$ 29,074,812	$ 2,515,107	$ 31,589,919
Total Capital Assets Depreciated, Net	$ 39,495,612	$ (2,411,438)	$ 37,084,174
Governmental Activities Capital Assets, Net	$ 40,645,212	$ (2,411,438)	$ 38,233,774

There were no decreases in capital assets to report during the year ended June 30, 2015. Depreciation expense was charged to functions of the discretely presented Hardin County School Department as follows:

Governmental Activities:

Instruction	$ 1,511,264
Support Services	637,362
Operation of Non-instructional Services	366,481
Total Depreciation Expense - Governmental Activities	$ 2,515,107

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	$ 272
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	48,294

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

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
	Component Unit:	
Primary Government:	School Department:	
Governmental Activities	Governmental Activities	$ 1,536,139
Rural Debt Service	General Purpose School	281,575

The amount reflected in governmental activities as Due to the Primary Government from the discretely presented School Department is the balance of the capital lease issued by the county for the School Department as discussed in Note IV.E. The School Department has agreed to contribute the funds necessary to retire the debt.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2015, consisted of the following amounts:

Transfers Out	Transfers In General Debt Service Fund
General Fund	$ 613,693
Highway/Public Works Fund	224,289
Total	$ 837,982

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.

D. Capital Leases

Terms of capital lease obligations outstanding at June 30, 2015, were as follows:

Description	Date of Lease	Length of Lease in Years	Gross Amount of Assets	Interest Rate
Fire Trucks	11-21-05	10	$ 429,882	4.75 %
Fire Trucks	7-31-07	10	495,000	5.38
Fire Truck	6-28-10	10	224,189	5.1
Energy Management Project	6-20-12	14	1,782,319	3.05
Commercial Pumper	3-31-14	9	241,750	3.79
Refuse Collection Truck	9-15-14	3	224,518	1.64
Patrol Cars	12-1-14	2	135,488	3.08

Title to the above-noted assets transfers to Hardin County and the Hardin County School Department at the end of the lease periods. Lease payments are made from the General and General Debt Service funds and by contributions from the School Department to the primary government's General Debt Service Fund.

The assets acquired through capital leases are as follows:

Assets		Governmental Activities
Buildings and Improvements	$	1,782,319
Vehicles and Equipment		1,750,827
Less: Accumulated Depreciation		(1,447,077)
Total Book Value	$	2,086,069

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

Year Ending June 30		Governmental Funds
2016	$	426,012
2017		403,478
2018		221,609
2019		216,268
2020		216,266
2021-2025		879,895
2026-2027		238,310
Total Minimum Lease Payments	$	2,601,838
Less: Amount Representing Interest		(360,677)
Present Value of Minimum Lease Payments	$	2,241,161

E. Long-term Obligations

Primary Government

General Obligation Bonds and Notes

Hardin County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and the capital outlay note outstanding were issued for original terms of up to 35 years for bonds and up to seven years for the note. Repayment terms are

generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and the note included in long-term debt as of June 30, 2015, will be retired from the General Debt Service and Rural Debt Service funds.

General obligation bonds, capital outlay note, and capital leases outstanding as of June 30, 2015, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-15
General Obligation Bonds	2.84 to 4.125 %	6-1-44	$ 49,600,000	$ 43,470,000
Capital Outlay Note	0	7-31-16	27,650	7,900
Capital Leases	1.64 to 5.38	11-20-26	3,533,146	2,241,161

The annual requirements to amortize all general obligation bonds and the note outstanding as of June 30, 2015, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds Principal	Interest	Total
2016	$ 1,270,000	$ 2,235,129	$ 3,505,129
2017	1,310,000	2,188,177	3,498,177
2018	1,355,000	2,136,801	3,491,801
2019	1,405,000	2,081,108	3,486,108
2020	1,450,000	2,021,699	3,471,699
2021-2025	8,070,000	9,092,146	17,162,146
2026-2030	7,155,000	7,195,628	14,350,628
2031-2035	7,710,000	5,376,819	13,086,819
2036-2040	7,555,000	3,181,324	10,736,324
2041-2044	6,190,000	969,875	7,159,875
Total	$ 43,470,000	$ 36,478,706	$ 79,948,706

Year Ending June 30	Note Principal	Interest	Total
2016	$ 3,950	$ 0	$ 3,950
2017	3,950	0	3,950
Total	$ 7,900	$ 0	$ 7,900

There is $2,806,522 available in the debt service funds to service long-term debt. Debt per capita, including bonds, the note, and capital leases totaled $1,757, based on the 2010 federal census.

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

Description of Indebtedness	Outstanding 6-30-15
Capital Lease	
Contributions from the General Purpose School Fund	
Energy Management Project	$ 1,536,139

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2015, was as follows:

Governmental Activities:

	Bonds	Notes	Capital Leases
Balance, July 1, 2014	$ 44,700,000	$ 70,050	$ 2,261,987
Additions	0	0	360,006
Reductions	(1,230,000)	(62,150)	(380,832)
Balance, June 30, 2015	$ 43,470,000	$ 7,900	$ 2,241,161
Balance Due Within One Year	$ 1,270,000	$ 3,950	$ 355,908

	Compensated Absences	Landfill Postclosure Care Costs	Other Postemployment Benefits
Balance, July 1, 2014	$ 150,292	$ 302,532	$ 221,078
Additions	187,140	4,616	26,228
Reductions	(182,211)	(4,705)	(17,799)
Balance, June 30, 2015	$ 155,221	$ 302,443	$ 229,507
Balance Due Within One Year	$ 133,862	$ 4,705	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	$ 46,406,232
Less: Balance Due Within One Year	(1,768,425)
Add: Unamortized Premium on Debt	70,513
Less: Deferred Discount on Debt	(1,752)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 44,706,568

Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds. Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

Discretely Presented Hardin County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Hardin County School Department for the year ended June 30, 2015, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2014	$ 594,821	$ 4,926,507
Additions	175,483	874,901
Reductions	(217,071)	(444,000)
Balance, June 30, 2015	$ 553,233	$ 5,357,408
Balance Due Within One Year	$ 213,147	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2015	$ 5,910,641
Less: Balance Due Within One Year	(213,147)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	$ 5,697,494

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

F. On-Behalf Payments - Discretely Presented Hardin County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hardin 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, 2015, were $161,139 and $34,712, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

Liability, Property, and Casualty

Hardin County participates in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding $100,000 for each insured event.

Workers' Compensation Insurance

Hardin County participates in the Local Government Workers' Compensation Fund (LGWCF), a public entity risk pool established under the provisions of Section 29-20-401, *Tennessee Code Annotated* (*TCA*), by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the LGWCF for its workers' compensation insurance coverage. The LGWCF is to be self-sustaining through member premiums. The LGWCF reinsures through commercial insurance companies for claims exceeding $300,000.

Employee Health Insurance

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

Discretely Presented Hardin County School Department

Liability, Property, Casualty, and Workers' Compensation Insurance

The discretely presented Hardin County 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.

Employee Health Insurance

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

Employee Dental Insurance

The Hardin County School Department has chosen to establish the Employee Insurance Fund for risks associated with the School Department employees' dental insurance plan. The Employee Insurance Fund is accounted for as an internal service fund in which assets are set aside for claim settlements. The School Department is responsible for maximum benefits equal to $1,000 per employee per year. Employees are responsible for any amount beyond the maximum benefit.

All full-time employees of the Hardin County School Department are eligible to participate. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employee Insurance Fund establishes claims liabilities based on estimates of the ultimate costs of claims that have been incurred but not settled, and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability for unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two years are as follows:

Employee Insurance Fund

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2013-14	$ 8,459	$ 230,677	$ 229,741	$ 9,395
2014-15	9,395	190,591	193,519	6,467

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* became effective for the year ended June 30, 2015.

GASB Statement No. 68, replaces the requirements of Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 69, establishes accounting and financial reporting standards related to government combinations and disposals of government operations such as mergers, acquisitions, and transfer of operations.

GASB Statement No. 71, addresses issues related to amounts of contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

C. Subsequent Event

On October 20, 2015, Hardin County issued capital outlay notes totaling $750,000 for courthouse and museum renovations.

D. Contingent Liabilities

Hardin County is contingently liable for an $8,000,000 loan agreement dated July 29, 2003, for improvements to the Hardin Medical Center. Hardin County would become liable for this loan and the interest thereon in the event of

default by the medical center. The principal of this loan agreement is reflected on the financial statements of the Hardin Medical Center. As of June 30, 2015, $2,563,000 has been repaid leaving a balance of $5,437,000. Future principal requirements for the entire loan at June 30, 2015, were $5,437,000. The loan is repayable at a variable interest rate that is determined by the remarketing agent weekly. At June 30, 2015, the variable interest rate was .57 percent.

The attorneys for the county and School Department advised that there were no pending lawsuits, unasserted claims, or assessments that would materially affect the county or School Department's financial statements.

E. Landfill Postclosure Care Costs

Hardin County and the City of Savannah have an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county and city have 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 entities to place a final cover on their 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. Hardin County and the City of Savannah closed their sanitary landfill in 1998. Hardin County and the City of Savannah each agreed to pay 50 percent of the postclosure costs. The $302,443 reported as postclosure care liability at June 30, 2015, represents the county's 50 percent share of the amounts based on what it would cost to perform all postclosure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

The Savannah-Hardin County Airport is operated through a joint operations agreement between Hardin County and the City of Savannah. The agreement created a joint board of directors to manage the airport. The board comprises seven members, three of whom are appointed by the Hardin County Commission, three by the City of Savannah, and one member that Hardin County and the City of Savannah alternate appointing. Hardin County has control over budgeting and financing the joint venture only to the extent of its representation by its board members.

The Twenty-fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fourth Judicial District, Benton, Carroll, Decatur, Hardin, and Henry 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 the judicial district. Hardin County made no contributions to the DTF for the year ended June 30, 2015.

Hardin County does not have an equity interest in the above-noted joint ventures. Complete financial statements for the Savannah-Hardin County Airport and the DTF can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Savannah-Hardin County Airport
100 Airport Lane
Savannah, TN 38372

Office of District Attorney General
P. O. Box 686
Huntingdon, TN 38344

G. Retirement Commitments

Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Hardin County and non-certified employees of the discretely presented Hardin County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 48.75 percent and the non-certified employees of the discretely presented School Department comprise 51.25 percent of the plan based on census data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	177
Inactive Employees Entitled to But Not Yet Receiving Benefits	262
Active Employees	320
Total	759

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Hardin County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Hardin County were $758,234 based on a rate of 10.38 percent of pensionable payroll. By law, employer contributions are required to be paid. The TCRS may intercept Hardin County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to

finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Hardin County's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	$ 21,946,940	$ 20,269,401	$ 1,677,539
Changes for the year:			
Service Cost	$ 667,595	$ 0	$ 667,595
Interest	1,662,170	0	1,662,170
Differences Between Expected and Actual Experience	(360,377)	0	(360,377)
Contributions-Employer	0	782,221	(782,221)
Contributions-Employees	0	393,205	(393,205)
Net Investment Income	0	3,385,111	(3,385,111)
Benefit Payments, Including Refunds of Employee Contributions	(904,547)	(904,547)	0
Administrative Expense	0	(12,425)	12,425
Net Changes	$ 1,064,841	$ 3,643,565	$ (2,578,724)
Balance, June 30, 2014	$ 23,011,781	$ 23,912,966	$ (901,185)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	48.75%	$ 11,218,243	$ 11,657,570	$ (439,327)
School Department	51.25%	11,793,538	12,255,396	(461,858)
Total		$ 23,011,781	$ 23,912,966	$ (901,185)

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

Hardin County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	$ 1,918,966	$ (901,185)	$ (3,263,506)

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

Pension Income. For the year ended June 30, 2015, Hardin County recognized pension income of $24,030.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, Hardin County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 0	$ 288,302
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,484,171
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	758,234	N/A
Total	$ 758,234	$ 1,772,473

(1) The amount shown above for "Contributions Subsequent to the Measurement Date of June 30, 2014," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	$ 500,010	$ 864,080
School Department	258,224	908,393
Total	$ 758,234	$ 1,772,473

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

Year Ending June 30	Amount
2016	$ (443,118)
2017	(443,118)
2018	(443,118)
2019	(443,119)
2020	0
Thereafter	0

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

Discretely Presented Hardin County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Hardin County and non-certified employees of the discretely presented Hardin County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 48.75 percent and the non-certified employees of the discretely presented School Department comprise 51.25 percent of the plan based on census data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2015, to the Teacher Retirement Plan were $6,600, which is four percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities. Since the measurement date is June 30, 2014, which is prior to the July 1, 2014, inception of the Teacher Retirement Plan, there is no net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, the Hardin County School Department did not recognize any pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Hardin County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	$ 6,600	N/A

The Hardin County School Department's employer contributions of $6,600 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction of net pension liability in the year ending June 30, 2016.

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer

contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Hardin County School Department for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were $1,179,043, which is 9.04 percent of pensionable payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Assets. At June 30, 2015, the Hardin County School Department reported an asset of $58,591 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Hardin County School Department's proportion of the net pension asset was based on the Hardin County School Department's employer contributions to the pension plan during the year ended June 30, 2014, relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014, measurement date, the Hardin County School Department's proportion was .360567 percent. The proportion measured as of June 30, 2013, was .365729 percent.

Pension Income. For the year ended June 30, 2015, the Hardin County School Department recognized a pension income of $62,384.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the Hardin County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 142,243	$ 0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	4,827,487
Changes in Proportion of Net Pension Liability (Asset)	0	72,813
LEAs Contributions Subsequent to the Measurement Date of June 30, 2014	1,179,043	N/A
Total	$ 1,321,286	$ 4,900,300

The Hardin County School Department's employer contributions of $1,179,043 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	$ (1,195,300)
2017	(1,195,300)
2018	(1,195,300)
2019	(1,195,300)
2020	11,572
Thereafter	11,571

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

Actuarial Assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

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

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	$ 9,881,955	$ (58,591)	$ (8,288,285)

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

H. Other Postemployment Benefits (OPEB)

Plan Description

Hardin County and the School Department participate in the state-administered Local Government Group Insurance Plan and the Local Education Group Insurance Plan for health care benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated* (*TCA*), for local governments and Section 8-27-302, *TCA*, 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 plan for health care benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at http://tn.gov/finance/act/cafr.html.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each 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 does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. The School Department makes a contribution toward the health insurance premium of the group medical plan for both professional and support employees who retire with at least 30 years of creditable service with the Tennessee Consolidated Retirement System, and have had uninterrupted employment with the School Department for the last 20 years. Currently, 44 professional and three support retirees are

participating in the 2014-15 fiscal year. The School Department contributes between 55 to 58.5 percent toward the individual premium for each eligible professional employee, and 100 percent toward the individual premium of each eligible support employee. The School Department pays this calculated amount directly to the State Insurance Plan for each eligible retiree monthly to pay the health insurance premium until the retiree reaches Medicare eligibility or is deceased. During the year, this contribution was $175,473. Retirees' contributions vary depending on which option they select. During the year ended June 30, 2015, Hardin County and the School Department contributed $17,799 and $444,000, respectively, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	$ 874,000	$ 26,000
Interest on the NOPEBO	34,960	8,843
Adjustment to the ARC	(34,059)	(8,615)
Annual OPEB cost	$ 874,901	$ 26,228
Less: Amount of contribution	(444,000)	(17,799)
Increase/decrease in NOPEBO	$ 430,901	$ 8,429
Net OPEB obligation, 7-1-14	4,926,507	221,078
Net OPEB obligation, 6-30-15	$ 5,357,408	$ 229,507

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-13	Local Education Group	$ 963,624	34%	$ 4,390,920
6-30-14	"	844,870	37	4,926,507
6-30-15	"	874,901	51	5,357,408
6-30-13	Local Government Group	44,590	25	200,456
6-30-14	"	25,206	18	221,078
6-30-15	"	26,228	68	229,507

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	$ 8,022,000	$ 158,000
Actuarial value of plan assets	$ 0	$ 0
Unfunded actuarial accrued liability (UAAL)	$ 8,022,000	$ 158,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	$ 17,371,926	$ 4,859,223
UAAL as a % of covered payroll	46%	3%

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, 2013, actuarial valuation for the Local Government Group and the Local Education Group plans, 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 health care cost trend rate of seven percent for fiscal year 2015. The trend will decrease to 6.5 percent in fiscal year 2016 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

I. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated* (*TCA*). This act provides for all purchases exceeding $10,000 (excluding emergency purchases) to be made based on competitive bids solicited through newspaper advertisement.

Office of Highway Commissioner

Chapter 62, Private Acts of 1997, as amended, and Section 54-7-113, *TCA* (Uniform Road Law), govern purchasing procedures for the Highway Department. These statutes require all purchases exceeding $10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

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

VI. OTHER NOTES – PARK REST HARDIN COUNTY HEALTH CENTER (ENTERPRISE FUND)

A. General Information

1. General

The Park Rest Hardin County Health Center (Park Rest) is a 62-bed intermediate care facility owned by Hardin County, Tennessee. Park Rest is located in Savannah, Tennessee, and began operations in 1986. Park Rest provides health care and services primarily to individuals in the Hardin County, Tennessee, area who do not require the degree of care and treatment a hospital or skilled nursing facility is designed to provide, but who, because of their mental or physical condition, require care and services, which can be made available to them through institutional facilities.

2. Reporting Entity

Park Rest is a department of Hardin County, Tennessee. Park Rest is not a legally separate entity, and the Hardin County Commission is

responsible for appointing each member of the nursing home committee, which oversees Park Rest's operations. In addition, the nursing home revenues were the source of repayment for bonds issued to finance construction of the facility.

B. Summary of Significant Accounting Policies

1. Basis of Presentation

The accounts of Park Rest are organized on the basis of funds. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses, as appropriate. The accounts in the financial statements in this report fall under one broad fund category as follows:

Proprietary Funds

Enterprise Funds – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis can be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

2. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Park Rest's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded 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.

3. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

Cash and Cash Equivalents

Cash and cash equivalents, as used in the Statement of Cash Flows, includes demand deposit accounts and certificates of deposit with maturities of three months or less when purchased, in accordance with GASB Statement No. 9.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Balances reported at year-end include charges due from insurance companies and private-pay families.

Inventory

Inventory is valued at the lower of cost (FIFO) or market and consists entirely of supplies.

Capital Assets

All capital assets of Park Rest are recorded at historical cost, except for donated equipment, which is recorded at fair market value. Expenses, which materially increase values or capacities or extend useful lives of these assets are capitalized while expenses for maintenance and repairs are charged to operations as incurred.

Gains and losses from the sale of capital assets are reflected in operations, and the asset accounts and related allowances for depreciation are reduced. Also, depreciation expense on all depreciable items is systematically charged against operations using the straight-line method over their estimated useful lives. Any related interest cost is also added to the cost of the asset as appropriate.

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues that are not generated from daily operations are defined as nonoperating.

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. Park Rest does not have any items that qualify for reporting in this category as of June 30, 2015.

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. Park Rest does not have any items that qualify for reporting in this category as of June 30, 2015.

Net Position Flow Assumption

Sometimes Park Rest 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 Park Rest's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Net Position

In Park Rest's 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.

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.

C. Related-party Transactions

During the year, Hardin Home (an independent nursing home facility owned by the manager of Park Rest) provided Park Rest with laundry services. The charges for the laundry services approximated Hardin Home's actual costs of providing the services. The total laundry charges for the year were $161,057.

Park Rest prepared meals for residents of Hardin Home. The charges for the meals approximated Park Rest's actual costs of providing the meals. The dietary charges for the year totaled $189,556.

Some employees work for both facilities, and each facility is responsible for its share of applicable payroll expenses.

Hardin County has contracted with the owner of Hardin Home to manage Park Rest. The management fee is seven percent of the gross revenues received by the facility from all sources and equaled $182,775 in 2015.

Park Rest is responsible to pay the county a monthly administrative fee equal to one percent of gross revenues. For 2015, that fee totaled $26,111.

D. Risk Management

Park Rest is subject 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. Commercial insurance is carried for employees' bonds, personal and professional liability, and property destruction. There have been no significant reductions in insurance coverage. Settled claims have not exceeded insurance coverage for any of the past three fiscal years.

E. Custodial Credit Risk – Deposits

Park Rest's investment policies are governed by state statute. Included in permissible investments are direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts.

For deposits, custodial credit risk is the risk that, in the event of a bank failure, deposits may not be returned. Park Rest does not have a policy regarding custodial credit risk for deposits. Collateral is required for demand deposits and certificates of deposit at 105 percent of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of Tennessee and its subdivisions.

As of June 30, 2015, Park Rest's deposits were not exposed to custodial credit risk due to being entirely covered by federal depository insurance.

F. Concentration of Credit Risk

Approximately 95 percent of the patients in Park Rest participate in the Medicaid program. As a result, a portion of their care is paid for by the State of Tennessee. Approximately 69 percent of the accounts receivable balance at June 30, 2015, was due from the State of Tennessee under the Medicaid program.

G. Compensated Absences

Each employee earns one week of vacation after one year of employment and two weeks of vacation after ten years of employment. An employee is paid for accrued vacation only if the employee is laid off. Unused accrued vacation is forfeited by the employee at the end of each calendar year.

H. Trust Funds

Trust funds, as used in the Statement of Net Position, represent patients' funds held by the nursing home in trust for patients and can only be used upon the patients' approval.

I. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Not Depreciated:			
Land	$ 26,700	$ 0	$ 26,700
Capital Assets Depreciated:			
Building and Improvements	$ 1,148,001	$ 0	$ 1,148,001
Furniture and Fixtures	85,517	0	85,517
Equipment	366,556	2,917	369,473
Total Capital Assets Depreciated	$ 1,600,074	$ 2,917	$ 1,602,991
Less Accumulated Depreciation For:			
Building and Improvements	$ (825,541)	$ (27,716)	$ (853,257)
Furniture and Fixtures	(64,248)	(3,132)	(67,380)
Equipment	(334,304)	(13,990)	(348,294)
Total Accumulated Depreciation	$ (1,224,093)	$ (44,838)	$ (1,268,931)
Total Capital Assets Depreciated, Net	$ 375,981	$ (44,838)	$ 334,060
Total Capital Assets, Net	$ 402,681	$ (41,921)	$ 360,760

Fully depreciated assets at June 30, 2015, totaled $410,865.

J. Estimates and Assumptions

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

VII. OTHER NOTES – DISCRETELY PRESENTED HARDIN MEDICAL CENTER

A. Nature of Operations

Hardin Medical Center (HMC) is a community medical center located in Savannah, Tennessee, providing general and specialized medical services to patients. The Hardin County Commission is responsible for appointing each member of the medical center's Board of Commissioners. Included as part of the Hardin Medical Center are the HMC Health and Rehabilitation Center (HMCHRC), which is an intermediate and skilled-care facility, and the HMC

Physician Services, Inc., a physician practice, which provides medical and other health care services.

B. Summary of Significant Accounting Policies

1. Basis of Presentation

The medical center utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis, which is an economic resources measurement focus approach to accounting. In December 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements.* GASB Statement No. 62 makes the GASB *Accounting Standards Codification* the sole source of authoritative accounting technical literature for governmental entities in the United States of America. In June 2011, GASB issued Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows, and Net Position.* GASB Statements No. 62 and No. 63 were effective for periods beginning after December 15, 2011.

2. Cash, Cash Equivalents, and Investments

For the purpose of the Statement of Cash Flows, cash and cash equivalents are defined as cash on hand or in banks and investments with original maturities at date of purchase of less than three months.

Cash and cash equivalents include cash on hand and certificates of deposit with original maturities of less than three months with financial institutions. Investments consist of certificates of deposit with original maturities of greater than three months. Those investments with original maturities greater than three months but less than one year are classified as short-term investments, while the remaining amount is classified as long-term. All of the medical center's cash and cash equivalents and investments are insured or collateralized by securities held by the financial institutions' trust department in the medical center's name.

At June 30, 2015, the total carrying value of the medical center's cash, cash equivalents, and investments was $18,088,986, and the bank balance was $18,098,278.

3. Inventories

Inventories are stated at the lower of cost, determined on the first-in, first-out (FIFO) basis, or market (net realizable value).

4. Patient Accounts Receivable

The medical center reports patient accounts receivable for services rendered at net realizable amounts from third-party payors, patients, and others. The medical center provides an allowance for uncollectible accounts based on a review of outstanding receivables, historical collection information, and existing economic conditions.

5. Fair Value Measurements

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets (Level 1), or significant other observable inputs (Level 2), and the reporting entity's own assumptions about market participant assumptions (Level 3). The medical center had $3,693,414 as of June 30, 2015, in certificates of deposit that would be classified as Level 2 under the hierarchy above. The medical center does not have any fair value measurements using significant unobservable inputs (Level 3) as of June 30, 2015.

6. Property and Equipment

Property and equipment acquisitions are recorded at cost. The medical center capitalizes purchases that cost a minimum of $5,000 and have a useful life greater than one year. Assets are depreciated on a straight-line basis over their estimated useful lives as follows: land improvements 5-30 years; buildings and improvements 5-50 years; equipment 3-20 years; and furniture and fixtures 5-30 years. Assets under capital lease obligations are included in property and equipment and the related amortization and accumulated amortization are included in depreciation and amortization expense and accumulated depreciation and amortization, respectively.

Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

7. Physician Guarantees

The medical center has entered into agreements with local physicians whereby it will guarantee monthly income, subject to stated maximums. The loans are to be forgiven if the physicians maintain a practice in the area for specified terms. During 2015, all loans were forgiven with the respective physicians.

8. Patient Service Revenue

The medical center has agreements with third-party payors that provide for payments to the medical center at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per-diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Patient service revenue is net of contractual adjustments and policy discounts of approximately $84 million for the year ended June 30, 2015. Approximately 26 percent of net patient service revenue was from Medicare for the year ended June 30, 2015. Approximately ten percent of net patient service revenue was from Medicaid/TennCare for the year ended June 30, 2015.

The medical center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the medical center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The costs of providing charity care are estimated based on the ratio of total costs to gross charges and totaled approximately $436,000 for the year ended June 30, 2015.

9. Operating Activities

The medical center defines operating activities as reported in the Consolidated Statement of Revenue, Expenses, and Changes in Net Position as those that generally result from exchange transactions, such as payments for providing services and payments for goods and services received. Nonexchange transactions, including contributions and grants, as well as interest income and interest expense, are considered nonoperating revenues and expenses.

10. Employee Benefit Plans

Medical center employees are covered under the Public Employee Pension Plan of Tennessee Consolidated Retirement System (TCRS), a defined benefit plan, or a 403(b) defined contribution plan.

11. Pension

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

12. Compensated Absences

The medical center provides its full-time employees with paid days off for holiday, vacation, sick, and bereavement absences. The qualifying date for receiving annual vacation is the employees' full-time anniversary date and is based on the table below. Such days may be taken only after the employee has earned them. All earned days must be taken within 24 months from the anniversary date earned. Such liabilities have been accrued in the accompanying Statement of Net Position.

Years of Service	Days Earned Per Year
1-7	10
8-15	15
16 or more	20

Effective July 1, 2014, the medical center modified the use of its sick day policy. Employees must use paid time off days for the first two days of an illness and paid sick days thereafter. No payment is made for accumulated sick leave when an employee terminates employment.

13. Risk Management

The medical center is exposed to various risks of loss from medical malpractice; torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters.

Commercial insurance is purchased for claims arising from such matters. The medical center is self-insured for employee health claims and judgments.

14. Net Position

The medical center's net position is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the remaining balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted net position is the noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the medical center, including amounts related to the county's contributions and bond indebtedness restricted for specific purposes. The unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted. The medical center first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. As of June 30, 2015, there was no permanently or temporarily restricted net position.

15. Income Taxes

The medical center is a not-for-profit corporation as described in Chapter 176 of the Private Acts and is exempt from federal income taxes pursuant to Section 115 of the Internal Revenue Code.

16. Performance Indicator

Excess of revenue over expenses (expenses over revenue) reflected in the accompanying Statement of Revenue, Expenses, and Changes in Net Position is a performance indicator.

17. Adoption of New Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The statement is effective for financial statements for fiscal years beginning after June 15, 2014. Therefore, the medical center adopted this standard at the beginning of fiscal year 2015.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement relates to accounting and financial reporting for government combinations and disposals of government operations and is effective for financial statements for fiscal years beginning after December 15, 2013. Therefore, the medical center adopted this standard at the beginning of fiscal year 2015.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The primary objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68. The statement requires that at transition, an entity recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning of the net pension liability. The provisions of this statement are required to be applied simultaneously with the provisions of Statement No. 68.

The adoption of these accounting standards, with the exception of Statement No. 68, did not have a material impact on the medical center's consolidated financial statements. The adoption of Statement No. 68 was incorporated in the medical center's consolidated financial statements through retrospective application to all periods presented and a cumulative adjustment of net position as of July 1, 2013.

The medical center adopted the provisions of Statements No. 68 and No. 71 as of June 30, 2014, and incorporated the provisions to the consolidated financial statements through retrospective application to all periods presented and a cumulative adjustment to net position as of July 1, 2013.

The medical center decreased net position by $3,496,419 as of July 1, 2013, to reflect the cumulative effect of the adoption and to record the initial net pension liability. The prior period consolidated financial statements have been revised to reflect this change in accounting. The effects of this adoption have been summarized below:

	As of and for the Year Ended June 30, 2014		
	As reported	Adjustment	As adjusted
Statement of Net Position			
Initial net pension liability	$ 0	$ (3,496,419)	$ (3,496,419)
Net Position at beginning of year	23,907,881	(3,496,419)	20,411,462
Net Position at end of year	22,901,284	(3,496,419)	19,404,865

18. New Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for determining fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This standard is effective for fiscal years beginning after June 15, 2015. Therefore the medical center expects to adopt this standard at the beginning of fiscal year 2016.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68*. This statement is applicable to the medical center with regard to clarification of certain provisions of Statement No. 68 including information that is required to be presented as notes to the ten-year schedules of required supplementary information. The requirements of this standard that are within the scope of Statement No. 68 are effective for fiscal years beginning after June 15, 2015. Therefore, the medical center expects to adopt this standard at the beginning of fiscal year 2016.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which amended Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the hierarchy of generally accepted accounting principles (GAAP) to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement is effective for fiscal years beginning after June 15, 2015, and should be applied retroactively. Therefore, the medical center expects to adopt this standard at the beginning of fiscal year 2016.

The medical center is currently assessing the impact of adopting these accounting standards.

19. Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts

of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Third-party Reimbursement Programs

The medical center receives revenue under various third-party reimbursement programs, which include Medicare, Medicaid, TennCare, and other third-party payors. Contractual adjustments under third-party reimbursement programs represent the difference between the medical center's billings at its established rates and the amounts reimbursed by third-party payors. They also include any differences between estimated third-party reimbursement settlements for prior years and subsequent tentative or final settlements. The adjustments resulting from tentative or final settlements to estimated reimbursement amounts resulted in an increase to patient service revenue of approximately $24,000 for the year ended June 30, 2015.

1. Medicare

The medical center is paid for substantially all services rendered to inpatient Medicare program beneficiaries under prospectively determined rates-per-discharge. Those rates vary according to a classification system that is based on clinical, diagnostic, and other factors. The medical center is paid for outpatient and emergency medical services under a Medicare program known as the Ambulatory Payment Classification (APC) system. Under the APC system, outpatient services are classified into APC categories based on standard procedure codes for the service provided and payment for the APC categories are determined using prospectively determined federal payment rates adjusted for geographical area wage differences. The medical center receives cash payments at an interim rate with final settlement determined after the medical center's submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The medical center's classification of patients under the Medicare Prospective Payment System and the appropriateness of the patients' admissions are subject to validation reviews by the Medicare peer review organization.

2. Medicaid

The Medicaid program reimburses HMCHRC for the cost of services rendered to Medicaid beneficiaries at a prospective rate, which is based on the lower of the reimbursable cost of services rendered or a reimbursement cap set by Medicaid. The reimbursement cap is expressed as a per diem.

3. **TennCare**

The State of Tennessee TennCare program is a managed care program, which provides health care coverage to those previously eligible for Medicaid as well as the uninsured population. The medical center contracts with various managed care organizations (MCO's), which offer both Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) health care products. Reimbursement to the medical center is received through per diems, Diagnosis-Related Group (DRG) payments and discounted fees for service.

4. **Commercial Payors**

The medical center has entered into payment agreements with certain commercial insurance carriers, HMO's, and PPO's. The basis for payment to the medical center under these agreements includes prospectively determined rates per discharge and discounts from established rates.

5. **Credit Concentration**

The medical center grants credit to patients and generally does not require collateral or other security in extending credit; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies. At June 30, 2015, the medical center had net receivables from the federal government (Medicare) of approximately $1,700,000, and from Medicaid/TennCare of approximately $460,000.

6. **Meaningful Use Payments from Medicare and Medicaid**

The American Recovery and Reinvestment Act of 2009 (ARRA) established incentive payments under the Medicare and Medicaid programs for hospitals that implemented "meaningful use" certified electronic health record (EHR) technology. In order to receive incentive payments, a hospital that is able to meet the meaningful use criteria, must attest that during the EHR reporting period, the hospital used certified EHR technology and specify the technology used satisfied the required meaningful use objectives and associated measures for the applicable stage, and must specify the EHR reporting period and provide the result of each applicable measure for all patients admitted to the inpatient or emergency department of the hospital during the EHR reporting period for which a selected measure is applicable. A hospital may receive an incentive payment for up to four years, provided it successfully demonstrates meaningful use of certified EHR technology for the EHR reporting period. Hospitals that adopt a certified EHR system and are meaningful users can begin receiving incentive payments in any federal fiscal year from 2011 (October 1, 2010 -

September 30, 2011) to 2015; however, the incentive payments will decrease for hospitals that first start receiving payments in federal fiscal year 2014 or 2015.

The medical center met meaningful use criteria during 2015. As a result, the medical center recognized income of $646,199 from Medicare in 2015. No Medicaid meaningful use income was recognized in 2015 as the medical center received their final payment in 2014. The medical center received all meaningful use funds related to fiscal year 2015, prior to June 30, 2015, therefore, no receivables were recorded at year-end. The medical center's physician practice also received $51,000 of meaningful use funds in fiscal year 2015. The income is reported as other revenue on the accompanying Statement of Revenue, Expenses, and Changes in Net Position.

D. Inventories

A summary of inventories as of June 30, 2015, is as follows:

Pharmacy	$ 509,888
Dietary	10,931
Departmental	761,791
Total	$ 1,282,610

E. Property and Equipment

The major classifications and changes in property and equipment as of and for the year ended June 30, 2015, are as follows:

	Balance 7-1-14	Increases	Decreases	Balance 6-30-15
Capital Assets Not Depreciated:				
Land	$ 274,533	$ 0	$ 0	$ 274,533
Construction in Progress	282,282	273,243	543,337	12,188
Total Capital Assets Not Depreciated	$ 556,815	$ 273,243	$ 543,337	$ 286,721
Capital Assets Depreciated:				
Land Improvements	$ 202,147	$ 0	$ 30,600	$ 171,547
Buildings	19,403,648	0	57,959	19,345,689
Equipment	10,305,508	1,486,709	2,126,287	9,665,930
Furniture and Fixtures	330,357	0	53,734	276,623
Assets Under Capital Lease	1,370,842	91,088	70687	1,391,243
Total Capital Assets Depreciated	$ 31,612,502	$ 1,577,797	$ 2,339,267	$ 30,851,032
Less Accumulated Depreciation For:				
Land Improvements	$ 198,846	$ 1,116	$ 30600	$ 169,362
Buildings	6,808,821	716,972	47598	7,478,195
Equipment	7,673,999	864,723	2178102	6,360,620
Furniture and Fixtures	210,774	27,343	53202	184,915
Assets Under Capital Lease	1,370,841	1,012	7938	1,363,915
Total Accumulated Depreciation	$ 16,263,281	$ 1,611,166	$ 2,317,440	$ 15,557,007
Total Capital Assets Depreciated, Net	$ 15,349,221	$ (33,369)	$ 21,827	$ 15,294,025
Total Capital Assets, Net	$ 15,906,036	$ 239,874	$ 565,164	$ 15,580,746

No interest costs were capitalized during the year ended June 30, 2015.

F. Ambulance Service

Hardin County paid the construction cost of a building to house ambulance facilities and has also purchased ambulances and related equipment, but the medical center is responsible for operating the Ambulance Service. Expenditures by the county since the medical center began operating the Ambulance Service in 1997 totaled $1,915,165 at June 30, 2015. This amount is not reflected within property and equipment in the accompanying consolidated financial statements. In addition, the county provides an annual subsidy to defray costs incurred in operating the Ambulance Service. For the year ended June 30, 2015, the annual subsidy was $100,000, which is reflected within other nonoperating revenues on the accompanying consolidated

Statement of Revenue, Expenses, and Changes in Net Position. This annual allocation is in addition to the cumulative expenditures mentioned above.

G. Long-term Debt and Capital Lease Obligations

The major types and changes in the medical center's long-term debt and capital lease obligations as of and for the year ended June 30, 2015, is as follows:

	Balance 7-1-14	Reductions	Balance 6-30-15	Due Within One Year
Tennessee Valley - Electric Cooperative Series 2007	$ 77,500	$ 30,000	$ 47,500	$ 30,000
Tennessee Valley - Electric Cooperative Series 2010	513,884	82,224	431,660	82,224
Public Building Authority of the County of Montgomery - Series 2003	5,692,000	255,000	5,437,000	263,000
Capital Lease Obligations	1,871,603	143,694	1,727,909	147,283
Total	$ 8,154,987	$ 510,918	$ 7,644,069	$ 522,507

During July 2003, the medical center entered into a loan agreement with the Public Building Authority of the County of Montgomery, Tennessee, (building authority) whereby, the building authority loaned the medical center $8 million for improvements to the medical center. The loan agreement bears interest at an adjustable rate (.57 percent as of June 30, 2015), and is due May 31, 2031. The variable interest rate is adjusted weekly as determined by the remarketing agent. The loan is guaranteed by Hardin County.

During January 2007, the medical center borrowed $300,000 from the Tennessee Valley Electric Cooperative under the Rural Economic Loan and Grant Program. The proceeds were used to finance new computer software. The note bears no interest, and principal is to be repaid in monthly installments of $2,500 through January 2017. Security is a certificate of deposit and an irrevocable standby letter of credit.

During July 2010, the medical center borrowed an additional $740,000 from the Tennessee Valley Electric Cooperative under the Rural Economic Loan and Grant Program. The proceeds were used to finance construction on the cancer treatment center. The note bears no interest, and principal is to be repaid in monthly installments of $6,852 through September 2020. Security is a certificate of deposit and an irrevocable standby letter of credit.

Pursuant to the agreements for the building authority loans, if the principal of all bonds issued under such loans are accelerated and the bonds are paid by

the remarketing agent, the repayment schedule applicable to such loans shall be recalculated over a term of 60 months from the date of such acceleration. The interest rate on the loan amounts after such acceleration shall adjust to the prime rate as defined in the agreements.

The medical center has entered into capital lease agreements to finance the acquisition of certain equipment. The agreements require monthly principal and interest payments of $15,692 through November 2025.

A summary of approximate future maturities and interest of long-term debt and capital lease obligations as of June 30, 2015, is as follows:

	Bonds		
Year Ending June 30	Principal	Estimated Interest	Total Payments
2016	$ 263,000	$ 31,000	$ 294,000
2017	272,000	29,000	301,000
2018	281,000	28,000	309,000
2019	291,000	26,000	317,000
2020	300,000	25,000	325,000
2021-2025	1,658,000	97,000	1,755,000
2026-2030	1,956,000	46,000	2,002,000
2031	416,000	2,000	418,000
Total	$ 5,437,000	$ 284,000	$ 5,721,000

	Other Long-term Debt	
Year Ending June 30	Principal	Total Payments
2016	$ 112,000	$ 112,000
2017	100,000	100,000
2018	82,000	82,000
2019	82,000	82,000
2020	82,000	82,000
2021	21,160	21,160
Total	$ 479,160	$ 479,160

Year Ending June 30	Capital Lease Obligations Principal	Estimated Interest	Total Payments
2016	$ 148,000	$ 41,000	$ 189,000
2017	151,000	37,000	188,000
2018	155,000	34,000	189,000
2019	159,000	30,000	189,000
2020	163,000	26,000	189,000
2021-2025	876,000	66,000	942,000
2026	75,909	1,000	76,909
Total	$ 1,727,909	$ 235,000	$ 1,962,909

Year Ending June 30	Total - All Debt Principal	Estimated Interest	Total Payments
2016	$ 523,000	$ 72,000	$ 595,000
2017	523,000	66,000	589,000
2018	518,000	62,000	580,000
2019	532,000	56,000	588,000
2020	545,000	51,000	596,000
2021-2025	2,555,000	163,000	2,718,000
2026-2030	2,032,000	47,000	2,079,000
2031	416,069	2,000	418,069
Total	$ 7,644,069	$ 519,000	$ 8,163,069

H. Pension Plan

General Information About the Pension Plan

Plan Description. Employees of the medical center are provided a defined benefit pension plan through TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. Tennessee Code Annotated, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five

consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	130
Inactive Employees Entitled to But Not Yet Receiving Benefits	149
Active Employees	71
Total	350

Effective July 1, 2008, the medical center closed the plan to new participants. Those employees who were employed by the medical center prior to July 1, 2008, are eligible to accrue salary and service credits in the TCRS after the date the plan was closed. The medical center is responsible to continue to fund the retirement cost of the plan.

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. For employees hired before July 1, 1986, the medical center had adopted a non-contributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. Employees hired on and after July 1, 1986, contribute five percent of salary. The medical center makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for the medical center were $306,332 based on a rate of 10.9 percent of covered payroll for 2015. By law, employer contributions are

required to be paid. The TCRS may intercept the medical center's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability

The medical center's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

Changes in the Net Pension Liability

	Liability (a)	Net Position (b)	Liability (a)-(b)
Balance, July 1, 2013	$ 30,088,284	$ 26,302,548	$ 3,785,736
Changes for the year:			
Service Cost	$ 396,241	$ 0	$ 396,241
Interest	2,224,956	0	2,224,956
Differences Between Expected and Actual Experience	(524,782)	0	(524,782)
Contributions-Employer	0	289,317	(289,317)
Contributions-Employees	0	140,024	(140,024)
Net Investment Income	0	4,259,689	(4,259,689)
Benefit Payments, Including Refunds of Employee Contributions	(1,636,901)	(1,636,901)	0
Administrative Expense	0	(4,459)	4,459
Net Changes	$ 459,514	$ 3,047,670	$ (2,588,156)
Balance, June 30, 2014	$ 30,547,798	$ 29,350,218	$ 1,197,580

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

Medical Center	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	$ 4,910,944	$ 1,197,580	$ (1,893,393)

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

Pension Income. For the year ended June 30, 2015, the medical center recognized pension income of $170,489.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the medical center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 0	$ 262,391
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,865,959
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	306,332	N/A
Total	$ 306,332	$ 2,128,350

(1) The amount shown above for "Contributions Subsequent to the Measurement Date of June 30, 2014," will be recognized as a reduction (increase) to net pension liability in the following measurement period.

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

Year Ending June 30	Amount
2016	$ (728,880)
2017	(466,490)
2018	(466,490)
2019	(466,490)
2020	0
Thereafter	0

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

Payable to the Pension Plan. At June 30, 2015, the medical center reported a payable of $29,459 for the outstanding amount of required contributions to the pension plan.

I. Deferred Contribution Plan

During July 2008, the medical center began providing a 403(b) plan, which covers full-time employees who choose not to participate, or are not allowed to participate, in the defined benefit pension plan described above. The medical center contributes three percent of compensation plus it will match half of each employee's contribution (up to an additional three percent). The total

retirement plan expense associated with this plan for the year ended June 30, 2015, was $463,645. Employee contributions to the plan for the year ended June 30, 2015, were $451,329.

J. Commitments and Contingencies

1. Operating Commitments

The medical center leases various equipment and space under operating lease agreements. Rent expense was $387,969 in 2015. The medical center does not have any material future minimum payments as a majority of the leases are on month-to-month terms. It is expected that in the normal course of business, leases that expire will be renewed or replaced by other leases; thus, it is anticipated that future lease payments will not be less than the expense for 2015.

The medical center generates rental income primarily from operating leases of medical office buildings and houses. Rental income was $201,050 in 2015, and is included in other operating revenue. Lease terms are yearly or month-to-month.

2. Insurance

The medical center maintains commercial insurance on a claims-made basis for medical malpractice liabilities. Insurance coverages are $1,000,000 individually and $3,000,000 in the aggregate annually. Management intends to maintain such coverages in the future. The medical center is involved in litigation arising in the ordinary course of business; however, management is of the opinion that insurance coverages are adequate to cover any potential losses on asserted claims. Management is unaware of any incidents, which would ultimately result in a loss in excess of the medical center's insurance coverages.

The medical center is self-insured for a portion of employee medical and other health care benefits and workers' compensation claims. The risk of loss retained by the medical center is limited to $80,000 per year for each employee's medical claims. The medical center has purchased excess insurance to provide coverage for claims in excess of the self-insured plan. Claims expenditures and liabilities are reported under the self-insurance plan when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Reserves included within accrued expenses on the accompanying Statement of Net Position, related to employee medical and other health care benefits totaled $180,000 in 2015.

3. Health Care Industry

The delivery of personal health care services entails an inherent risk of liability. Participants in the health care services industry have become

subject to an increasing number of lawsuits alleging negligence or related legal theories, many of which involve large claims and result in the incurrence of significant exposure and defense costs. The medical center is insured with respect to medical malpractice risk on a claims-made basis. The medical center also maintains insurance for general liability, director and officer liability, and property. Certain policies are subject to deductibles. In addition to the insurance coverage provided, the medical center indemnifies certain officers and directors for actions taken on behalf of the medical center. Management is not aware of any claims against the medical center that would have a material financial impact.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigation and/or allegations concerning possible violations of fraud and abuse statutes and/or regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as repayments for patient services previously billed. Management believes that the medical center is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations. During fiscal year 2013, management became aware of certain compliance matters related to the medical center. These matters were addressed and a reserve of $190,000 was included within accrued expenses on the accompanying Statement of Net Position at June 30, 2014. These matters were resolved during 2015 upon payment of the $190,000.

Management continues to implement policies, procedures, and a compliance overview organizational structure to enforce and monitor compliance with the Health Insurance Portability and Accountability Act of 1996 and other government statutes and regulations. The medical center's compliance with such laws and regulations is subject to future government review and interpretations, as well as regulatory actions, which are unknown or unasserted at this time.

The Centers for Medicare and Medicaid Services (CMS) have implemented a Recovery Audit Contractors (RAC) program. The purpose of the program is to reduce improper Medicare and Medicaid payments through the detection and recovery of overpayments. CMS has engaged subcontractors to perform these audits, and they are being compensated on a contingency basis based on the amount of overpayments that are recovered. While management believes that all Medicare and Medicaid billings are proper and adequate support is maintained, certain aspects of Medicare and Medicaid billing, coding,

and support are subject to interpretation and may be viewed differently by the RAC auditors. At June 30, 2015, the medical center recorded a reserve for potential recoveries. The reserve of $100,000 is included within accrued expenses on the accompanying Statement of Net Position at June 30, 2015. The reserve is based on the percentage success rate and the total dollar of potential claims that are under audit.

4. Health Care Reform

In March 2010, Congress adopted comprehensive health care insurance legislation, the Patient Care Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively, the "Health Care Reform Legislation"). The Health Care Reform Legislation, among other matters, is designed to expand access to health care coverage to substantially all citizens through a combination of public program expansion and private industry health insurance. Provisions of the Health Care Reform Legislation become effective at various dates over the next several years and a number of additional steps are required to implement these requirements. Due to the complexity of the Health Care Reform Legislation, reconciliation and implementation of the legislation continues to be under consideration by lawmakers, and it is not certain as to what changes may be made in the future regarding health care policies. The State of Tennessee has elected not to adopt Medicaid expansion, as proposed under the Health Care Reform Legislation, at this time. As such, the medical center does not anticipate a significant impact to occur for the Medicaid population. While the full impact of Health Care Reform Legislation is not yet fully known, changes to policies regarding reimbursement, universal health insurance and managed competition may materially impact the medical center's operations.

VIII. OTHER NOTES – DISCRETELY PRESENTED HARDIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. General Information

Hardin County Emergency Communications District provides 911 emergency assistance to persons living in Hardin County. The district is a component unit of Hardin County. Accordingly, this financial data is incorporated into the county's financial statements. Board members are appointed by the county mayor. Additionally, any bonded indebtedness by the district is subject to the approval of the Hardin County Commission. Hardin County and the cities of Savannah, Saltillo, and Crump are billed for dispatching services (these revenues provide funding for the dispatchers' salaries).

B. Summary of Significant Accounting Policies

1. Basis of Presentation

The accounts of the district are organized on the basis of funds. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses, as appropriate. The accounts in the financial statements in this report fall under one broad fund category as follows:

Proprietary Fund:

Enterprise Fund – The Hardin County Emergency Communications District Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis can be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

2. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded 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.

3. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

Cash and Cash Equivalents

Cash and cash equivalents, as used in the Statement of Cash Flows, include demand deposit accounts and certificates of deposit with maturities of three months or less when purchased, in accordance with GASB Statement No. 9.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Balances reported at year-end include dispatching revenue due from the county and the city, which are posted as Due from Other Governments.

Restricted Assets

Certain resources set aside for bond repayment are classified as restricted assets on the Statement of Net Position because they are maintained in separate bank accounts, and their use is limited by applicable bond covenants.

Bond Discounts

Bond discounts are deferred and amortized over the term of the bonds using the straight-line method if it does not differ materially from the interest method.

Capital Assets

All capital assets of the district are recorded at original cost, except for donated equipment, which is recorded at fair market value. Expenses, which materially increase values or capacities, or extend useful lives of these assets are capitalized while expenses for maintenance and repairs are charged to operations as incurred. Any related interest cost is also added to the cost of the asset as appropriate.

Gains and losses from the sale of capital assets are reflected in operations, and the asset accounts and related allowances for depreciation are reduced. Also, depreciation expense on all depreciable items is systematically charged against operations using the straight-line method over their estimated useful lives. Any related interest cost is also added to the cost of the asset as appropriate.

Compensated Absences

Vacation leave time for employees of the district is earned each pay period. Vacation time can be carried over from one year to the next. Any outstanding balance is paid to the employee upon separation from service.

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues that are not generated from daily operations are defined as nonoperating.

Long-term debt

All long-term debt to be repaid is reported as liabilities in the Statement of Net Position. The long-term debt consists primarily of revenue bonds and unamortized premiums and discounts.

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 district has items that qualify for reporting in this category. Accordingly, the items are reported in the enterprise fund balance sheet. These items are for employer contributions made to the pension plan after the measurement date.

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 district has items that qualify for reporting in this category. Accordingly, the items are reported in the enterprise fund balance sheet. These items are for pension changes in experience and investment earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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.

Net Position

In the district's 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.

Restatement

In prior years, the district was not required to recognize a liability for its defined pension plan. However, with the implementation of Governmental Accounting Standards Board Statement No. 68, government employers are required to recognize a new pension liability in their Statement of Net Position. Therefore, a restatement of the district's beginning net position has been recognized in the Statement of Activities totaling $156,922.

4. Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the district's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the district's fiduciary net position have been

determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

C. Revenues

Revenues are derived from telephone customers in the area served by the district. Through December 2014, telephone companies collected the fees on the monthly telephone bills and remitted them to the district. Beginning January 2015, the telephone companies remitted these fees to the State of Tennessee. The State of Tennessee then remits to the district a base amount. Revenues are also derived from wireless charges from cellular phone fees. Through December 2014, the State of Tennessee collected these fees and remitted them to the district bimonthly. Beginning January 2015, the State of Tennessee remitted a base amount to the district, which included these fees in their calculation.

Operating revenues and expenses are those that result from providing services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues that are not generated from daily operations are defined as nonoperating.

D. Risk Management

It is the policy of the district to purchase commercial insurance for the risk of losses to which it is exposed. These risks include general liability, property damage, and theft. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. It is also insured against possible loss related to acts of district key officers or directors by official statutory bonds carried by the district. The district has had no insurance settlements in excess of insurance coverage during the past three years.

E. Contract Agreement

In 1992, the district entered into an agreement with Hardin County, Tennessee, and the City of Savannah, Tennessee, whereby the board of the district is charged with the responsibilities of establishing and collecting service fees; seeking additional funding and issuing bonds, if necessary; and creating a dispatch service and determining the mode. Further, the parties agreed in 2009, that the district would serve as the administrative unit with the responsibility to operate the dispatch facility in a manner consistent with statutory requirements. The city and county have agreed to remit funds to the district to cover various operating expenses in exchange for dispatching services provided by the district. This year the city and county remitted $466,990 to the district.

F. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

Capital Assets	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Not Depreciated:			
Land	$ 140,550	$ 0	$ 140,550
Total Capital Assets Not Depreciated	$ 140,550	$ 0	$ 140,550
Capital Assets Depreciated:			
Building Improvements	$ 41,719	$ 0	$ 41,719
Buildings	1,397,520	0	1,397,520
Equipment and Software	1,095,497	88,382	1,183,879
Furniture and Fixtures	49,586	0	49,586
Vehicles	50,455	0	50,455
Maps	237,788	24,258	262,046
Total Capital Assets Depreciated	$ 2,872,565	$ 112,640	$ 2,985,205
Less Accumulated Depreciation For:			
Building Improvements	$ 6,681	$ 1,391	$ 8,072
Buildings	103,316	35,620	138,936
Equipment and Software	741,486	54,297	795,783
Furniture and Fixtures	13,934	4,959	18,893
Vehicles	33,195	5,052	38,247
Maps	188,306	8,484	196,790
Total Accumulated Depreciation	$ 1,086,918	$ 109,803	$ 1,196,721
Total Capital Assets Depreciated, Net	$ 1,785,647	$ 2,837	$ 1,788,484
Total Capital Assets, Net	$ 1,926,197	$ 2,837	$ 1,929,034

Depreciation expense of $109,803 was recorded by the district.

In addition to the above capital purchases, additional small equipment purchases of $27,161 were made in the current year. These were purchases below the district's capitalization threshold of $5,000.

G. Pension Plan

General Information About the Pension Plan

Plan Description. Employees of the district are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA),* Title 8,

Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	4
Inactive Employees Entitled to But Not Yet Receiving Benefits	4
Active Employees	10
Total	18

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. The district makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer

contributions for the district were $15,683 based on a rate of 5.24 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the district's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The district's net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2014, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2013	$ 233,463	$ 375,935	$ (142,472)
Changes for the year:			
Service Cost	$ 19,774	$ 0	$ 19,774
Interest	18,846	0	18,846
Differences Between Expected and Actual Experience	(294)	0	(294)
Contributions-Employer	0	14,450	(14,450)
Contributions-Employees	0	15,497	(15,497)
Net Investment Income	0	64,402	(64,402)
Benefit Payments, Including Refunds of Employee Contributions	(3,906)	(3,906)	0
Administrative Expense	0	(407)	407
Net Changes	$ 34,420	$ 90,036	$ (55,616)
Balance, June 30, 2014	$ 267,883	$ 465,971	$ (198,088)

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

District	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability (Asset)	$ (160,212)	$ (198,088)	$ (229,785)

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

Pension Expense. For the year ended June 30, 2015, the district recognized pension income of $12,724.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 0	$ 245
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	28,197
Contributions Subsequent to the Measurement Date of June 30, 2014 (1)	15,683	N/A
Total	$ 15,683	$ 28,442

(1) The amount shown above for "Contributions Subsequent to the Measurement Date of June 30, 2014," will be recognized as a reduction (increase) to net pension liability in the following measurement period.

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

Year Ending June 30	Amount
2016	$ (7,098)
2017	(7,098)
2018	(7,098)
2019	(7,098)
2020	(50)
Thereafter	0

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

Payable to the Pension Plan. At June 30, 2015, the district reported a payable of $2,129 for the outstanding amount of required contributions to the pension plan.

H. Stewardship, Compliance, and Accountability

By its nature as a local government unit, the district is subject to various federal, state, and local laws and contractual regulations. An analysis of the district's compliance with significant laws and regulations and demonstration of its stewardship over the district resources follows:

1. Deposits and Investments

The district's investment policies are governed by state statute. Permissible investments include direct obligations of the U.S. government and agency securities, certificates of deposit, and savings accounts. The district has no policy that further limits allowable investments. At June 30, 2015, investments consisted entirely of certificates of deposit with original maturities greater than three months at a local bank. Investments are carried at cost, which approximates fair value.

For deposits and investments, custodial credit risk is the risk that, in the event of a bank failure, district deposits may not be returned to it. The district does not have a policy regarding custodial credit risk for deposits. Collateral is required for demand deposits and certificates of deposit at 105 percent of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of Tennessee and its subdivisions. As of June 30, 2015, the district's deposits were not exposed to custodial credit risk due to being entirely covered by depository insurance (a combination of federal depository insurance with the excess covered by pledged collateral).

2. Budget Appropriations

In accordance with state law, the board of the district must adopt and operate under an annual budget. Criteria for the information required in the annual adopted budget are detailed in Section 7-86-120, *Tennessee Code Annotated*. However, for financial reporting purposes, it is only necessary to present budgetary revenues and expenses compared to actual. All purchases must be made within the limits of the approved budget. Expenses must be presented at the legal level of control, which is defined to be at the line-item level.

The district's expenses were within appropriations at the line-item level.

I. Estimates and Assumptions

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

J. Long-term Debt

Long-term debt consists of Emergency Communications District Revenue Bonds, Series 2010, dated October 5, 2010, through June 30, 2040, with interest rates varying from 1.75 percent to 4.25 percent.

Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	Balance 7-1-14	Payments or Retirements	Balance 6-30-15	Due Within One Year
Revenue Bonds	$ 1,190,000	$ 30,000	$ 1,160,000	$ 30,000
Unamortized Debt Discounts	(8,024)	309	(7,715)	0
Total	$ 1,181,976	$ 30,309	$ 1,152,285	$ 30,000

Annual Requirements to Retire Debt Outstanding

The annual aggregate maturities for revenue bonds payable for the years subsequent to June 30, 2015, are as follows:

Year Ending June 30	Revenue Bonds Business-type Activities		
	Principal	Interest	Total
2016	$ 30,000	$ 43,831	$ 73,831
2017	30,000	43,006	73,006
2018	30,000	42,181	72,181
2019	35,000	41,356	76,356
2020	35,000	40,394	75,394
2021-2025	185,000	185,131	370,131
2026-2030	215,000	150,944	365,944
2031-2035	270,000	104,507	374,507
2036-2040	330,000	43,775	373,775
Total	$ 1,160,000	$ 695,125	$ 1,855,125

K. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment to GASB No. 68*, became effective for the year ended June 30, 2015.

GASB Statement No. 68 replaces the requirements of GASB Statements No. 27 and No. 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pension plans that are not covered by the scope of this statement. This statement establishes standards for measuring and recognizing liabilities, deferred outflows/inflows, and expenses/expenditures.

GASB Statement No. 71 addresses issues related to contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

IX. OTHER NOTES – DISCRETELY PRESENTED HARDIN COUNTY CONVENTION AND VISITORS BUREAU

A. Summary of Significant Accounting Policies

1. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the Hardin County Convention and Visitors Bureau (HCCVB).

2. Reporting Entity

HCCVB is a nonprofit organization located in Savannah, Tennessee. Its purpose is to promote the tourism aspect of Hardin County, Tennessee. HCCVB is a component unit of Hardin County since (1) the majority of board members are appointed by the County Commission and (2) it receives a significant portion of its funding from Hardin County. Accordingly, this financial data is incorporated into the county's financial statements.

3. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. HCCVB has no business-type activities.

4. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The government reports the following major governmental fund: The General Fund is HCCVB's primary operating fund. It accounts for all financial resources of the general government. HCCVB has no nonmajor or proprietary funds.

5. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 are 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Hotel/motel taxes and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days ofyear-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

6. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund. HCCVB adopts its budget in accordance with the state's legal requirement, which is the level of classification detail at which expenditures may not legally exceed appropriations.

HCCVB follows these procedures in establishing the budgetary data reflected in the financial statements:

a. Prior to May 1, the CEO submits to the Board of Directors and Hardin County a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

b. The proposed budget is published in the local newspaper with invitations for the public to attend the budget hearings.

c. Prior to July 1, the budget is legally adopted by the Board of Directors and approved by Hardin County through adoption of the appropriation ordinance upon two readings.

d. The CEO is responsible for controlling expenditures of the various agencies of the government within the appropriated amounts. No expenditures shall be made in excess of the appropriations.

Budgeted amounts of the revenues and expenditures presented for the General Fund are shown as originally adopted and after final amendments by the Board of Directors. The legal level of budgetary control is at the line-item level. Budget revisions that reallocate dollars between line-items or that alter the total budget amount require board member's approval. Unexpended operating appropriations lapse at the end of the year. A comparison of the budget with statements of actual revenues and expenditures, including budget variances, of the fund is presented as a fund financial statement.

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

Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand and demand accounts.

Inventories and Prepaid Expenses

Inventories of office materials and supplies of all funds of HCCVB were deemed to be immaterial and were not inventoried or reflected in the records. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets are reported at cost (except for donated property, which is reported at fair value as of the date of donation) and includes improvements that significantly add to utility or extend useful lives. Costs for maintenance and repairs are charged to expense. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in earnings for the period. Depreciation is computed using the straight-line method to allocate the cost of furniture and equipment over an estimated useful life of five years.

Deferred Outflows/Inflows of Revenues

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. HCCVB had no items that qualify for reporting in this category.

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 and so will not be recognized as an inflow of resources (revenue) until that time. HCCVB had no items that qualify for reporting in this category.

Net Position Flow Assumption

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

to consider restricted net position to have been depleted before unrestricted net position is applied.

In the government-wide 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.

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.

8. Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as 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 or segment and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities. In the fund financial statements, governmental fund expenditures are classified by character such as current (further classified by function), capital outlay, and debt service. In the fund financial statements, governmental funds report expenditures of financial resources.

B. Stewardship, Compliance, and Accountability

By its nature as a local government component unit, HCCVB is subject to various federal, state, and local laws, and contractual regulations. An analysis of HCCVB's compliance with significant laws and regulations and demonstration of its stewardship over its resources follows:

1. Deposits and Investments – Laws and Regulations

In accordance with state law, all uninsured deposits of county funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. government or government agency securities, certain State of Tennessee or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to HCCVB must have a written collateral agreement approved by the Board of Directors or loan committee. HCCVB has no policy regarding custodial credit risk for deposits.

HCCVB's investment policies are governed by state statute. Permissible investments include direct obligations of the U.S. government and agency securities, certificates of deposit, and savings accounts. Collateral is required for demand deposits, certificates of deposits, and repurchase agreements at 105 percent of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its subdivisions. HCCVB has no policy that further limits allowable investments.

2. Deficit Fund Balance Prohibition

The State of Tennessee discourages the creation of a deficit fund balance in any individual fund. HCCVB had a positive fund balance at year end.

3. Budget Appropriations

Tennessee statutes prohibit expenses in excess of budget appropriations. Expenses did not exceed budget appropriations for the year at the fund level.

C. Detailed Notes on all Activities and Funds

1. Cash Deposits with Financial Institutions

Custodial credit risk deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. HCCVB's deposits at year-end were not exposed to custodial credit risk due to being entirely covered by federal depository insurance.

2. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end but not yet received. Allowances for uncollectible

accounts receivable have been deemed unnecessary based upon historical trends. The major receivable balance for the governmental activities include hotel/motel tax receivable due from the county and other governments.

3. Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:

	Balance 7-1-14	Increases	Balance 6-30-15
Capital Assets Depreciated:			
Furniture and Equipment	$ 4,215	$ 0	$ 4,215
Total Capital Assets Depreciated	$ 4,215	$ 0	$ 4,215
Less Accumulated Depreciation For:			
Furniture and Equipment	$ (4,011)	$ (175)	$ (4,186)
Total Accumulated Depreciation	$ (4,011)	$ (175)	$ (4,186)
Total Capital Assets Depreciated, Net	$ 204	$ (175)	$ 29
Total Capital Assets, Net	$ 204	$ (175)	$ 29

There were no decreases in capital assets during the year, and depreciation expense of $175 was charged to the general government.

4. Risk Management

It is the policy of HCCVB to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability and theft. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

5. Fund Balance Reporting

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 resources that are either

(a) externally imposed by creditors, grantors, contributors, or laws and regulations of the other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal ordinance of the Board of Directors (HCCVB'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 HCCVB's intent to be used for specific purposes but are neither restricted nor committed. The Board of Directors makes assignments.

Unassigned fund balance – the residual classification for HCCVB's General Fund. 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 HCCVB's General Fund or state street aid funds.

D. Estimates and Assumptions

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

E. Tax Exemption

HCCVB has a determination letter from the Internal Revenue Service stating that it is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

F. Concentration of Credit Risk

HCCVB receives approximately 89 percent of operating revenues from hotel and motel sales tax collections by Hardin County.

G. Related Parties

HCCVB is represented on the Board of Directors of Team Hardin County, Inc. (THC), another nonprofit organization that is involved in the promotion of Hardin County. THC and THC – NAIA, another related-party nonprofit, have owed HCCVB in prior years due to related party transactions. However, in the current year, THC reimbursed HCCVB $62,944 with the HCCVB board

agreeing to forgive the remaining balance of $4,995. THC - NAIA also reimbursed HCCVB $8,912 for related party transactions with the HCCVB board agreeing to forgive the remaining balance of $42,023.

H. Retirement Plan

HCCVB is a participant in a noncontributory defined contribution money purchase pension plan, which covers all full-time employees. HCCVB's contribution rate is five percent of base compensation. The total retirement plan expense for the year was $4,495.

Required Supplementary Information

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

	2014
Total Pension Liability (Asset)	
Service Cost	$ 667,595
Interest	1,662,170
Differences Between Actual and Expected Experience	(360,377)
Benefit Payments, Including Refunds of Employee Contributions	(904,547)
Net Change in Total Pension Liability (Asset)	$ 1,064,841
Total Pension Liability (Asset), Beginning	21,946,940
Total Pension Liability (Asset), Ending (a)	$ 23,011,781
Plan Fiduciary Net Position	
Contributions - Employer	$ 782,221
Contributions - Employee	393,205
Net Investment Income	3,385,111
Benefit Payments, Including Refunds of Employee Contributions	(904,547)
Administrative Expense	(12,425)
Net Change in Plan Fiduciary Net Position	$ 3,643,565
Plan Fiduciary Net Position, Beginning	20,269,401
Plan Fiduciary Net Position, Ending (b)	$ 23,912,966
Net Pension Liability (Asset), Ending (a - b)	$ (901,185)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.92%
Covered Employee Payroll	$ 7,389,084
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	12.20%

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

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

Exhibit F-2

Hardin County, Tennessee
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

	2014	2015
Actuarially Determined Contribution	$ 782,221	$ 758,234
Less Contributions in Relation to the Actuarially Determined Contribution	(782,221)	(758,234)
Contribution Deficiency (Excess)	$ 0	$ 0
Covered Employee Payroll	$ 7,389,084	$ 8,732,676
Contributions as a Percentage of Covered Employee Payroll	10.59%	8.68%

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

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

Exhibit F-3

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

		2015
Actuarially Determined Contribution	$	4,125
Less Contributions in Relation to the Actuarially Determined Contribution		(6,600)
Contribution Deficiency (Excess)	$	(2,475)
Covered Employee Payroll	$	164,992
Contributions as a Percentage of Covered Employee Payroll		4.00%

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

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

	2014	2015
Actuarially Determined Contribution	$ 1,256,719	$ 1,179,043
Less Contributions in Relation to the Actuarially Determined Contribution	(1,256,719)	(1,179,043)
Contribution Deficiency (Excess)	$ 0	$ 0
Covered Employee Payroll	$ 14,152,176	$ 13,289,190
Contributions as a Percentage of Covered Employee Payroll	8.88%	8.87%

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

Exhibit F-5

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

		2014
School Department's Proportion of the Net Pension Asset		0.360567%
School Department's Proportionate Share of the Net Pension Asset	$	58,591
Covered Employee Payroll	$	14,152,176
School Department's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Employee Payroll		0.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		100.08%

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

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

Exhibit F-6

Hardin County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Hardin County School Department
June 30, 2015

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
PRIMARY GOVERNMENT							
Local Government Group	7-1-10	$ 0	$ 574	$ 574	0%	$ 4,416	13%
"	7-1-11	0	286	286	0	4,823	6
"	7-1-13	0	158	158	0	4,859	3
DISCRETELY PRESENTED HARDIN COUNTY SCHOOL DEPARTMENT							
Local Education Group	7-1-10	0	9,670	9,670	0	14,746	66
"	7-1-11	0	7,902	7,902	0	16,510	48
"	7-1-13	0	8,022	8,022	0	17,372	46

HARDIN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	2 Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.5%

Combining and Individual Fund Financial Statements and Schedules

Nonmajor Governmental Funds

Special Revenue Funds

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for the county's garbage collection and convenience center operations.

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

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

Hardin County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds			
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total Nonmajor Governmental Funds
ASSETS				
Cash	$ 0	$ 0	$ 272	$ 272
Equity in Pooled Cash and Investments	84,464	61,838	0	146,302
Accounts Receivable	33,173	0	0	33,173
Due from Other Governments	175,025	0	0	175,025
Property Taxes Receivable	172,243	0	0	172,243
Allowance for Uncollectible Property Taxes	(4,330)	0	0	(4,330)
Total Assets	$ 460,575	$ 61,838	$ 272	$ 522,685
LIABILITIES				
Accounts Payable	$ 12,078	$ 0	$ 0	$ 12,078
Accrued Payroll	23,710	1,387	0	25,097
Payroll Deductions Payable	1,857	107	0	1,964
Due to Other Funds	0	0	272	272
Total Liabilities	$ 37,645	$ 1,494	$ 272	$ 39,411
DEFERRED INFLOWS OF RESOURCES				
Deferred Current Property Taxes	$ 167,913	$ 0	$ 0	$ 167,913
Other Deferred/Unavailable Revenue	88,633	0	0	88,633
Total Deferred Inflows of Resources	$ 256,546	$ 0	$ 0	$ 256,546

(Continued)

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

	Special Revenue Funds			
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total Nonmajor Governmental Funds
FUND BALANCES				
Restricted:				
Restricted for Public Safety	$ 0	$ 60,344	$ 0	$ 60,344
Committed:				
Committed for Public Health and Welfare	166,384	0	0	166,384
Total Fund Balances	$ 166,384	$ 60,344	$ 0	$ 226,728
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 460,575	$ 61,838	$ 272	$ 522,685

Exhibit G-2

Hardin County, Tennessee
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds			
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total Nonmajor Governmental Funds
Revenues				
Local Taxes	$ 840,012	$ 0	$ 0	$ 840,012
Fines, Forfeitures, and Penalties	0	27,621	0	27,621
Charges for Current Services	371,571	0	2,820	374,391
Other Local Revenues	14,495	800	0	15,295
State of Tennessee	0	4,600	0	4,600
Other Governments and Citizens Groups	4,705	0	0	4,705
Total Revenues	$ 1,230,783	$ 33,021	$ 2,820	$ 1,266,624
Expenditures				
Current:				
Administration of Justice	$ 0	$ 0	$ 2,820	$ 2,820
Public Safety	0	41,426	0	41,426
Public Health and Welfare	1,350,330	0	0	1,350,330
Other Operations	184,114	15,948	0	200,062
Total Expenditures	$ 1,534,444	$ 57,374	$ 2,820	$ 1,594,638
Excess (Deficiency) of Revenues Over Expenditures	$ (303,661)	$ (24,353)	$ 0	$ (328,014)
Other Financing Sources (Uses)				
Capital Leases Issued	$ 224,518	$ 0	$ 0	$ 224,518
Total Other Financing Sources (Uses)	$ 224,518	$ 0	$ 0	$ 224,518
Net Change in Fund Balances	$ (79,143)	$ (24,353)	$ 0	$ (103,496)
Fund Balance, July 1, 2014	245,527	84,697	0	330,224
Fund Balance, June 30, 2015	$ 166,384	$ 60,344	$ 0	$ 226,728

Exhibit G-3

Hardin County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Add: Encumbrances 6/30/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 840,012	$ 0	$ 0	$ 840,012	$ 877,250	$ 877,250	$ (37,238)
Charges for Current Services	371,571	0	0	371,571	315,000	335,500	36,071
Other Local Revenues	14,495	0	0	14,495	30,000	30,000	(15,505)
State of Tennessee	0	0	0	0	17,000	18,575	(18,575)
Other Governments and Citizens Groups	4,705	0	0	4,705	6,250	6,250	(1,545)
Total Revenues	$ 1,230,783	$ 0	$ 0	$ 1,230,783	$ 1,245,500	$ 1,267,575	$ (36,792)
Expenditures							
Public Health and Welfare							
Sanitation Management	$ 72,911	$ 0	$ 10	$ 72,921	$ 73,346	$ 73,346	$ 425
Waste Pickup	635,582	0	0	635,582	423,264	647,782	12,200
Convenience Centers	299,056	(104)	1,832	300,784	301,940	312,015	11,231
Landfill Operation and Maintenance	342,781	(1,613)	0	341,168	337,500	349,500	8,332
Other Operations							
Other Charges	71,441	0	0	71,441	72,400	72,400	959
Employee Benefits	112,673	0	0	112,673	115,789	115,789	3,116
Total Expenditures	$ 1,534,444	$ (1,717)	$ 1,842	$ 1,534,569	$ 1,324,239	$ 1,570,832	$ 36,263
Excess (Deficiency) of Revenues Over Expenditures	$ (303,661)	$ 1,717	$ (1,842)	$ (303,786)	$ (78,739)	$ (303,257)	$ (529)
Other Financing Sources (Uses)							
Capital Leases Issued	$ 224,518	$ 0	$ 0	$ 224,518	$ 0	$ 224,518	$ 0
Total Other Financing Sources	$ 224,518	$ 0	$ 0	$ 224,518	$ 0	$ 224,518	$ 0
Net Change in Fund Balance	$ (79,143)	$ 1,717	$ (1,842)	$ (79,268)	$ (78,739)	$ (78,739)	$ (529)
Fund Balance, July 1, 2014	245,527	(1,717)	0	243,810	267,856	267,856	(24,046)
Fund Balance, June 30, 2015	$ 166,384	$ 0	$ (1,842)	$ 164,542	$ 189,117	$ 189,117	$ (24,575)

Exhibit G-4

Hardin County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Fines, Forfeitures, and Penalties	$ 27,621	$ 28,000	$ 28,000	$ (379)
Other Local Revenues	800	0	0	800
State of Tennessee	4,600	4,600	4,600	0
Total Revenues	$ 33,021	$ 32,600	$ 32,600	$ 421
Expenditures				
Public Safety				
Drug Enforcement	$ 41,426	$ 42,845	$ 47,954	$ 6,528
Other Operations				
Other Charges	1,870	1,870	1,870	0
Employee Benefits	14,078	14,308	14,308	230
Total Expenditures	$ 57,374	$ 59,023	$ 64,132	$ 6,758
Excess (Deficiency) of Revenues Over Expenditures	$ (24,353)	$ (26,423)	$ (31,532)	$ 7,179
Net Change in Fund Balance	$ (24,353)	$ (26,423)	$ (31,532)	$ 7,179
Fund Balance, July 1, 2014	84,697	84,512	84,512	185
Fund Balance, June 30, 2015	$ 60,344	$ 58,089	$ 52,980	$ 7,364

Major Governmental Funds

Debt Service Funds

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

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

Rural Debt Service Fund – The Rural Debt Service Fund is used to account for the retirement of bonds and notes issued for the construction and renovation of the county's schools.

Exhibit H-1

Hardin County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 231,874	$ 230,214	$ 230,214	$ 1,660
Other Local Revenues	67,788	66,200	66,200	1,588
State of Tennessee	19,847	18,925	18,925	922
Other Governments and Citizens Groups	464,066	552,640	711,514	(247,448)
Total Revenues	$ 783,575	$ 867,979	$ 1,026,853	$ (243,278)
Expenditures				
Principal on Debt				
General Government	$ 637,283	$ 645,650	$ 645,650	$ 8,367
Highways and Streets	135,000	135,000	135,000	0
Education	109,918	0	109,918	0
Interest on Debt				
General Government	374,088	624,493	624,493	250,405
Highways and Streets	89,289	89,289	89,289	0
Education	48,956	0	48,956	0
Other Debt Service				
General Government	47,314	51,000	51,000	3,686
Total Expenditures	$ 1,441,848	$ 1,545,432	$ 1,704,306	$ 262,458
Excess (Deficiency) of Revenues Over Expenditures	$ (658,273)	$ (677,453)	$ (677,453)	$ 19,180
Other Financing Sources (Uses)				
Transfers In	$ 837,982	$ 828,467	$ 828,467	$ 9,515
Total Other Financing Sources	$ 837,982	$ 828,467	$ 828,467	$ 9,515
Net Change in Fund Balance	$ 179,709	$ 151,014	$ 151,014	$ 28,695
Fund Balance, July 1, 2014	1,243,463	1,236,652	1,236,652	6,811
Fund Balance, June 30, 2015	$ 1,423,172	$ 1,387,666	$ 1,387,666	$ 35,506

Hardin County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Rural Debt Service Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 364,889	$ 360,800	$ 360,800	$ 4,089
Other Local Revenues	4,245	3,675	3,675	570
Federal Government	593,791	594,431	594,431	(640)
Other Governments and Citizens Groups	1,819,786	1,776,714	1,776,714	43,072
Total Revenues	$ 2,782,711	$ 2,735,620	$ 2,735,620	$ 47,091
Expenditures				
Principal on Debt				
Education	$ 850,000	$ 850,000	$ 850,000	$ 0
Interest on Debt				
Education	1,830,145	1,830,146	1,830,146	1
Other Debt Service				
Education	7,255	7,700	7,700	445
Total Expenditures	$ 2,687,400	$ 2,687,846	$ 2,687,846	$ 446
Excess (Deficiency) of Revenues Over Expenditures	$ 95,311	$ 47,774	$ 47,774	$ 47,537
Net Change in Fund Balance	$ 95,311	$ 47,774	$ 47,774	$ 47,537
Fund Balance, July 1, 2014	1,288,039	1,300,976	1,300,976	(12,937)
Fund Balance, June 30, 2015	$ 1,383,350	$ 1,348,750	$ 1,348,750	$ 34,600

Fiduciary Funds

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

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

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

Exhibit I-1

Hardin County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	Agency Funds		
	Cities - Sales Tax	Constitutional Officers - Agency	Total
ASSETS			
Cash	$ 0	$ 550,760	$ 550,760
Due from Other Governments	542,730	0	542,730
Cash Shortage	0	6,413	6,413
Total Assets	$ 542,730	$ 557,173	$ 1,099,903
LIABILITIES			
Due to Other Taxing Units	$ 542,730	$ 0	$ 542,730
Due to Litigants, Heirs, and Others	0	557,173	557,173
Total Liabilities	$ 542,730	$ 557,173	$ 1,099,903

Exhibit I-2

Hardin County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
Cities - Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 0	$ 2,959,784	$ 2,959,784	$ 0
Due from Other Governments	513,806	542,730	513,806	542,730
Total Assets	$ 513,806	$ 3,502,514	$ 3,473,590	$ 542,730
Liabilities				
Due to Other Taxing Units	$ 513,806	$ 3,502,514	$ 3,473,590	$ 542,730
Total Liabilities	$ 513,806	$ 3,502,514	$ 3,473,590	$ 542,730
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 538,406	$ 6,584,808	$ 6,572,454	$ 550,760
Cash Shortage	10,008	0	3,595	6,413
Total Assets	$ 548,414	$ 6,584,808	$ 6,576,049	$ 557,173
Liabilities				
Due to Litigants, Heirs, and Others	$ 548,414	$ 6,584,808	$ 6,576,049	$ 557,173
Total Liabilities	$ 548,414	$ 6,584,808	$ 6,576,049	$ 557,173
Totals - All Agency Funds				
Assets				
Cash	$ 538,406	$ 6,584,808	$ 6,572,454	$ 550,760
Equity in Pooled Cash and Investments	0	2,959,784	2,959,784	0
Due from Other Governments	513,806	542,730	513,806	542,730
Cash Shortage	10,008	0	3,595	6,413
Total Assets	$ 1,062,220	$ 10,087,322	$ 10,049,639	$ 1,099,903
Liabilities				
Due to Other Taxing Units	$ 513,806	$ 3,502,514	$ 3,473,590	$ 542,730
Due to Litigants, Heirs, and Others	548,414	6,584,808	6,576,049	557,173
Total Liabilities	$ 1,062,220	$ 10,087,322	$ 10,049,639	$ 1,099,903

Hardin County School Department

This section presents combining and individual fund financial statements for the Hardin County School Department, a discretely presented component unit. The School Department uses a General Fund, two Special Revenue Funds, one Capital Projects Fund, and an Internal Service Fund.

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.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department.

Internal Service Fund – The Employee Insurance Fund is used to account for transactions pertaining to the Hardin County School Department's dental insurance plan.

Hardin County, Tennessee
Statement of Activities
Discretely Presented Hardin County School Department
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental Activities:				
Instruction	$ 18,449,864	$ 43,218	$ 1,935,883	$ (16,470,763)
Support Services	11,220,316	53,364	937,687	(10,229,265)
Operation of Non-instructional Services	3,647,487	280,209	2,520,560	(846,718)
Total Governmental Activities	$ 33,317,667	$ 376,791	$ 5,394,130	$ (27,546,746)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				$ 6,619,295
Local Option Sales Taxes				3,902,406
Other Local Taxes				24,270
Grants and Contributions Not Restricted to Specific Programs				16,348,957
Miscellaneous				31,641
Pension Income				74,699
Total General Revenues				$ 27,001,268
Change in Net Position				$ (545,478)
Net Position, July 1, 2014				36,979,232
Restatement - Pension Liability (See Note I.D.8)				(5,220,700)
Net Position, June 30, 2015				$ 31,213,054

Exhibit J-2

Hardin County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hardin County School Department
June 30, 2015

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern-mental Funds	Total Governmental Funds
ASSETS			
Equity in Pooled Cash and Investments	$ 2,165,532	$ 1,060,264	$ 3,225,796
Accounts Receivable	3,907	10,120	14,027
Due from Other Governments	940,077	54,524	994,601
Due from Other Funds	48,294	0	48,294
Property Taxes Receivable	6,783,960	0	6,783,960
Allowance for Uncollectible Property Taxes	(322,336)	0	(322,336)
Total Assets	$ 9,619,434	$ 1,124,908	$ 10,744,342
LIABILITIES			
Accounts Payable	$ 11,649	$ 9,381	$ 21,030
Payroll Deductions Payable	160,677	0	160,677
Due to Other Funds	0	48,294	48,294
Due to Primary Government	281,575	0	281,575
Total Liabilities	$ 453,901	$ 57,675	$ 511,576
DEFERRED INFLOWS OF RESOURCES			
Deferred Current Property Taxes	$ 6,195,956	$ 0	$ 6,195,956
Deferred Delinquent Property Taxes	245,567	0	245,567
Other Deferred/Unavailable Revenue	374,223	0	374,223
Total Deferred Inflows of Resources	$ 6,815,746	$ 0	$ 6,815,746
FUND BALANCES			
Restricted:			
Restricted for Education	$ 17,933	$ 5,885	$ 23,818
Restricted for Operation of Non-instructional Services	0	295,680	295,680
Restricted for Capital Projects	0	765,668	765,668
Committed:			
Committed for Education	349,295	0	349,295
Unassigned	1,982,559	0	1,982,559
Total Fund Balances	$ 2,349,787	$ 1,067,233	$ 3,417,020
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 9,619,434	$ 1,124,908	$ 10,744,342

Hardin County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Discretely Presented Hardin County School Department
June 30, 2015

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)		$ 3,417,020
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	$ 1,149,600	
Add: buildings and improvements net of accumulated depreciation	36,785,501	
Add: other capital assets net of accumulated depreciation	298,673	38,233,774
(2) Internal service funds are used by management to charge the costs of employee insurance benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		91,384
(3) 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 primary government debt for capital lease	$ (1,536,139)	
Less: compensated absences payable	(553,233)	
Less: other postemployment benefits liability	(5,357,408)	(7,446,780)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.		
Add: deferred outflows of resources related to pensions	$ 1,586,110	
Less: deferred inflows of resources related to pensions	(5,808,693)	(4,222,583)
(5) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	$ 461,858	
Add: net pension asset - cost-sharing plan	58,591	520,449
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		619,790
Net position of governmental activities (Exhibit A)		$ 31,213,054

Exhibit J-4

Hardin County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Hardin County School Department
For the Year Ended June 30, 2015

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern-mental Funds	Total Governmental Funds
Revenues			
Local Taxes	$ 10,573,791	$ 0	$ 10,573,791
Licenses and Permits	1,269	0	1,269
Charges for Current Services	25,444	277,533	302,977
Other Local Revenues	60,176	20,520	80,696
State of Tennessee	16,285,245	0	16,285,245
Federal Government	344,822	4,999,171	5,343,993
Total Revenues	$ 27,290,747	$ 5,297,224	$ 32,587,971
Expenditures			
Current:			
Instruction	$ 13,877,155	$ 1,760,842	$ 15,637,997
Support Services	10,313,459	978,036	11,291,495
Operation of Non-instructional Services	805,657	2,548,797	3,354,454
Debt Service:			
Other Debt Service	1,670,542	0	1,670,542
Capital Projects	0	75,361	75,361
Total Expenditures	$ 26,666,813	$ 5,363,036	$ 32,029,849
Excess (Deficiency) of Revenues Over Expenditures	$ 623,934	$ (65,812)	$ 558,122
Other Financing Sources (Uses)			
Insurance Recovery	$ 400	$ 0	$ 400
Total Other Financing Sources (Uses)	$ 400	$ 0	$ 400
Net Change in Fund Balances	$ 624,334	$ (65,812)	$ 558,522
Fund Balance, July 1, 2014	1,725,453	1,133,045	2,858,498
Fund Balance, June 30, 2015	$ 2,349,787	$ 1,067,233	$ 3,417,020

Hardin County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Discretely Presented Hardin County School Department
For the Year Ended June 30, 2015

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)		$ 558,522
(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	$ 103,669	
Less: current-year depreciation expense	(2,515,107)	(2,411,438)
(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, 2015	$ 619,790	
Less: deferred delinquent property taxes and other deferred June 30, 2014	(580,904)	38,886
(3) The contributions of long-term debt (e.g., leases) by the primary government provide current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add: principal contributions on lease to primary government		109,918
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	$ 41,588	
Change in other postemployment benefits liability	(430,901)	
Change in net pension asset - agent plan	920,708	
Change in net pension asset - cost-sharing plan	4,820,441	
Change in deferred outflows related to pensions	1,586,110	
Change in deferred inflows related to pensions	(5,808,693)	1,129,253
(5) Internal service funds are used by management to charge the costs of employee insurance benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		29,381
Change in net position of governmental activities (Exhibit B)		$ (545,478)

Hardin County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Hardin County School Department
June 30, 2015

	Special Revenue Funds			Capital Projects Fund	Total
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Nonmajor Governmental Funds
ASSETS					
Equity in Pooled Cash and Investments	$ 9,036	$ 285,560	$ 294,596	$ 765,668	$ 1,060,264
Accounts Receivable	0	10,120	10,120	0	10,120
Due from Other Governments	54,524	0	54,524	0	54,524
Total Assets	$ 63,560	$ 295,680	$ 359,240	$ 765,668	$ 1,124,908
LIABILITIES					
Accounts Payable	$ 9,381	$ 0	$ 9,381	$ 0	$ 9,381
Due to Other Funds	48,294	0	48,294	0	48,294
Total Liabilities	$ 57,675	$ 0	$ 57,675	$ 0	$ 57,675
FUND BALANCES					
Restricted:					
Restricted for Education	$ 5,885	$ 0	$ 5,885	$ 0	$ 5,885
Restricted for Operation of Non-instructional Services	0	295,680	295,680	0	295,680
Restricted for Capital Projects	0	0	0	765,668	765,668
Total Fund Balances	$ 5,885	$ 295,680	$ 301,565	$ 765,668	$ 1,067,233
Total Liabilities and Fund Balances	$ 63,560	$ 295,680	$ 359,240	$ 765,668	$ 1,124,908

Exhibit J-7

Hardin County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Hardin County School Department
For the Year Ended June 30, 2015

	Special Revenue Funds			Capital Projects Fund	Total
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Nonmajor Governmental Funds
Revenues					
Charges for Current Services	$ 0	$ 277,533	$ 277,533	$ 0	$ 277,533
Other Local Revenues	0	20,520	20,520	0	20,520
Federal Government	3,041,281	1,957,890	4,999,171	0	4,999,171
Total Revenues	$ 3,041,281	$ 2,255,943	$ 5,297,224	$ 0	$ 5,297,224
Expenditures					
Current:					
Instruction	$ 1,760,842	$ 0	$ 1,760,842	$ 0	$ 1,760,842
Support Services	978,036	0	978,036	0	978,036
Operation of Non-instructional Services	298,001	2,250,796	2,548,797	0	2,548,797
Capital Projects	0	0	0	75,361	75,361
Total Expenditures	$ 3,036,879	$ 2,250,796	$ 5,287,675	$ 75,361	$ 5,363,036
Excess (Deficiency) of Revenues Over Expenditures	$ 4,402	$ 5,147	$ 9,549	$ (75,361)	$ (65,812)
Net Change in Fund Balances	$ 4,402	$ 5,147	$ 9,549	$ (75,361)	$ (65,812)
Fund Balance, July 1, 2014	1,483	290,533	292,016	841,029	1,133,045
Fund Balance, June 30, 2015	$ 5,885	$ 295,680	$ 301,565	$ 765,668	$ 1,067,233

Hardin County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hardin County School Department
General Purpose School Fund
For the Year Ended June 30, 2015

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Local Taxes	$ 10,573,791	$ 0	$ 10,573,791	$ 10,218,353	$ 10,388,353	$ 185,438
Licenses and Permits	1,269	0	1,269	1,100	1,100	169
Charges for Current Services	25,444	0	25,444	37,000	37,000	(11,556)
Other Local Revenues	60,176	0	60,176	59,350	59,350	826
State of Tennessee	16,285,245	0	16,285,245	16,006,815	16,282,333	2,912
Federal Government	344,822	0	344,822	334,500	334,500	10,322
Total Revenues	$ 27,290,747	$ 0	$ 27,290,747	$ 26,657,118	$ 27,102,636	$ 188,111
Expenditures						
Instruction						
Regular Instruction Program	$ 10,798,382	$ (48,213)	$ 10,750,169	$ 10,522,076	$ 10,939,366	$ 189,197
Alternative Instruction Program	209,147	0	209,147	224,269	215,900	6,753
Special Education Program	1,435,414	0	1,435,414	1,495,528	1,495,528	60,114
Vocational Education Program	1,434,212	0	1,434,212	1,682,637	1,435,737	1,525
Support Services						
Attendance	135,330	0	135,330	142,976	135,726	396
Health Services	376,926	0	376,926	292,951	392,951	16,025
Other Student Support	1,273,510	(616)	1,272,894	1,392,376	1,303,479	30,585
Regular Instruction Program	1,036,273	0	1,036,273	1,063,410	1,077,910	41,637
Alternative Instruction Program	92,291	0	92,291	86,697	95,316	3,025
Special Education Program	154,683	0	154,683	162,488	163,488	8,805
Vocational Education Program	73,807	0	73,807	76,451	76,451	2,644
Other Programs	195,851	0	195,851	135,000	196,908	1,057
Board of Education	689,645	0	689,645	722,355	722,355	32,710
Director of Schools	209,819	0	209,819	206,582	213,229	3,410
Office of the Principal	1,489,341	0	1,489,341	1,506,136	1,505,886	16,545

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)						
Support Services (Cont.)						
Fiscal Services	$ 188,823	$ 0	$ 188,823	$ 192,539	$ 192,539	$ 3,716
Operation of Plant	2,194,008	(1,865)	2,192,143	2,208,342	2,223,342	31,199
Maintenance of Plant	536,765	0	536,765	508,356	547,326	10,561
Transportation	1,666,387	0	1,666,387	1,695,789	1,695,789	29,402
Operation of Non-Instructional Services						
Food Service	251,241	0	251,241	239,371	275,121	23,880
Early Childhood Education	554,416	(5,103)	549,313	549,315	549,315	2
Principal on Debt						
Education	0	0	0	109,918	0	0
Interest on Debt						
Education	0	0	0	48,956	0	0
Other Debt Service						
Education	1,670,542	0	1,670,542	1,392,700	1,649,074	(21,468)
Total Expenditures	$ 26,666,813	$ (55,797)	$ 26,611,016	$ 26,657,218	$ 27,102,736	$ 491,720
Excess (Deficiency) of Revenues Over Expenditures	$ 623,934	$ 55,797	$ 679,731	$ (100)	$ (100)	$ 679,831
Other Financing Sources (Uses)						
Insurance Recovery	$ 400	$ 0	$ 400	$ 100	$ 100	$ 300
Total Other Financing Sources	$ 400	$ 0	$ 400	$ 100	$ 100	$ 300
Net Change in Fund Balance	$ 624,334	$ 55,797	$ 680,131	$ 0	$ 0	$ 680,131
Fund Balance, July 1, 2014	1,725,453	(55,797)	1,669,656	1,388,712	1,388,712	280,944
Fund Balance, June 30, 2015	$ 2,349,787	$ 0	$ 2,349,787	$ 1,388,712	$ 1,388,712	$ 961,075

Exhibit J-9

Hardin County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Hardin County School Department
School Federal Projects Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Federal Government	$ 3,041,281	$ 2,648,947	$ 3,164,249	$ (122,968)
Total Revenues	$ 3,041,281	$ 2,648,947	$ 3,164,249	$ (122,968)
Expenditures				
Instruction				
Regular Instruction Program	$ 1,253,341	$ 1,288,442	$ 1,271,368	$ 18,027
Special Education Program	456,048	449,506	483,395	27,347
Vocational Education Program	51,453	46,161	51,453	0
Support Services				
Other Student Support	30,045	37,184	59,843	29,798
Regular Instruction Program	579,268	470,230	627,505	48,237
Special Education Program	252,708	256,853	256,670	3,962
Vocational Education Program	2,059	0	2,059	0
Office of the Principal	18,889	0	18,889	0
Transportation	95,067	100,571	95,067	0
Operation of Non-Instructional Services				
Community Services	298,001	0	298,000	(1)
Total Expenditures	$ 3,036,879	$ 2,648,947	$ 3,164,249	$ 127,370
Excess (Deficiency) of Revenues Over Expenditures	$ 4,402	$ 0	$ 0	$ 4,402
Other Financing Sources (Uses)				
Transfers In	$ 0	$ 88,128	$ 3,290	$ (3,290)
Transfers Out	0	(88,128)	(3,290)	3,290
Total Other Financing Sources	$ 0	$ 0	$ 0	$ 0
Net Change in Fund Balance	$ 4,402	$ 0	$ 0	$ 4,402
Fund Balance, July 1, 2014	1,483	0	0	1,483
Fund Balance, June 30, 2015	$ 5,885	$ 0	$ 0	$ 5,885

Exhibit J-10

Hardin County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Hardin County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2015

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for Current Services	$ 277,533	$ 660,000	$ 420,000	$ (142,467)
Other Local Revenues	20,520	16,800	16,800	3,720
Federal Government	1,957,890	1,657,331	1,925,331	32,559
Total Revenues	$ 2,255,943	$ 2,334,131	$ 2,362,131	$ (106,188)
Expenditures				
Operation of Non-Instructional Services				
Food Service	$ 2,250,796	$ 2,513,761	$ 2,513,761	$ 262,965
Total Expenditures	$ 2,250,796	$ 2,513,761	$ 2,513,761	$ 262,965
Excess (Deficiency) of Revenues Over Expenditures	$ 5,147	$ (179,630)	$ (151,630)	$ 156,777
Net Change in Fund Balance	$ 5,147	$ (179,630)	$ (151,630)	$ 156,777
Fund Balance, July 1, 2014	290,533	341,901	341,901	(51,368)
Fund Balance, June 30, 2015	$ 295,680	$ 162,271	$ 190,271	$ 105,409

Exhibit J-11

Hardin County, Tennessee
Statement of Net Position
Discretely Presented Hardin County School Department
Proprietary Fund
June 30, 2015

	Governmental Activities - Internal Service Fund
	Employee Insurance Fund
ASSETS	
Current Assets:	
Cash	$ 97,851
Total Assets	$ 97,851
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 6,467
Total Liabilities	$ 6,467
NET POSITION	
Unrestricted	$ 91,384
Total Net Position	$ 91,384

Exhibit J-12

Hardin County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Hardin County School Department
Proprietary Fund
For the Year Ended June 30, 2015

	Governmental Activities - Internal Service Fund
	Employee Insurance Fund
Operating Revenues	
Charges for Current Services	
Self-Insurance Premiums/Contributions	$ 219,972
Total Operating Revenues	$ 219,972
Operating Expenses	
Employee Benefits	
Handling Charges and Administrative Costs	$ 14,088
Medical Claims	176,503
Total Operating Expenses	$ 190,591
Operating Income	$ 29,381
Change in Net Position	$ 29,381
Net Position, July 1, 2014	62,003
Net Position, June 30, 2015	$ 91,384

Exhibit J-13

Hardin County, Tennessee
Statement of Cash Flows
Discretely Presented Hardin County School Department
Proprietary Fund
For the Year Ended June 30, 2015

	Governmental Activities - Internal Service Fund
	Employee Insurance Fund
Cash Flows from Operating Activities	
Receipts from Self-Insurance Premiums	$ 219,972
Payments to Fiscal Agents	(14,088)
Payments for Claims	(179,431)
Net Cash Provided By (Used In) Operating Activities	$ 26,453
Increase (Decrease) in Cash	$ 26,453
Cash, July 1, 2014	71,398
Cash, June 30, 2015	$ 97,851
Reconciliation of Operating Income to Net Cash Provided By (Used In) Operating Activities	
Operating Income	$ 29,381
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Accounts Payable	(2,928)
Net Cash Provided By (Used In) Operating Activities	$ 26,453
Reconciliation of Cash With the Statement of Net Position	
Cash Per Net Position	$ 97,851
Cash, June 30, 2015	$ 97,851

Miscellaneous Schedules

Exhibit K-1

Hardin County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, and Bonds
For the Year Ended June 30, 2015

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-14	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-15
NOTES PAYABLE								
Payable through General Debt Service Fund								
Energy Efficiency Loan - Courthouse Renovations	$ 27,650	0 %	6-11-09	7-31-16	$ 11,850	$ 0	$ 3,950	$ 7,900
Capital Outlay Note, Series 2010 - Solid Waste Trucks	291,000	2.8	8-31-10	3-1-15	58,200	0	58,200	0
Total Notes Payable					$ 70,050	$ 0	$ 62,150	$ 7,900
CAPITAL LEASES PAYABLE								
Payable through General Fund								
Fire Trucks	429,882	4.75	11-21-05	11-21-15	$ 73,958	$ 0	$ 51,689	$ 22,269
Fire Trucks	495,000	5.38	7-31-07	7-31-17	181,778	0	55,692	126,086
Fire Truck	224,189	5.1	6-28-10	2-15-20	146,165	0	21,438	124,727
Commercial Pumper	241,750	3.79	3-31-14	5-1-23	214,029	0	20,400	193,629
Patrol Cars	135,488	3.08	12-1-14	12-1-16	0	135,488	46,562	88,926
Total Payable through General Fund					$ 615,930	$ 135,488	$ 195,781	$ 555,637
Payable through General Debt Service Fund								
Refuse Collection Truck	224,518	1.64	9-15-14	1-30-17	$ 0	$ 224,518	$ 75,133	$ 149,385
Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund								
Energy Management Project	1,782,319	3.05	6-20-12	11-20-26	$ 1,646,057	$ 0	$ 109,918	$ 1,536,139
Total Capital Leases Payable					$ 2,261,987	$ 360,006	$ 380,832	$ 2,241,161
BONDS PAYABLE								
Payable through General Debt Service Fund								
General Obligation Bonds, Series 2007	8,600,000	3.875 to 4.125	5-10-07	6-1-37	$ 7,165,000	$ 0	$ 235,000	$ 6,930,000
General Obligation Bonds, Series 2008	5,000,000	3.85	2-14-08	6-1-37	4,110,000	0	145,000	3,965,000
Total Payable through General Debt Service Fund					$ 11,275,000	$ 0	$ 380,000	$ 10,895,000
Payable through Rural Debt Service Fund								
G.O. BAB School Bonds, Series 2009	10,000,000	3.89	9-15-09	6-1-44	$ 10,000,000	$ 0	$ 0	$ 10,000,000
G.O. BAB School Bonds, Series 2009B	20,000,000	3.78	10-20-09	6-1-44	18,685,000	0	480,000	18,205,000
G.O. BAB School Bonds, Series 2010	6,000,000	2.84	3-25-10	6-1-26	4,740,000	0	370,000	4,370,000
Total Payable through Rural Debt Service Fund					$ 33,425,000	$ 0	$ 850,000	$ 32,575,000
Total Bonds Payable					$ 44,700,000	$ 0	$ 1,230,000	$ 43,470,000

Exhibit K-2

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

Year Ending June 30	Note		
	Principal	Interest	Total
2016	$ 3,950	$ 0	$ 3,950
2017	3,950	0	3,950
Total	$ 7,900	$ 0	$ 7,900

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2016	$ 355,908	$ 70,104	$ 426,012
2017	344,910	58,568	403,478
2018	173,417	48,192	221,609
2019	173,947	42,321	216,268
2020	180,004	36,262	216,266
2021	157,399	29,984	187,383
2022	162,435	24,948	187,383
2023	167,631	19,751	187,382
2024	144,488	14,386	158,874
2025	148,945	9,928	158,873
2026	153,540	5,333	158,873
2027	78,537	900	79,437
Total	$ 2,241,161	$ 360,677	$ 2,601,838

Year Ending June 30	Bonds		
	Principal	Interest	Total
2016	$ 1,270,000	$ 2,235,129	$ 3,505,129
2017	1,310,000	2,188,177	3,498,177
2018	1,355,000	2,136,801	3,491,801
2019	1,405,000	2,081,108	3,486,108
2020	1,450,000	2,021,699	3,471,699
2021	1,500,000	1,958,585	3,458,585
2022	1,555,000	1,891,567	3,446,567
2023	1,615,000	1,821,837	3,436,837
2024	1,670,000	1,748,639	3,418,639
2025	1,730,000	1,671,518	3,401,518
2026	1,790,000	1,589,237	3,379,237
2027	1,450,000	1,502,073	2,952,073
2028	1,260,000	1,432,375	2,692,375
2029	1,300,000	1,369,415	2,669,415
2030	1,355,000	1,302,528	2,657,528

(Continued)

Exhibit K-2

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

Year Ending June 30	Bonds (Cont.) Principal	Interest	Total
2031	$ 1,410,000	$ 1,231,980	$ 2,641,980
2032	1,480,000	1,158,608	2,638,608
2033	1,540,000	1,079,247	2,619,247
2034	1,610,000	996,677	2,606,677
2035	1,670,000	910,307	2,580,307
2036	1,740,000	819,272	2,559,272
2037	1,815,000	724,364	2,539,364
2038	1,275,000	625,375	1,900,375
2039	1,335,000	547,126	1,882,126
2040	1,390,000	465,187	1,855,187
2041	1,450,000	379,875	1,829,875
2042	1,515,000	290,875	1,805,875
2043	1,575,000	197,875	1,772,875
2044	1,650,000	101,250	1,751,250
Total	$ 43,470,000	$ 36,478,706	$ 79,948,706

Exhibit K-3

Hardin County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2015

From Fund	To Fund	Purpose	Amount
General	General Debt Service	Debt retirement	$ 613,693
Highway/Public Works	"	"	224,289
Total Transfers			$ 837,982

Exhibit K-4

Hardin County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Hardin County School Department
For the Year Ended June 30, 2015

Official	Authorization for Salary	Salary Paid During Period		Bond	Surety
County Mayor	Section 8-24-102, *TCA,* and Chapter 113, Private Acts of 1929, as amended	$ 79,581	(1)	$ 100,000	RLI Insurance Company
Highway Commissioner	Section 8-24-102, *TCA*	74,628		100,000	"
Director of Schools	State Board of Education and Hardin County Board of Education	88,200	(2)	150,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, *TCA*	67,842		1,170,597	Auto Owners Insurance Company
Assessor of Property	Section 8-24-102, *TCA*	67,842		50,000	RLI Insurance Company
County Clerk	Section 8-24-102, *TCA*	67,842		100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, *TCA*	67,842		100,000	"
Clerk and Master	Section 8-24-102, *TCA,* and Chancery Court Judge	67,842	(3)	105,000	Western Surety Company
Register of Deeds	Section 8-24-102, *TCA*	67,842		100,000	RLI Insurance Company
Sheriff	Section 8-24-102, *TCA*	74,628	(4)	100,000	"
Employee Blanket Bonds:					
Office of County Mayor:					
Director of Accounts and Budget				100,000	RLI Insurance Company
All Other Employees				150,000	Local Government Property and Casualty Fund
Office of Highway Commissioner				150,000	"
Office of Director of Schools				150,000	Tennessee Risk Management Trust

(1) Does not include a vehicle allowance of $6,000. Includes serving as a secretary to the Highway Commission of $1,224.
(2) Includes a chief executive officer training supplement of $1,000.
(3) Does not include special commissioner fees of $2,820.
(4) Does not include a law enforcement training supplement of $600.

Exhibit K-5

Hardin County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2015

		Special Revenue Funds				Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
Local Taxes						
County Property Taxes						
Current Property Tax	$ 4,686,438	$ 0	$ 0	$ 0	$ 626,127	$ 208,705
Trustee's Collections - Prior Year	209,179	0	0	0	27,944	9,316
Circuit/Clerk and Master Collections - Prior Years	126,914	0	0	0	16,956	5,652
Interest and Penalty	101,872	0	0	0	13,610	4,490
Payments in-Lieu-of Taxes - T.V.A.	1,662	0	0	0	222	74
Payments in-Lieu-of Taxes - Local Utilities	1,551	0	0	0	104	69
Payments in-Lieu-of Taxes - Other	27,936	0	0	0	3,963	1,244
County Local Option Taxes						
Local Option Sales Tax	4,101	547,333	0	0	0	0
Hotel/Motel Tax	204,305	0	0	0	0	0
Wheel Tax	981,007	0	0	0	114,356	0
Litigation Tax - General	141,466	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	35,784	0	0	0	0	0
Business Tax	278,121	0	0	0	0	0
Mixed Drink Tax	24,807	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	56,145	0
Statutory Local Taxes						
Bank Excise Tax	52,195	0	0	0	6,973	2,324
Wholesale Beer Tax	0	291,561	0	0	0	0
Interstate Telecommunications Tax	0	1,118	0	0	0	0
Total Local Taxes	$ 6,877,338	$ 840,012	$ 0	$ 0	$ 866,400	$ 231,874
Licenses and Permits						
Licenses						
Marriage Licenses	$ 1,269	$ 0	$ 0	$ 0	$ 0	$ 0
Cable TV Franchise	103,042	0	0	0	0	0

(Continued)

Exhibit K-5

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

		Special Revenue Funds				Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
Licenses and Permits (Cont.)						
Permits						
Beer Permits	$ 5,146	$ 0	$ 0	$ 0	$ 0	$ 0
Total Licenses and Permits	$ 109,457	$ 0	$ 0	$ 0	$ 0	$ 0
Fines, Forfeitures, and Penalties						
Circuit Court						
Fines	$ 1,588	$ 0	$ 0	$ 0	$ 0	$ 0
Officers Costs	10,011	0	0	0	0	0
Drug Control Fines	3,152	0	18,067	0	0	0
Drug Court Fees	1,910	0	0	0	0	0
DUI Treatment Fines	428	0	0	0	0	0
Data Entry Fee - Circuit Court	1,450	0	0	0	0	0
General Sessions Court						
Fines	39,497	0	0	0	0	0
Fines for Littering	142	0	0	0	0	0
Officers Costs	65,424	0	0	0	0	0
Game and Fish Fines	1,690	0	0	0	0	0
Drug Control Fines	25,758	0	3,519	0	0	0
Drug Court Fees	10,006	0	0	0	0	0
Jail Fees	4,422	0	0	0	0	0
DUI Treatment Fines	12,911	0	0	0	0	0
Data Entry Fee - General Sessions Court	13,759	0	0	0	0	0
Courtroom Security Fee	1,968	0	0	0	0	0
Chancery Court						
Data Entry Fee - Chancery Court	4,052	0	0	0	0	0

(Continued)

Exhibit K-5

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

		Special Revenue Funds				Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
Fines, Forfeitures, and Penalties (Cont.)						
Other Fines, Forfeitures, and Penalties						
Proceeds from Confiscated Property	$ 0	$ 0	$ 6,035	$ 0	$ 0	$ 0
Total Fines, Forfeitures, and Penalties	$ 198,168	$ 0	$ 27,621	$ 0	$ 0	$ 0
Charges for Current Services						
General Service Charges						
Commercial and Industrial Waste Collection Charge	$ 0	$ 350,286	$ 0	$ 0	$ 0	$ 0
Surcharge - Waste Tire Disposal	0	21,285	0	0	0	0
Other General Service Charges	19,322	0	0	0	0	0
Fees						
Library Fees	7,545	0	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0	0
Telephone Commissions	104,847	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	2,820	0	0
Data Processing Fee - Register	10,584	0	0	0	0	0
Data Processing Fee - Sheriff	4,815	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,850	0	0	0	0	0
Data Processing Fee - County Clerk	2,909	0	0	0	0	0
Total Charges for Current Services	$ 152,922	$ 371,571	$ 0	$ 2,820	$ 0	$ 0
Other Local Revenues						
Recurring Items						
Investment Income	$ 40,735	$ 0	$ 0	$ 0	$ 0	$ 0
Lease/Rentals	80,349	0	0	0	0	43,200
Sale of Maps	200	0	0	0	0	0
Sale of Recycled Materials	0	14,495	0	0	0	0

(Continued)

Exhibit K-5

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

		Special Revenue Funds				Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
Other Local Revenues (Cont.)						
Recurring Items (Cont.)						
E-Rate Funding	$ 3,625	$ 0	$ 0	$ 0	$ 0	$ 0
Miscellaneous Refunds	50,181	0	800	0	1,585	9
Nonrecurring Items						
Sale of Equipment	27,692	0	0	0	5,706	0
Sale of Property	12,286	0	0	0	0	0
Contributions and Gifts	3,000	0	0	0	0	0
Other Local Revenues						
Other Local Revenues	0	0	0	0	0	24,579
Total Other Local Revenues	$ 218,068	$ 14,495	$ 800	$ 0	$ 7,291	$ 67,788
Fees Received from County Officials						
Fees in-Lieu-of Salary						
County Clerk	$ 327,554	$ 0	$ 0	$ 0	$ 0	$ 0
Circuit Court Clerk	79,763	0	0	0	0	0
General Sessions Court Clerk	264,028	0	0	0	0	0
Clerk and Master	108,342	0	0	0	0	0
Register	124,397	0	0	0	0	0
Sheriff	8,882	0	0	0	0	0
Trustee	433,592	0	0	0	0	0
Total Fees Received from County Officials	$ 1,346,558	$ 0	$ 0	$ 0	$ 0	$ 0
State of Tennessee						
General Government Grants						
Juvenile Services Program	$ 9,180	$ 0	$ 0	$ 0	$ 0	$ 0
Aging Programs	27,892	0	0	0	0	0

(Continued)

Exhibit K-5

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

		Special Revenue Funds				Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
State of Tennessee (Cont.)						
Public Safety Grants						
Law Enforcement Training Programs	$ 12,600	$ 0	$ 4,600	$ 0	$ 0	$ 0
Public Works Grants						
State Aid Program	0	0	0	0	219,023	0
Litter Program	39,505	0	0	0	0	0
Other State Revenues						
Income Tax	86,738	0	0	0	0	0
Resort District Sales Tax	827,818	0	0	0	0	0
Beer Tax	18,055	0	0	0	0	0
Vehicle Certificate of Title Fees	4,764	0	0	0	0	0
Alcoholic Beverage Tax	62,944	0	0	0	0	0
State Revenue Sharing - T.V.A.	445,656	0	0	0	59,541	19,847
Contracted Prisoner Boarding	494,135	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,843,022	0
Petroleum Special Tax	0	0	0	0	18,790	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	49,285	0	0	0	0	0
Other State Revenues	126,563	0	0	0	0	0
Total State of Tennessee	$ 2,220,299	$ 0	$ 4,600	$ 0	$ 2,140,376	$ 19,847
Federal Government						
Federal Through State						
Community Development	$ 79,082	$ 0	$ 0	$ 0	$ 0	$ 0
Disaster Relief	0	0	0	0	11,414	0
Homeland Security Grants	712,142	0	0	0	0	0
Law Enforcement Grants	14,374	0	0	0	0	0
Other Federal through State	9,600	0	0	0	0	0

(Continued)

Exhibit K-5

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

		Special Revenue Funds				Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
Federal Government (Cont.)						
Direct Federal Revenue						
Tax Credit Bond Rebate	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Other Direct Federal Revenue	19,004	0	0	0	0	0
Total Federal Government	$ 834,202	$ 0	$ 0	$ 0	$ 11,414	$ 0
Other Governments and Citizens Groups						
Other Governments						
Prisoner Board	$ 6,084	$ 0	$ 0	$ 0	$ 0	$ 0
Contributions	1,000	0	0	0	0	464,066
Contracted Services	68,766	4,705	0	0	0	0
Citizens Groups						
Donations	30,034	0	0	0	0	0
Other						
Other	35,860	0	0	0	0	0
Total Other Governments and Citizens Groups	$ 141,744	$ 4,705	$ 0	$ 0	$ 0	$ 464,066
Total	$ 12,098,756	$ 1,230,783	$ 33,021	$ 2,820	$ 3,025,481	$ 783,575

(Continued)

Exhibit K-5

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

	Debt Service Fund (Cont.)	
	Rural Debt Service	Total
Local Taxes		
County Property Taxes		
Current Property Tax	$ 0	$ 5,521,270
Trustee's Collections - Prior Year	0	246,439
Circuit/Clerk and Master Collections - Prior Years	0	149,522
Interest and Penalty	0	119,972
Payments in-Lieu-of Taxes - T.V.A.	0	1,958
Payments in-Lieu-of Taxes - Local Utilities	0	1,724
Payments in-Lieu-of Taxes - Other	0	33,143
County Local Option Taxes		
Local Option Sales Tax	364,889	916,323
Hotel/Motel Tax	0	204,305
Wheel Tax	0	1,095,363
Litigation Tax - General	0	141,466
Litigation Tax - Jail, Workhouse, or Courthouse	0	35,784
Business Tax	0	278,121
Mixed Drink Tax	0	24,807
Mineral Severance Tax	0	56,145
Statutory Local Taxes		
Bank Excise Tax	0	61,492
Wholesale Beer Tax	0	291,561
Interstate Telecommunications Tax	0	1,118
Total Local Taxes	$ 364,889	$ 9,180,513
Licenses and Permits		
Licenses		
Marriage Licenses	$ 0	$ 1,269
Cable TV Franchise	0	103,042

(Continued)

Exhibit K-5

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

	Debt Service Fund (Cont.)	
	Rural Debt Service	Total
Licenses and Permits (Cont.)		
Permits		
Beer Permits	$ 0	$ 5,146
Total Licenses and Permits	$ 0	$ 109,457
Fines, Forfeitures, and Penalties		
Circuit Court		
Fines	$ 0	$ 1,588
Officers Costs	0	10,011
Drug Control Fines	0	21,219
Drug Court Fees	0	1,910
DUI Treatment Fines	0	428
Data Entry Fee - Circuit Court	0	1,450
General Sessions Court		
Fines	0	39,497
Fines for Littering	0	142
Officers Costs	0	65,424
Game and Fish Fines	0	1,690
Drug Control Fines	0	29,277
Drug Court Fees	0	10,006
Jail Fees	0	4,422
DUI Treatment Fines	0	12,911
Data Entry Fee - General Sessions Court	0	13,759
Courtroom Security Fee	0	1,968
Chancery Court		
Data Entry Fee - Chancery Court	0	4,052

(Continued)

Exhibit K-5

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

	Debt Service Fund (Cont.)	
	Rural Debt Service	Total
Fines, Forfeitures, and Penalties (Cont.)		
Other Fines, Forfeitures, and Penalties		
Proceeds from Confiscated Property	$ 0	$ 6,035
Total Fines, Forfeitures, and Penalties	$ 0	$ 225,789
Charges for Current Services		
General Service Charges		
Commercial and Industrial Waste Collection Charge	$ 0	$ 350,286
Surcharge - Waste Tire Disposal	0	21,285
Other General Service Charges	0	19,322
Fees		
Library Fees	0	7,545
Greenbelt Late Application Fee	0	50
Telephone Commissions	0	104,847
Constitutional Officers' Fees and Commissions	0	2,820
Data Processing Fee - Register	0	10,584
Data Processing Fee - Sheriff	0	4,815
Sexual Offender Registration Fee - Sheriff	0	2,850
Data Processing Fee - County Clerk	0	2,909
Total Charges for Current Services	$ 0	$ 527,313
Other Local Revenues		
Recurring Items		
Investment Income	$ 4,245	$ 44,980
Lease/Rentals	0	123,549
Sale of Maps	0	200
Sale of Recycled Materials	0	14,495

(Continued)

Exhibit K-5

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

	Debt Service Fund (Cont.)	
	Rural Debt Service	Total
Other Local Revenues (Cont.)		
Recurring Items (Cont.)		
E-Rate Funding	$ 0	$ 3,625
Miscellaneous Refunds	0	52,575
Nonrecurring Items		
Sale of Equipment	0	33,398
Sale of Property	0	12,286
Contributions and Gifts	0	3,000
Other Local Revenues		
Other Local Revenues	0	24,579
Total Other Local Revenues	$ 4,245	$ 312,687
Fees Received from County Officials		
Fees in-Lieu-of Salary		
County Clerk	$ 0	$ 327,554
Circuit Court Clerk	0	79,763
General Sessions Court Clerk	0	264,028
Clerk and Master	0	108,342
Register	0	124,397
Sheriff	0	8,882
Trustee	0	433,592
Total Fees Received from County Officials	$ 0	$ 1,346,558
State of Tennessee		
General Government Grants		
Juvenile Services Program	$ 0	$ 9,180
Aging Programs	0	27,892

(Continued)

Exhibit K-5

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

	Debt Service Fund (Cont.)	
	Rural Debt Service	Total
State of Tennessee (Cont.)		
Public Safety Grants		
Law Enforcement Training Programs	$ 0	$ 17,200
Public Works Grants		
State Aid Program	0	219,023
Litter Program	0	39,505
Other State Revenues		
Income Tax	0	86,738
Resort District Sales Tax	0	827,818
Beer Tax	0	18,055
Vehicle Certificate of Title Fees	0	4,764
Alcoholic Beverage Tax	0	62,944
State Revenue Sharing - T.V.A.	0	525,044
Contracted Prisoner Boarding	0	494,135
Gasoline and Motor Fuel Tax	0	1,843,022
Petroleum Special Tax	0	18,790
Registrar's Salary Supplement	0	15,164
Other State Grants	0	49,285
Other State Revenues	0	126,563
Total State of Tennessee	$ 0	$ 4,385,122
Federal Government		
Federal Through State		
Community Development	$ 0	$ 79,082
Disaster Relief	0	11,414
Homeland Security Grants	0	712,142
Law Enforcement Grants	0	14,374
Other Federal through State	0	9,600

(Continued)

Exhibit K-5

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

	Debt Service Fund (Cont.)	
	Rural Debt Service	Total
Federal Government (Cont.)		
Direct Federal Revenue		
Tax Credit Bond Rebate	$ 593,791	$ 593,791
Other Direct Federal Revenue	0	19,004
Total Federal Government	$ 593,791	$ 1,439,407
Other Governments and Citizens Groups		
Other Governments		
Prisoner Board	$ 0	$ 6,084
Contributions	1,819,786	2,284,852
Contracted Services	0	73,471
Citizens Groups		
Donations	0	30,034
Other		
Other	0	35,860
Total Other Governments and Citizens Groups	$ 1,819,786	$ 2,430,301
Total	$ 2,782,711	$ 19,957,147

Exhibit K-6

Hardin County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Hardin County School Department
For the Year Ended June 30, 2015

		Special Revenue Funds		
	General Purpose School	School Federal Projects	Central Cafeteria	Total
Local Taxes				
County Property Taxes				
Current Property Tax	$ 5,989,297	$ 0	$ 0	$ 5,989,297
Trustee's Collections - Prior Year	267,343	0	0	267,343
Circuit/Clerk and Master Collections - Prior Years	162,196	0	0	162,196
Interest and Penalty	130,191	0	0	130,191
Payments in-Lieu-of Taxes - T.V.A.	2,124	0	0	2,124
Payments in-Lieu-of Taxes - Local Utilities	1,982	0	0	1,982
Payments in-Lieu-of Taxes - Other	36,912	0	0	36,912
County Local Option Taxes				
Local Option Sales Tax	3,892,234	0	0	3,892,234
Mixed Drink Tax	24,806	0	0	24,806
Statutory Local Taxes				
Bank Excise Tax	66,706	0	0	66,706
Total Local Taxes	$ 10,573,791	$ 0	$ 0	$ 10,573,791
Licenses and Permits				
Licenses				
Marriage Licenses	$ 1,269	$ 0	$ 0	$ 1,269
Total Licenses and Permits	$ 1,269	$ 0	$ 0	$ 1,269
Charges for Current Services				
Education Charges				
Lunch Payments - Adults	$ 0	$ 0	$ 83,400	$ 83,400
Income from Breakfast	0	0	33	33
A la carte Sales	0	0	163,954	163,954
Receipts from Individual Schools	19,759	0	0	19,759

(Continued)

Exhibit K-6

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

		Special Revenue Funds		
	General Purpose School	School Federal Projects	Central Cafeteria	Total
Charges for Current Services (Cont.)				
Other Charges for Services				
Other Charges for Services	$ 5,685	$ 0	$ 30,146	$ 35,831
Total Charges for Current Services	$ 25,444	$ 0	$ 277,533	$ 302,977
Other Local Revenues				
Recurring Items				
Investment Income	$ 0	$ 0	$ 1,482	$ 1,482
Lease/Rentals	3,181	0	0	3,181
Miscellaneous Refunds	3,392	0	19,038	22,430
Nonrecurring Items				
Sale of Equipment	226	0	0	226
Damages Recovered from Individuals	649	0	0	649
Contributions and Gifts	8,336	0	0	8,336
Other Local Revenues				
Other Local Revenues	44,392	0	0	44,392
Total Other Local Revenues	$ 60,176	$ 0	$ 20,520	$ 80,696
State of Tennessee				
General Government Grants				
On-behalf Contributions for OPEB	$ 195,851	$ 0	$ 0	$ 195,851
State Education Funds				
Basic Education Program	14,457,000	0	0	14,457,000
Early Childhood Education	547,315	0	0	547,315
School Food Service	19,622	0	0	19,622
Driver Education	24,158	0	0	24,158

(Continued)

Exhibit K-6

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

		Special Revenue Funds		
	General Purpose School	School Federal Projects	Central Cafeteria	Total
State of Tennessee (Cont.)				
State Education Funds (Cont.)				
Other State Education Funds	$ 289,418	$ 0	$ 0	$ 289,418
Career Ladder Program	141,687	0	0	141,687
Career Ladder - Extended Contract	37,120	0	0	37,120
Other State Revenues				
State Revenue Sharing - T.V.A.	569,549	0	0	569,549
Other State Grants	3,525	0	0	3,525
Total State of Tennessee	$ 16,285,245	$ 0	$ 0	$ 16,285,245
Federal Government				
Federal Through State				
USDA School Lunch Program	$ 0	$ 0	$ 1,344,226	$ 1,344,226
USDA - Commodities	0	0	109,141	109,141
Breakfast	0	0	464,543	464,543
USDA - Other	0	0	29,980	29,980
Vocational Education - Basic Grants to States	0	71,386	0	71,386
Title I Grants to Local Education Agencies	0	1,254,433	0	1,254,433
Special Education - Grants to States	10,588	808,857	0	819,445
Special Education Preschool Grants	9,121	0	0	9,121
Safe and Drug-free Schools - State Grants	0	298,000	0	298,000
Rural Education	0	65,417	0	65,417
Eisenhower Professional Development State Grants	0	181,301	0	181,301
Race to the Top - ARRA	0	286,887	0	286,887
Other Federal through State	1,113	75,000	10,000	86,113

(Continued)

Exhibit K-6

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

		Special Revenue Funds		
	General Purpose School	School Federal Projects	Central Cafeteria	Total
Federal Government (Cont.)				
Direct Federal Revenue				
Other Direct Federal Revenue	$ 324,000	$ 0	$ 0	$ 324,000
Total Federal Government	$ 344,822	$ 3,041,281	$ 1,957,890	$ 5,343,993
Total	$ 27,290,747	$ 3,041,281	$ 2,255,943	$ 32,587,971

Exhibit K-7

Hardin County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2015

General Fund				
General Government				
County Commission				
Clerical Personnel	$	7,282		
Board and Committee Members Fees		36,350		
Audit Services		7,808		
Dues and Memberships		1,700		
Operating Lease Payments		4,218		
Legal Services		2,262		
Travel		12,033		
Other Charges		2,036		
Total County Commission			$	73,689
Board of Equalization				
Board and Committee Members Fees	$	900		
Total Board of Equalization				900
Beer Board				
Board and Committee Members Fees	$	2,950		
Office Supplies		410		
Total Beer Board				3,360
Other Boards and Committees				
Board and Committee Members Fees	$	500		
Total Other Boards and Committees				500
County Mayor/Executive				
County Official/Administrative Officer	$	78,357		
Secretary(ies)		26,901		
Clerical Personnel		13,515		
Educational Incentive - Other County Employees		10,500		
Other Fringe Benefits		6,000		
Communication		4,786		
Postal Charges		5,408		
Travel		4,191		
Office Supplies		4,642		
Office Equipment		1,000		
Total County Mayor/Executive				155,300
County Attorney				
Legal Services	$	3,990		
Total County Attorney				3,990
Election Commission				
County Official/Administrative Officer	$	61,058		
Deputy(ies)		19,442		
Part-time Personnel		4,440		
Board and Committee Members Fees		3,090		
Election Workers		21,576		
In-service Training		1,489		

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
General Government (Cont.)				
Election Commission (Cont.)				
Communication	$	2,340		
Data Processing Services		26,942		
Legal Notices, Recording, and Court Costs		4,696		
Postal Charges		2,475		
Printing, Stationery, and Forms		17,794		
Travel		2,041		
Office Supplies		4,000		
Office Equipment		1,000		
Total Election Commission			$	172,383
Register of Deeds				
County Official/Administrative Officer	$	67,842		
Deputy(ies)		49,569		
Communication		2,224		
Contracts with Private Agencies		1,137		
Data Processing Services		10,425		
Postal Charges		496		
Travel		1,100		
Other Contracted Services		6,560		
Office Supplies		7,491		
Office Equipment		292		
Total Register of Deeds				147,136
County Buildings				
Custodial Personnel	$	97,217		
Communication		643		
Engineering Services		4,000		
Maintenance and Repair Services - Buildings		37,169		
Maintenance and Repair Services - Equipment		6,228		
Pest Control		1,768		
Custodial Supplies		8,575		
Food Supplies		2,707		
Gasoline		3,252		
Small Tools		387		
Utilities		74,098		
Other Supplies and Materials		632		
Building and Contents Insurance		1,500		
Liability Insurance		305,958		
Premiums on Corporate Surety Bonds		5,689		
Other Charges		24,198		
Building Improvements		90,939		
Maintenance Equipment		1,428		
Total County Buildings				666,388
Finance				
Accounting and Budgeting				
Accountants/Bookkeepers	$	50,316		

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Finance (Cont.)				
Accounting and Budgeting (Cont.)				
Clerical Personnel	$	46,471		
In-service Training		491		
Communication		1,883		
Data Processing Services		8,126		
Printing, Stationery, and Forms		342		
Travel		1,452		
Office Supplies		3,549		
Office Equipment		4,438		
Total Accounting and Budgeting			$	117,068
Property Assessor's Office				
County Official/Administrative Officer	$	67,842		
Secretary(ies)		25,557		
Clerical Personnel		62,070		
Other Salaries and Wages		10,421		
Communication		1,842		
Contracts with Government Agencies		1,901		
Data Processing Services		7,015		
Postal Charges		1,000		
Travel		2,483		
Office Supplies		4,692		
Office Equipment		1,738		
Total Property Assessor's Office				186,561
Reappraisal Program				
Other Salaries and Wages	$	13,999		
Contracts with Private Agencies		16,550		
Data Processing Services		5,037		
Postal Charges		1,459		
Travel		4,459		
Office Supplies		1,651		
Total Reappraisal Program				43,155
County Trustee's Office				
County Official/Administrative Officer	$	67,842		
Deputy(ies)		25,766		
Part-time Personnel		16,701		
Other Salaries and Wages		19,672		
Communication		2,361		
Data Processing Services		22,824		
Dues and Memberships		1,278		
Postal Charges		7,474		
Travel		640		
Office Supplies		2,195		
Data Processing Equipment		10,466		
Office Equipment		204		
Total County Trustee's Office				177,423

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Finance (Cont.)				
County Clerk's Office				
County Official/Administrative Officer	$	67,842		
Deputy(ies)		49,666		
Clerical Personnel		82,382		
Part-time Personnel		13,911		
Educational Incentive - Other County Employees		1,500		
In-service Training		500		
Communication		3,227		
Data Processing Services		17,730		
Postal Charges		7,000		
Travel		933		
Office Supplies		9,913		
Data Processing Equipment		2,754		
Office Equipment		464		
Total County Clerk's Office			$	257,822
Administration of Justice				
Circuit Court				
County Official/Administrative Officer	$	67,842		
Deputy(ies)		175,019		
Part-time Personnel		10,557		
Jury and Witness Expense		14,883		
Communication		3,150		
Data Processing Services		11,138		
Postal Charges		4,111		
Travel		907		
Office Supplies		13,780		
Other Charges		2,182		
Data Processing Equipment		10,259		
Office Equipment		489		
Total Circuit Court				314,317
General Sessions Court				
Judge(s)	$	113,535		
Secretary(ies)		25,534		
Communication		1,983		
Travel		2,499		
Other Contracted Services		436		
Office Supplies		1,545		
Total General Sessions Court				145,532
Chancery Court				
County Official/Administrative Officer	$	67,842		
Deputy(ies)		25,648		
Educational Incentive - Other County Employees		1,500		
Other Salaries and Wages		17,849		
Communication		1,364		
Data Processing Services		4,350		

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Administration of Justice (Cont.)		
Chancery Court (Cont.)		
Postal Charges	$ 400	
Travel	1,520	
Office Supplies	5,691	
Total Chancery Court		$ 126,164
Public Safety		
Sheriff's Department		
County Official/Administrative Officer	$ 74,628	
Assistant(s)	27,444	
Deputy(ies)	690,442	
Salary Supplements	12,600	
Secretary(ies)	29,394	
Part-time Personnel	49,537	
Other Salaries and Wages	29,851	
In-service Training	1,225	
Communication	10,360	
Data Processing Services	20,951	
Dues and Memberships	2,000	
Maintenance and Repair Services - Equipment	2,484	
Maintenance and Repair Services - Vehicles	56,264	
Travel	3,422	
Other Contracted Services	46,699	
Gasoline	95,932	
Instructional Supplies and Materials	7,433	
Law Enforcement Supplies	5,996	
Office Supplies	8,850	
Uniforms	5,416	
Utilities	3,300	
Communication Equipment	7,361	
Law Enforcement Equipment	7,843	
Motor Vehicles	176,516	
Other Equipment	19,165	
Total Sheriff's Department		1,395,113
Traffic Control		
Deputy(ies)	$ 11,295	
Other Fringe Benefits	4,334	
Travel	504	
Total Traffic Control		16,133
Administration of the Sexual Offender Registry		
Office Supplies	$ 1,093	
Total Administration of the Sexual Offender Registry		1,093
Jail		
Guards	$ 676,289	
Attendants	1,000	

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Jail (Cont.)		
Part-time Personnel	$ 111,102	
Other Salaries and Wages	27,735	
In-service Training	1,440	
Communication	10,217	
Contracts with Private Agencies	10,973	
Engineering Services	1,025	
Maintenance and Repair Services - Buildings	65,543	
Medical and Dental Services	126,289	
Other Contracted Services	20,147	
Custodial Supplies	22,805	
Food Preparation Supplies	5,751	
Food Supplies	174,272	
Office Supplies	5,627	
Prisoners Clothing	5,343	
Uniforms	3,514	
Utilities	145,763	
Other Supplies and Materials	30,457	
Other Charges	60,466	
Total Jail		$ 1,505,758
Juvenile Services		
Youth Service Officer(s)	$ 44,769	
Educational Assistants	30,605	
Other Salaries and Wages	22,933	
In-service Training	1,917	
Communication	2,738	
Data Processing Services	5,990	
Transportation - Other than Students	404	
Travel	500	
Office Supplies	2,643	
Total Juvenile Services		112,499
Fire Prevention and Control		
Supervisor/Director	$ 43,472	
Mechanic(s)	133,198	
Part-time Personnel	23,145	
Other Salaries and Wages	4,500	
In-service Training	13,000	
Communication	6,647	
Maintenance and Repair Services - Buildings	2,562	
Maintenance and Repair Services - Equipment	8,485	
Maintenance and Repair Services - Vehicles	115,832	
Travel	1,999	
Remittance of Revenue Collected	30,356	
Other Contracted Services	5,279	
Drugs and Medical Supplies	855	
Gasoline	34,818	

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Public Safety (Cont.)		
Fire Prevention and Control (Cont.)		
Instructional Supplies and Materials	$ 2,700	
Office Supplies	2,182	
Uniforms	4,997	
Utilities	42,670	
Other Supplies and Materials	3,604	
Building Construction	13,947	
Building Improvements	2,000	
Motor Vehicles	117,402	
Site Development	4,200	
Other Equipment	54,219	
Other Capital Outlay	784,941	
Total Fire Prevention and Control		$ 1,457,010
Civil Defense		
Assistant(s)	$ 31,577	
Supervisor/Director	6,843	
Clerical Personnel	19,585	
Part-time Personnel	10,126	
Communication	943	
Maintenance and Repair Services - Equipment	862	
Maintenance and Repair Services - Vehicles	987	
Travel	1,000	
Equipment and Machinery Parts	1,412	
Gasoline	996	
Office Supplies	2,623	
Other Supplies and Materials	10,173	
Office Equipment	224	
Other Equipment	23,575	
Other Capital Outlay	14,255	
Total Civil Defense		125,181
Other Public Safety		
Supervisor/Director	$ 3,463	
In-service Training	40	
Communication	480	
Contracts with Government Agencies	274,988	
Office Supplies	150	
Total Other Public Safety		279,121
Public Health and Welfare		
Local Health Center		
Medical Personnel	$ 66,152	
Communication	2,410	
Contracts with Government Agencies	29,000	
Janitorial Services	5,700	
Maintenance and Repair Services - Buildings	4,402	
Postal Charges	431	

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Public Health and Welfare (Cont.)				
Local Health Center (Cont.)				
Travel	$	5,000		
Custodial Supplies		325		
Drugs and Medical Supplies		1,183		
Office Supplies		1,635		
Utilities		8,860		
Furniture and Fixtures		4,930		
Total Local Health Center			$	130,028
Rabies and Animal Control				
Assistant(s)	$	22,082		
Supervisor/Director		38,678		
Part-time Personnel		57,043		
Advertising		288		
Communication		5,151		
Maintenance and Repair Services - Buildings		1,422		
Maintenance and Repair Services - Equipment		1,040		
Maintenance and Repair Services - Vehicles		938		
Travel		986		
Other Contracted Services		60,945		
Animal Food and Supplies		9,196		
Custodial Supplies		8,035		
Drugs and Medical Supplies		7,995		
Gasoline		4,889		
Office Supplies		2,996		
Uniforms		991		
Utilities		16,742		
Other Supplies and Materials		9,626		
Other Charges		16,521		
Office Equipment		368		
Other Equipment		6,527		
Other Capital Outlay		23,411		
Total Rabies and Animal Control				295,870
Ambulance/Emergency Medical Services				
Contracts with Private Agencies	$	100,000		
Utilities		2,075		
Motor Vehicles		133,725		
Total Ambulance/Emergency Medical Services				235,800
Alcohol and Drug Programs				
Contributions	$	9,966		
Total Alcohol and Drug Programs				9,966
Crippled Children Services				
Contributions	$	2,005		
Total Crippled Children Services				2,005

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Public Health and Welfare (Cont.)				
Other Local Health Services				
Other Charges	$	30,663		
Total Other Local Health Services			$	30,663
General Welfare Assistance				
Contracts with Other Public Agencies	$	19,004		
Contributions		3,100		
Total General Welfare Assistance				22,104
Other Local Welfare Services				
Supervisor/Director	$	9,139		
Social Security		566		
Unemployment Compensation		162		
Employer Medicare		133		
Total Other Local Welfare Services				10,000
Sanitation Education/Information				
Foremen	$	34,772		
Other Salaries and Wages		27,974		
Maintenance and Repair Services - Equipment		1,618		
Gasoline		3,000		
Instructional Supplies and Materials		7,895		
Other Supplies and Materials		14,329		
Total Sanitation Education/Information				89,588
Social, Cultural, and Recreational Services				
Senior Citizens Assistance				
Supervisor/Director	$	26,823		
Custodial Personnel		6,256		
Part-time Personnel		7,247		
Other Salaries and Wages		11,374		
Communication		3,477		
Maintenance and Repair Services - Buildings		3,600		
Maintenance and Repair Services - Vehicles		1,067		
Postal Charges		98		
Travel		980		
Gasoline		1,137		
Office Supplies		850		
Utilities		6,928		
Other Supplies and Materials		1,198		
Vehicle and Equipment Insurance		747		
Other Charges		3,039		
Total Senior Citizens Assistance				74,821
Libraries				
Assistant(s)	$	24,787		
Supervisor/Director		35,637		
Custodial Personnel		8,089		

(Continued)

Exhibit K-7

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

General Fund (Cont.)				
Social, Cultural, and Recreational Services (Cont.)				
Libraries (Cont.)				
Part-time Personnel	$	11,665		
Other Salaries and Wages		71,546		
Communication		4,655		
Maintenance and Repair Services - Buildings		2,029		
Travel		1,517		
Custodial Supplies		1,610		
Office Supplies		14,486		
Utilities		29,043		
Other Charges		10,591		
Total Libraries			$	215,655
Other Social, Cultural, and Recreational				
Contracts with Government Agencies	$	39,120		
Contributions		26,750		
Total Other Social, Cultural, and Recreational				65,870
Agriculture and Natural Resources				
Agricultural Extension Service				
County Official/Administrative Officer	$	17,560		
Assistant(s)		15,504		
Deputy(ies)		9,724		
Secretary(ies)		9,966		
Other Salaries and Wages		5,500		
Social Security		2,962		
Employer Medicare		693		
Other Fringe Benefits		8,394		
Communication		1,146		
Office Supplies		5,000		
Office Equipment		1,616		
Total Agricultural Extension Service				78,065
Forest Service				
Forest Resource Services	$	1,000		
Total Forest Service				1,000
Soil Conservation				
Contributions	$	25,794		
Total Soil Conservation				25,794
Flood Control				
Contributions	$	33,000		
Office Supplies		3,890		
Total Flood Control				36,890
Other Agriculture and Natural Resources				
Part-time Personnel	$	4,292		
Food Preparation Supplies		289		
Utilities		783		
Total Other Agriculture and Natural Resources				5,364

(Continued)

Exhibit K-7

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

General Fund (Cont.)		
Other Operations		
Tourism		
Contributions	$ 172,668	
Total Tourism		$ 172,668
Tourism-resort District		
Contributions	$ 90,966	
Remittance of Revenue Collected	572,100	
Total Tourism-resort District		663,066
Industrial Development		
Contracts with Government Agencies	$ 55,000	
Dues and Memberships	11,495	
Other Charges	175	
Total Industrial Development		66,670
Other Economic and Community Development		
Contributions	$ 71,580	
Other Contracted Services	13,938	
Other Charges	13,051	
Total Other Economic and Community Development		98,569
Airport		
Contributions	$ 25,000	
Airport Improvement	34,243	
Total Airport		59,243
Veterans' Services		
Supervisor/Director	$ 22,261	
Secretary(ies)	20,050	
Communication	1,133	
Data Processing Services	860	
Travel	1,295	
Office Supplies	2,397	
Office Equipment	1,850	
Total Veterans' Services		49,846
Other Charges		
Trustee's Commission	$ 129,460	
Workers' Compensation Insurance	158,075	
Other Self-insured Claims	10,160	
Total Other Charges		297,695
Contributions to Other Agencies		
Contributions	$ 15,500	
Total Contributions to Other Agencies		15,500
Employee Benefits		
Social Security	$ 256,631	

(Continued)

Exhibit K-7

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

General Fund (Cont.)			
Other Operations (Cont.)			
Employee Benefits (Cont.)			
Pensions	$ 381,733		
Life Insurance	13,461		
Medical Insurance	873,081		
Dental Insurance	29,237		
Unemployment Compensation	10,377		
Employer Medicare	60,308		
Total Employee Benefits		$ 1,624,828	
Miscellaneous			
Medical and Dental Services	$ 199		
Other Charges	8,753		
Total Miscellaneous		8,952	
Principal on Debt			
General Government			
Principal on Capital Leases	$ 195,781		
Total General Government		195,781	
Interest on Debt			
General Government			
Interest on Capital Leases	$ 26,374		
Total General Government		26,374	
Total General Fund			$ 12,092,271
Solid Waste/Sanitation Fund			
Public Health and Welfare			
Sanitation Management			
Supervisor/Director	$ 50,316		
Secretary(ies)	13,515		
Board and Committee Members Fees	200		
Communication	2,820		
Maintenance and Repair Services - Equipment	1,000		
Travel	1,863		
Office Supplies	2,697		
Office Equipment	500		
Total Sanitation Management		$ 72,911	
Waste Pickup			
Mechanic(s)	$ 37,185		
Truck Drivers	140,236		
Maintenance and Repair Services - Equipment	90,832		
Gasoline	102,311		
Small Tools	1,500		
Tires and Tubes	27,861		
Other Supplies and Materials	2,489		
Motor Vehicles	224,518		
Solid Waste Equipment	8,650		
Total Waste Pickup		635,582	

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)			
Public Health and Welfare (Cont.)			
Convenience Centers			
Laborers	$ 232,282		
Advertising	314		
Communication	4,451		
Maintenance and Repair Services - Buildings	11,569		
Rentals	1,500		
Disposal Fees	21,752		
Utilities	16,798		
Other Supplies and Materials	10,091		
Other Charges	299		
Total Convenience Centers		$ 299,056	
Landfill Operation and Maintenance			
Disposal Fees	$ 333,371		
Other Contracted Services	9,410		
Total Landfill Operation and Maintenance		342,781	
Other Operations			
Other Charges			
Trustee's Commission	$ 12,041		
Workers' Compensation Insurance	59,400		
Total Other Charges		71,441	
Employee Benefits			
Social Security	$ 28,791		
Pensions	22,695		
Life Insurance	793		
Medical Insurance	49,752		
Dental Insurance	1,579		
Unemployment Compensation	2,229		
Employer Medicare	6,834		
Total Employee Benefits		112,673	
Total Solid Waste/Sanitation Fund			$ 1,534,444
Drug Control Fund			
Public Safety			
Drug Enforcement			
Investigator(s)	$ 32,236		
Salary Supplements	4,600		
Maintenance and Repair Services - Vehicles	4,590		
Total Drug Enforcement		$ 41,426	
Other Operations			
Other Charges			
Workers' Compensation Insurance	$ 1,870		
Total Other Charges		1,870	

(Continued)

Exhibit K-7

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

Drug Control Fund (Cont.)			
Other Operations (Cont.)			
Employee Benefits			
Social Security	$ 2,266		
Pensions	3,343		
Life Insurance	129		
Medical Insurance	7,489		
Dental Insurance	249		
Unemployment Compensation	72		
Employer Medicare	530		
Total Employee Benefits		$ 14,078	
Total Drug Control Fund			$ 57,374
Constitutional Officers - Fees Fund			
Administration of Justice			
Chancery Court			
Constitutional Officers' Operating Expenses	$ 2,820		
Total Chancery Court		$ 2,820	
Total Constitutional Officers - Fees Fund			2,820
Highway/Public Works Fund			
Highways			
Administration			
County Official/Administrative Officer	$ 74,628		
Assistant(s)	51,718		
Secretary to Board	1,224		
Accountants/Bookkeepers	88,392		
Board and Committee Members Fees	5,201		
Communication	16,986		
Data Processing Services	7,904		
Dues and Memberships	3,320		
Legal Notices, Recording, and Court Costs	197		
Maintenance Agreements	71		
Postal Charges	1,063		
Printing, Stationery, and Forms	1,384		
Travel	8,155		
Electricity	9,400		
Food Preparation Supplies	1,650		
Natural Gas	2,240		
Office Supplies	2,617		
Water and Sewer	978		
Other Charges	3,740		
Total Administration		$ 280,868	
Highway and Bridge Maintenance			
Laborers	$ 625,853		
Clerical Personnel	4,174		
Other Contracted Services	61,537		

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)		
Highways (Cont.)		
Highway and Bridge Maintenance (Cont.)		
Asphalt	$ 32,504	
Asphalt - Cold Mix	12,099	
Asphalt - Hot Mix	190,126	
Concrete	69	
Crushed Stone	42,795	
Office Supplies	236	
Pipe	14,653	
Road Signs	9,607	
Wood Products	1,081	
Gravel and Chert	19,566	
Other Supplies and Materials	10,609	
Other Charges	2,363	
Total Highway and Bridge Maintenance		$ 1,027,272
Operation and Maintenance of Equipment		
Mechanic(s)	$ 33,362	
Laborers	18,555	
Maintenance Personnel	50,813	
Maintenance and Repair Services - Equipment	28,335	
Maintenance and Repair Services - Vehicles	17,481	
Diesel Fuel	92,005	
Equipment and Machinery Parts	69,387	
Garage Supplies	9,890	
Gasoline	55,978	
Lubricants	5,098	
Propane Gas	184	
Small Tools	1,503	
Tires and Tubes	20,294	
Other Supplies and Materials	1,698	
Total Operation and Maintenance of Equipment		404,583
Other Charges		
Liability Insurance	$ 30,470	
Trustee's Commission	34,475	
Workers' Compensation Insurance	128,796	
Total Other Charges		193,741
Employee Benefits		
Social Security	$ 74,156	
Pensions	92,239	
Life Insurance	3,601	
Medical Insurance	256,280	
Dental Insurance	8,419	
Unemployment Compensation	8,853	
Total Employee Benefits		443,548

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)			
Highways (Cont.)			
Capital Outlay			
Maintenance and Repair Services - Buildings	$ 2,355		
Building Improvements	1,680		
Data Processing Equipment	10,918		
Highway Equipment	10,380		
Motor Vehicles	39,940		
State Aid Projects	245,000		
Other Construction	9,900		
Total Capital Outlay		$ 320,173	
Total Highway/Public Works Fund			$ 2,670,185
General Debt Service Fund			
Principal on Debt			
General Government			
Principal on Bonds	$ 245,000		
Principal on Notes	62,150		
Principal on Capital Leases	75,133		
Principal on Other Loans	255,000		
Total General Government		$ 637,283	
Highways and Streets			
Principal on Bonds	$ 135,000		
Total Highways and Streets		135,000	
Education			
Principal on Capital Leases	$ 109,918		
Total Education		109,918	
Interest on Debt			
General Government			
Interest on Bonds	$ 359,178		
Interest on Notes	1,648		
Interest on Capital Leases	1,401		
Interest on Other Loans	11,861		
Total General Government		374,088	
Highways and Streets			
Interest on Bonds	$ 89,289		
Total Highways and Streets		89,289	
Education			
Interest on Capital Leases	$ 48,956		
Total Education		48,956	
Other Debt Service			
General Government			
Trustee's Commission	$ 5,178		
Other Debt Service	42,136		
Total General Government		47,314	
Total General Debt Service Fund			1,441,848

(Continued)

Exhibit K-7

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

Rural Debt Service Fund			
Principal on Debt			
Education			
Principal on Bonds	$ 850,000		
Total Education		$ 850,000	
Interest on Debt			
Education			
Interest on Bonds	$ 1,830,145		
Total Education		1,830,145	
Other Debt Service			
Education			
Trustee's Commission	$ 3,636		
Other Debt Service	3,619		
Total Education		7,255	
Total Rural Debt Service Fund			$ 2,687,400
Total Governmental Funds - Primary Government			$ 20,486,342

Exhibit K-8

Hardin County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hardin County School Department
For the Year Ended June 30, 2015

General Purpose School Fund		
Instruction		
Regular Instruction Program		
Teachers	$ 7,195,662	
Career Ladder Program	72,216	
Career Ladder Extended Contracts	54,840	
Educational Assistants	174,875	
Bonus Payments	134,340	
Other Salaries and Wages	24,251	
Certified Substitute Teachers	131,286	
Social Security	446,345	
Pensions	681,612	
Medical Insurance	1,499,599	
Dental Insurance	60,308	
Employer Medicare	105,125	
Maintenance and Repair Services - Equipment	1,858	
Other Contracted Services	5,320	
Textbooks	52,493	
Other Supplies and Materials	92,308	
Other Charges	31	
Regular Instruction Equipment	65,913	
Total Regular Instruction Program		$ 10,798,382
Alternative Instruction Program		
Teachers	$ 94,616	
Career Ladder Program	3,340	
Homebound Teachers	41,645	
Educational Assistants	11,775	
Certified Substitute Teachers	825	
Social Security	6,129	
Pensions	13,436	
Medical Insurance	31,773	
Dental Insurance	1,336	
Employer Medicare	1,437	
Other Contracted Services	2,000	
Other Supplies and Materials	835	
Total Alternative Instruction Program		209,147
Special Education Program		
Teachers	$ 894,753	
Career Ladder Program	7,318	
Homebound Teachers	35,840	
Educational Assistants	20,199	
Speech Pathologist	17,400	
Certified Substitute Teachers	21,305	
Social Security	58,076	
Pensions	86,655	
Medical Insurance	197,538	
Dental Insurance	7,932	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Instruction (Cont.)		
Special Education Program (Cont.)		
Employer Medicare	$ 13,607	
Contracts with Private Agencies	27,576	
Maintenance and Repair Services - Equipment	549	
Instructional Supplies and Materials	469	
Other Supplies and Materials	9,373	
Other Charges	32,786	
Special Education Equipment	4,038	
Total Special Education Program		$ 1,435,414
Vocational Education Program		
Teachers	$ 1,016,328	
Career Ladder Program	6,000	
Certified Substitute Teachers	17,361	
Social Security	60,003	
Pensions	90,288	
Medical Insurance	186,672	
Dental Insurance	7,598	
Employer Medicare	14,382	
Other Supplies and Materials	35,580	
Total Vocational Education Program		1,434,212
Support Services		
Attendance		
Supervisor/Director	$ 36,041	
Career Ladder Program	167	
Clerical Personnel	50,897	
Social Security	5,260	
Pensions	8,560	
Medical Insurance	27,906	
Dental Insurance	1,336	
Employer Medicare	1,230	
Travel	2,163	
Other Supplies and Materials	450	
In Service/Staff Development	1,320	
Total Attendance		135,330
Health Services		
Medical Personnel	$ 192,068	
Other Salaries and Wages	59,398	
Social Security	14,057	
Pensions	24,152	
Medical Insurance	60,645	
Dental Insurance	2,894	
Employer Medicare	3,288	
Travel	4,843	
Drugs and Medical Supplies	4,680	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Health Services (Cont.)		
Other Supplies and Materials	$ 7,263	
In Service/Staff Development	1,066	
Other Charges	2,572	
Total Health Services		$ 376,926
Other Student Support		
Career Ladder Program	$ 5,000	
Guidance Personnel	524,859	
Psychological Personnel	204,074	
Clerical Personnel	8,720	
Attendants	45,230	
Other Salaries and Wages	79,075	
Social Security	47,481	
Pensions	75,101	
Medical Insurance	135,327	
Dental Insurance	5,733	
Employer Medicare	12,068	
Communication	4,625	
Contracts with Government Agencies	675	
Evaluation and Testing	15,636	
Travel	10,034	
Other Contracted Services	71,158	
Other Supplies and Materials	8,151	
In Service/Staff Development	20,563	
Total Other Student Support		1,273,510
Regular Instruction Program		
Supervisor/Director	$ 120,205	
Career Ladder Program	16,500	
Librarians	323,153	
Instructional Computer Personnel	60,481	
Clerical Personnel	33,020	
Educational Assistants	68,091	
Other Salaries and Wages	103,415	
Social Security	43,536	
Pensions	66,099	
Medical Insurance	145,297	
Dental Insurance	6,791	
Employer Medicare	10,182	
Operating Lease Payments	11,056	
Maintenance and Repair Services - Equipment	2,047	
Travel	1,588	
Other Contracted Services	8,628	
Other Supplies and Materials	4,859	
In Service/Staff Development	8,989	
Other Charges	2,336	
Total Regular Instruction Program		1,036,273

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Alternative Instruction Program		
Supervisor/Director	$ 65,971	
Social Security	3,678	
Pensions	5,964	
Medical Insurance	11,508	
Dental Insurance	334	
Employer Medicare	860	
Operating Lease Payments	1,127	
Maintenance and Repair Services - Equipment	225	
Travel	1,875	
Other Supplies and Materials	550	
In Service/Staff Development	150	
Other Charges	49	
Total Alternative Instruction Program		$ 92,291
Special Education Program		
Supervisor/Director	$ 66,057	
Career Ladder Program	1,000	
Assessment Personnel	41,920	
Social Security	6,258	
Pensions	10,407	
Medical Insurance	18,084	
Dental Insurance	668	
Employer Medicare	1,463	
Travel	4,301	
Other Contracted Services	1,703	
Other Supplies and Materials	534	
In Service/Staff Development	1,857	
Other Charges	431	
Total Special Education Program		154,683
Vocational Education Program		
Supervisor/Director	$ 33,667	
Career Ladder Program	1,000	
Secretary(ies)	10,154	
Social Security	2,618	
Pensions	4,184	
Medical Insurance	16,141	
Dental Insurance	668	
Employer Medicare	612	
Maintenance and Repair Services - Equipment	18	
Travel	3,920	
Other Supplies and Materials	369	
In Service/Staff Development	220	
Other Charges	236	
Total Vocational Education Program		73,807

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Other Programs				
On-behalf Payments to OPEB	$	195,851		
Total Other Programs			$	195,851
Board of Education				
Board and Committee Members Fees	$	9,429		
Dental Insurance		2,338		
Unemployment Compensation		18,815		
Other Fringe Benefits		175,473		
Audit Services		17,000		
Dues and Memberships		9,399		
Legal Services		15,000		
Travel		6,400		
Other Contracted Services		2,500		
Other Supplies and Materials		921		
Liability Insurance		59,130		
Trustee's Commission		219,205		
Workers' Compensation Insurance		150,454		
In Service/Staff Development		3,581		
Total Board of Education				689,645
Director of Schools				
County Official/Administrative Officer	$	87,200		
Career Ladder Program		1,000		
Secretary(ies)		22,000		
Clerical Personnel		18,000		
Other Salaries and Wages		3,455		
Social Security		7,895		
Pensions		12,112		
Medical Insurance		22,264		
Dental Insurance		1,002		
Employer Medicare		1,847		
Communication		9,186		
Dues and Memberships		2,735		
Operating Lease Payments		4,463		
Maintenance and Repair Services - Equipment		1,673		
Postal Charges		2,632		
Travel		2,142		
Other Contracted Services		4,329		
Office Supplies		3,718		
Other Supplies and Materials		1,441		
In Service/Staff Development		560		
Other Charges		165		
Total Director of Schools				209,819
Office of the Principal				
Principals	$	424,900		

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Office of the Principal (Cont.)		
Career Ladder Program	$ 6,000	
Accountants/Bookkeepers	96,800	
Assistant Principals	414,652	
Secretary(ies)	52,513	
Clerical Personnel	14,837	
Social Security	58,454	
Pensions	93,103	
Medical Insurance	199,504	
Dental Insurance	8,683	
Employer Medicare	13,672	
Communication	10,500	
Dues and Memberships	725	
Operating Lease Payments	23,480	
Maintenance and Repair Services - Equipment	500	
Travel	636	
Other Contracted Services	57,634	
Other Supplies and Materials	6,374	
In Service/Staff Development	349	
Other Charges	3,525	
Administration Equipment	2,500	
Total Office of the Principal		$ 1,489,341
Fiscal Services		
Supervisor/Director	$ 66,683	
Accountants/Bookkeepers	39,586	
Clerical Personnel	22,665	
Social Security	7,963	
Pensions	13,398	
Medical Insurance	20,696	
Dental Insurance	1,002	
Employer Medicare	1,862	
Data Processing Services	7,330	
Maintenance and Repair Services - Equipment	2,443	
Travel	2,589	
Data Processing Supplies	1,279	
Office Supplies	436	
Other Supplies and Materials	85	
In Service/Staff Development	800	
Other Charges	6	
Total Fiscal Services		188,823
Operation of Plant		
Custodial Personnel	$ 16,176	
Social Security	652	
Pensions	912	
Medical Insurance	8,441	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Operation of Plant (Cont.)		
Employer Medicare	$ 152	
Janitorial Services	845,951	
Disposal Fees	19,167	
Other Contracted Services	18,147	
Electricity	922,221	
Natural Gas	79,948	
Water and Sewer	89,979	
Other Supplies and Materials	18,147	
Boiler Insurance	7,700	
Building and Contents Insurance	150,083	
Other Charges	7,117	
Plant Operation Equipment	9,215	
Total Operation of Plant		$ 2,194,008
Maintenance of Plant		
Supervisor/Director	$ 40,282	
Maintenance Personnel	198,761	
Social Security	12,555	
Pensions	20,013	
Medical Insurance	48,662	
Dental Insurance	2,338	
Employer Medicare	3,103	
Maintenance and Repair Services - Buildings	44,330	
Maintenance and Repair Services - Equipment	67,492	
Travel	1,237	
Other Contracted Services	440	
Equipment and Machinery Parts	27,493	
General Construction Materials	43,722	
Other Supplies and Materials	10,295	
Other Charges	1,324	
Maintenance Equipment	14,718	
Total Maintenance of Plant		536,765
Transportation		
Bus Drivers	$ 40,469	
Clerical Personnel	34,612	
Social Security	4,563	
Pensions	7,795	
Medical Insurance	29,047	
Dental Insurance	1,419	
Employer Medicare	1,067	
Contracts with Private Agencies	1,494,063	
Contracts with Parents	2,394	
Maintenance and Repair Services - Vehicles	645	
Medical and Dental Services	650	
Diesel Fuel	3,322	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)			
Support Services (Cont.)			
Transportation (Cont.)			
Garage Supplies	$ 729		
Gasoline	13,330		
Tires and Tubes	3,388		
Vehicle Parts	4,906		
Vehicle and Equipment Insurance	23,712		
Other Charges	276		
Total Transportation		$ 1,666,387	
Operation of Non-Instructional Services			
Food Service			
Supervisor/Director	$ 69,374		
Career Ladder Program	3,000		
Other Salaries and Wages	2,883		
Social Security	4,390		
Pensions	6,110		
Medical Insurance	152,557		
Dental Insurance	7,375		
Employer Medicare	1,027		
Communication	2,400		
Travel	2,125		
Total Food Service		251,241	
Early Childhood Education			
Supervisor/Director	$ 370		
Teachers	246,472		
Career Ladder Program	2,000		
Educational Assistants	94,595		
Certified Substitute Teachers	1,512		
Social Security	19,583		
Pensions	30,233		
Medical Insurance	84,807		
Dental Insurance	3,646		
Employer Medicare	4,668		
Travel	2,016		
Instructional Supplies and Materials	15,271		
Other Supplies and Materials	40,162		
In Service/Staff Development	2,256		
Other Charges	3,469		
Other Equipment	3,356		
Total Early Childhood Education		554,416	
Other Debt Service			
Education			
Debt Service Contribution to Primary Government	$ 1,670,542		
Total Education		1,670,542	
Total General Purpose School Fund			$ 26,666,813

(Continued)

Exhibit K-8

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

School Federal Projects Fund		
Instruction		
Regular Instruction Program		
Teachers	$ 651,553	
Educational Assistants	99,345	
Other Salaries and Wages	31,520	
Certified Substitute Teachers	11,852	
Social Security	46,178	
Pensions	69,345	
Medical Insurance	189,099	
Dental Insurance	7,959	
Employer Medicare	10,873	
Other Contracted Services	12,274	
Other Supplies and Materials	206	
Regular Instruction Equipment	123,137	
Total Regular Instruction Program		$ 1,253,341
Special Education Program		
Teachers	$ 480	
Educational Assistants	208,335	
Speech Pathologist	34,220	
Social Security	14,364	
Pensions	23,122	
Medical Insurance	138,416	
Dental Insurance	6,763	
Employer Medicare	3,362	
Instructional Supplies and Materials	25,844	
Other Supplies and Materials	1,142	
Total Special Education Program		456,048
Vocational Education Program		
Maintenance and Repair Services - Equipment	$ 960	
Other Contracted Services	2,322	
Instructional Supplies and Materials	2,493	
Vocational Instruction Equipment	45,678	
Total Vocational Education Program		51,453
Support Services		
Other Student Support		
Other Salaries and Wages	$ 6,251	
Social Security	384	
Pensions	575	
Employer Medicare	90	
Travel	17,213	
Other Contracted Services	1,436	
Other Supplies and Materials	3,800	
Other Equipment	296	
Total Other Student Support		30,045

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)				
Support Services (Cont.)				
Regular Instruction Program				
Supervisor/Director	$	67,536		
Other Salaries and Wages		236,172		
Social Security		18,386		
Pensions		27,408		
Medical Insurance		39,928		
Dental Insurance		1,670		
Employer Medicare		4,300		
Communication		200		
Postal Charges		100		
Travel		15,240		
Other Contracted Services		39,722		
Other Supplies and Materials		51,766		
In Service/Staff Development		75,880		
Other Equipment		960		
Total Regular Instruction Program			$	579,268
Special Education Program				
Psychological Personnel	$	43,370		
Other Salaries and Wages		83,047		
Social Security		7,687		
Pensions		10,072		
Medical Insurance		20,631		
Dental Insurance		946		
Employer Medicare		1,798		
Travel		5,535		
Other Contracted Services		79,202		
In Service/Staff Development		420		
Total Special Education Program				252,708
Vocational Education Program				
In Service/Staff Development	$	2,059		
Total Vocational Education Program				2,059
Office of the Principal				
Travel	$	4,528		
In Service/Staff Development		14,361		
Total Office of the Principal				18,889
Transportation				
Contracts with Private Agencies	$	95,067		
Total Transportation				95,067
Operation of Non-Instructional Services				
Community Services				
Supervisor/Director	$	9,800		
Teachers		119,316		

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)			
Operation of Non-Instructional Services (Cont.)			
Community Services (Cont.)			
Educational Assistants	$ 30,069		
Other Salaries and Wages	42,305		
Social Security	12,405		
Pensions	18,514		
Employer Medicare	2,901		
Travel	3,168		
Other Contracted Services	7,500		
Instructional Supplies and Materials	32,191		
Other Supplies and Materials	1,688		
In Service/Staff Development	7,145		
Other Charges	10,999		
Total Community Services		$ 298,001	
Total School Federal Projects Fund			$ 3,036,879
Central Cafeteria Fund			
Operation of Non-Instructional Services			
Food Service			
Accountants/Bookkeepers	$ 28,124		
Cafeteria Personnel	618,115		
Other Salaries and Wages	29,230		
Social Security	39,925		
Pensions	53,018		
Medical Insurance	171,399		
Dental Insurance	8,600		
Employer Medicare	9,558		
Communication	3,907		
Maintenance and Repair Services - Equipment	15,635		
Transportation - Other than Students	2,677		
Travel	5,616		
Other Contracted Services	22,318		
Food Preparation Supplies	56,901		
Food Supplies	1,019,041		
Office Supplies	3,629		
USDA - Commodities	109,141		
Other Supplies and Materials	32,826		
In Service/Staff Development	5,878		
Other Charges	560		
Food Service Equipment	14,698		
Total Food Service		$ 2,250,796	
Total Central Cafeteria Fund			2,250,796

(Continued)

Exhibit K-8

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

Education Capital Projects Fund			
Capital Projects			
Education Capital Projects			
Building Improvements	$ 75,361		
Total Education Capital Projects		$ 75,361	
Total Education Capital Projects Fund			$ 75,361
Total Governmental Funds - Hardin County School Department			$ 32,029,849

Exhibit K-9

Hardin County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2015

	Cities - Sales Tax Fund
Cash Receipts	
Local Option Sales Tax	$ 2,959,784
Total Cash Receipts	$ 2,959,784
Cash Disbursements	
Remittance of Revenues Collected	$ 2,930,186
Trustee's Commission	29,598
Total Cash Disbursements	$ 2,959,784
Excess of Cash Receipts Over (Under) Cash Disbursements	$ 0
Cash Balance, July 1, 2014	0
Cash Balance, June 30, 2015	$ 0

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

Hardin County Mayor and
Board of County Commissioners
Hardin 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 Hardin County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Hardin County's basic financial statements, and have issued our report thereon dated February 5, 2016. Our report includes a reference to other auditors who audited the financial statements of the Park Rest Hardin County Health Center, and the discretely presented Hardin Medical Center, Hardin County Emergency Communications District, and Hardin County Convention and Visitors Bureau, as described in our report on Hardin County's financial statements. This report does not include the results of other auditors testing of internal controls 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 Hardin 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 Hardin County's internal control. Accordingly, we do not express an opinion on the effectiveness of Hardin County's internal control.

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

possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2015-001, 2015-003, and 2015-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hardin 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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 2015-002.

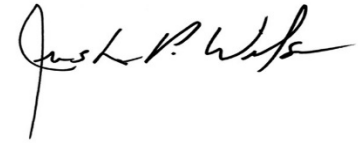
Hardin County's Responses to Findings

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

Purpose of this Report

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

February 5, 2016

JPW/kp

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
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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

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Hardin County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hardin County's major federal programs for the year ended June 30, 2015. Hardin 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 Hardin 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 Hardin 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 Hardin County's compliance.

Opinion on Each Major Federal Program

In our opinion, Hardin 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, 2015.

Report on Internal Control Over Compliance

Management of Hardin 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 Hardin 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 Hardin 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.

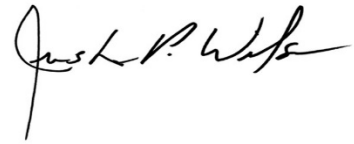
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 Hardin County, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Hardin County's basic financial statements. We issued our report thereon dated February 5, 2016, 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 5, 2016

JPW/kp

Hardin County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2015

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	$ 464,543
National School Lunch Program	10.555	N/A	1,344,226 (3)
Summer Food Service Program for Children	10.559	N/A	29,980
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	10,000
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	109,141 (3)
Total U.S. Department of Agriculture			$ 1,957,890
U.S. Department of Defense:			
Passed through State Department of General Services:			
Section 1033 Excess Property Program	12.UNKNOWN	(2)	$ 35,800
Total U.S. Department of Defense			$ 35,800
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	35314	$ 79,082
Shelter Plus Care	14.238	(2)	19,004
Total U.S. Department of Housing and Urban Development			$ 98,086
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	$ 9,180
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(2)	14,374
Total U.S. Department of Justice			$ 23,554
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	(2)	$ 17,988
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	34101-18114	9,600
Total U.S. Department of Transportation			$ 27,588
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	30504-00315-55	$ 1,497
Total U.S. Institute of Museum and Library Services			$ 1,497
U.S. Department of Education:			
Direct Program:			
Fund for the Improvement of Education	84.215	N/A	$ 324,000
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	1,184,020
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	790,681
Special Education - Preschool Grants	84.173	N/A	32,795
Career and Technical Education - Basic Grants to States	84.048	N/A	71,386
Twenty-first Century Community Learning Centers	84.287	N/A	298,000
Rural Education	84.358	N/A	64,541

(Continued)

Hardin 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 Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Mathematics and Science Partnerships	84.366	33103-00715	$ 75,000
Improving Teacher Quality State Grants	84.367	N/A	164,095
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	286,887
Total U.S. Department of Education			$ 3,291,405
U.S. Department of Health and Human Services:			
Passed-through State Commission on Aging and Disability:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	$ 27,892
Total U.S. Department of Health and Human Services			$ 27,892
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	$ 11,414
Emergency Management Performance Grants	97.042	(2)	35,000
Assistance to Firefighters Grant	97.044	(2)	665,096
Homeland Security Grant Program	97.067	34101-24815	12,046
Total U.S. Department of Homeland Security			$ 723,556
Total Expenditures of Federal Awards			$ 6,187,268
State Grants:		Contract Number	
Litter Program - State Department of Transportation	N/A	(2)	$ 39,505
Volunteer Fire Assistance Grant - State Department of Military	N/A	(2)	3,000
Clean Tennessee Energy Grant - State Department of Environment and Conservation	N/A	(2)	26,800
Safe Schools Act - State Department of Education	N/A	(2)	9,765
Coordinated School Health - State Department of Education	N/A	(2)	100,000
ACT/Explore - State Department of Education	N/A	(2)	9,897
Arts Student Ticket Subsidy - State Department of Education	N/A	(2)	3,525
ConnecTenn - State Department of Education	N/A	(2)	10,238
Early Childhood Education - State Department of Education	N/A	(2)	547,315
Total State Grants			$ 750,045

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 $1,453,367.

Hardin County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2015

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 Hardin County, Tennessee, for the year ended June 30, 2014, which have not been corrected.

OFFICE OF TRUSTEE

Finding Number	Page Number	Subject
2014-002	209	The office maintained a duplicate set of accounting records
2014-003	209	Multiple employees operated from the same cash drawer

HARDIN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

PART I, SUMMARY OF AUDITOR'S RESULTS

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

2. The audit of the financial statements of Hardin 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 Hardin County.

4. The audit reported 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); Title I Grants to Local Educational Agencies (CFDA No. 84.010); and Assistance to Firefighters Grant (CFDA No. 97.044) were determined to be major programs.

8. A $300,000 threshold was used to distinguish between Type A and Type B federal programs.

9. Hardin 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 School Department's chief financial officer and the trustee provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF HIGHWAY COMMISSIONER

FINDING 2015-001 **TIME SHEETS DID NOT ALWAYS ACCURATELY REFLECT TIME WORKED**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Time sheets for Highway Department employees did not always accurately reflect time worked. In most instances, time sheets for workers reflected that they worked five days a week for eight hours each day. However, we were advised by the highway commissioner that most employees actually worked four days a week for ten hours each day. He stated that when the department switched from a five-day to a four-day work week, the time sheets were not changed because they thought it would be less confusing for the employees. Due to the failure to accurately record time, we were unable to determine the actual hours worked by employees. Sound business practices dictate that time and attendance records should be accurately maintained for all employees. The failure to maintain adequate documentation of time worked weakens internal controls over the payroll process and increases the risks of improper payments.

RECOMMENDATION

Time sheets should be accurately maintained and reflect the actual hours worked.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2015-002 **THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN BUDGET OPERATIONS**
(Noncompliance Under *Government Auditing Standards*)

We noted the following deficiencies in budget operations:

A. General Purpose School Fund expenditures exceeded appropriations approved by the County Commission in the Other Debt Service – Education major appropriation category (the legal level of control) by $21,468.

B. Salaries exceeded appropriations in three of 72 salary line-items of the General Purpose School Fund by amounts ranging from $136 to $371. The budget resolution approved by the County Commission states that the salary, wages,

or enumeration of each official, employee, or agent of the county shall not exceed appropriations that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

Section 5-9-401, *Tennessee Code Annotated*, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies." These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

MANAGEMENT'S RESPONSE – SCHOOL DEPARTMENT CHIEF FINANCIAL OFFICER

General Purpose School Fund expenditures for the Other Debt Service – Education major category consist of payments by the School Department back to the county's Rural Debt Service Fund for one cent of the sales taxes distributed to the School Department. This expenditure is directly related to the sales tax revenues recognized by the School Department. Since sales tax collections have been down for the past several years, the School Department has made conservative budget estimates for sales tax revenues, and consequently, conservative estimates for the one cent that is returned to the county's Rural Debt Service Fund. As a result, sales tax revenues exceeded budget estimates by $57,234 causing the Other Debt Service – Education major category to exceed the budget by $21,468. In the future, the School Department will strive to develop budget estimates that are as accurate as possible for both sales tax revenue and Other Debt Service – Education.

OFFICE OF TRUSTEE

FINDING 2015-003 **THE OFFICE MAINTAINED A DUPLICATE SET OF RECEIPTS**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The office issued all receipts manually and then entered them into the computerized accounting records as automated receipts. Sound business practices dictate that manual receipts be discontinued after electronic records are installed. Maintaining both manual and automated receipts resulted in increased costs for operations. In addition, this practice could result in the failure to record all receipts into the official electronic record and increases the risks of fraud and abuse. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The office should discontinue maintaining a duplicate set of receipts and only issue receipts electronically.

MANAGEMENT'S RESPONSE – TRUSTEE

At present, pre-numbered manual receipts work best. This gives a "double-check" for proofing that each cash drawer is in balance at the end of each day.

AUDITOR'S COMMENT

Each cash drawer should be balanced back to the electronic receipts at the end of each day. The practice of issuing two sets of receipts is cumbersome, expensive, and increases the chance of errors.

FINDING 2015-004 **EMPLOYEES HAD ACCESS TO THE TRUSTEE'S CASH DRAWER**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had a separate cash drawer, all employees accessed the trustee's cash drawer to make change from the cash on hand. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but the beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the official resulting in a loss of control over assets. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The trustee should ensure that each employee has access only to their own cash drawer.

MANAGEMENT'S RESPONSE – TRUSTEE

As stated in the audit finding, each employee has their own drawer. Since the Office of Trustee is the banker for the county, I chose to have cash money in my drawer so that the amount would be sufficient to make change to customers. Even now, I do not believe this should be a problem.

AUDITOR'S COMMENT

As noted in the finding above, each employee should start the day with a standard fixed amount of cash in their own cash drawer to make change and reconcile back to this fixed amount at the end of the day. Allowing all employees to access one cash drawer defeats the purpose of maintaining separate cash drawers. In the event of a cash shortage it would not be possible to determine who was responsible since all employees had access.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal awards.

BEST PRACTICE

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

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

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

Hardin 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.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Management will continue to encourage the establishment of centralized accounting, budgeting, and purchasing. However, we feel the cost of centralization would be a burden to the county budget at this time.

AUDITOR'S COMMENT

The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Hardin County. Tennessee counties of various sizes have implemented central systems of accounting, purchasing, and budgeting. While a central system may have some initial set-up costs, the consolidation of the current financial staff from the general government, highway, and school departments should minimize the increased costs.

HARDIN COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2015

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