

ANNUAL FINANCIAL REPORT
HARDEMAN COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2016



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
HARDEMAN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2016**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT
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Director***

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State Auditors***

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

HARDEMAN COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6
<u>INTRODUCTORY SECTION</u>		7
Hardeman County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Position	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19-20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	24
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	C-5	25-28
Highway/Public Works Fund	C-6	29
Proprietary Fund:		
Statement of Net Position	D-1	30-31
Statement of Revenues, Expenses, and Changes in Net Position	D-2	32-33
Statement of Cash Flows	D-3	34-35
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	36
Index and Notes to the Financial Statements		37-85
REQUIRED SUPPLEMENTARY INFORMATION:		86
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	F-1	87
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	F-2	88
Schedule of Contributions Based on Participation in the Teacher Retirement Plan of TCRS – Discretely Presented Hardeman County School Department	F-3	89

	Exhibit	Page(s)
Schedule of Contributions Based on Participation in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Hardeman County School Department	F-4	90
Schedule of Proportionate Share of the Net Pension Asset in the Teacher Retirement Plan of TCRS – Discretely Presented Hardeman County School Department	F-5	91
Schedule of Proportionate Share of the Net Pension Asset (Liability) in the Teacher Legacy Pension Plan of TCRS – Discretely Presented Hardeman County School Department	F-6	92
Schedule of Funding Progress – Other Postemployment Benefits Plan – Discretely Presented Hardeman County School Department	F-7	93
Notes to the Required Supplementary Information		94
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		95
Nonmajor Governmental Funds:		96-97
Combining Balance Sheet	G-1	98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	99-100
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
Drug Control Fund	G-3	101
General Debt Service Fund	G-4	102
Fiduciary Funds:		103
Combining Statement of Fiduciary Assets and Liabilities	H-1	104
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	105
Component Unit:		
Discretely Presented Hardeman County School Department:		106
Statement of Activities	I-1	107
Balance Sheet – Governmental Funds	I-2	108
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	I-3	109
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	110
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	111
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	113
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	114-115
School Federal Projects Fund	I-9	116-117
Central Cafeteria Fund	I-10	118
Miscellaneous Schedules:		119
Schedule of Changes in Long-term Notes, Other Loan, Capital Lease, and Bonds	J-1	120
Schedule of Long-term Debt Requirements by Year	J-2	121
Schedule of Transfers – Discretely Presented Hardeman County School Department	J-3	122

	Exhibit	Page(s)
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Hardeman County School Department	J-4	123
Schedule of Detailed Revenues – All Governmental Fund Types	J-5	124-137
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Hardeman County School Department	J-6	138-141
Schedule of Detailed Expenditures – All Governmental Fund Types	J-7	142-156
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Hardeman County School Department	J-8	157-167
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	J-9	168
 <u>SINGLE AUDIT SECTION</u>		 169
Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		170-171
Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by Uniform Guidance		172-174
Schedule of Expenditures of Federal Awards and State Grants		175-176
Summary Schedule of Prior-year Findings		177-178
Schedule of Findings and Questioned Costs		179-185
Management's Corrective Action Plan		186-188
Best Practice		189

Summary of Audit Findings

Annual Financial Report
Hardeman County, Tennessee
For the Year Ended June 30, 2016

Scope

We have audited the basic financial statements of Hardeman County as of and for the year ended June 30, 2016.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ Compensation was paid in-lieu-of insurance benefits to some employees.
- ◆ Deficiencies were noted in the operations of the airport.
- ◆ Expenditures exceeded appropriations.
- ◆ The office had deficiencies related to employee travel.

OFFICE OF SHERIFF

- ◆ Inventory records were not maintained for seized cash.

INTRODUCTORY SECTION

Hardeman County Officials

June 30, 2016

Officials

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

Board of County Commissioners

Jimmy Sain, County Mayor, Chairman	Viscen Morrow
Gary Barber	Anthony Pulse
Chris Bell	Jackie Sain
Elmer Cobb	Mac Vaughn
Jim Daniel	John Vickers
Bobby Doyle	Elvis White
Chandra Lake	Major Wilburn
Johnny Lanier	Connie Young
Mike Madden	

Board of Highway Supervisors

John Mitchell, Chairman
Kenny Pulse
Tony Ross

Board of Education

Bobby Henderson, Chairman	Jerry Crisp
Kenny Adkins	Terry King
Jennifer Aylor	Richard Nelms
Beverly Bodiford	
Patricia Carter	

Audit Committee

Viscen Morrow, Chairman	Johnny Lanier
Jim Daniel	Jerry Watkins

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
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Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardeman County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardeman County, Tennessee, as of June 30, 2016, and the respective changes in financial position 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., Hardeman County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB 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 No. 68*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. 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 (asset) 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, etc. on pages 87-94 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hardeman County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, combining and individual fund financial statements of the Hardeman 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, combining and individual fund financial statements of the Hardeman 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, combining and individual fund financial statements of the Hardeman 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 September 20, 2016, on our consideration of Hardeman County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hardeman County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke on the left side.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 20, 2016

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Hardeman County, Tennessee
Statement of Net Position
June 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Hardeman
				County School Department
<u>ASSETS</u>				
Cash	\$ 77,822	\$ 340	\$ 78,162	\$ 16
Equity in Pooled Cash and Investments	4,945,333	3,051,709	7,997,042	7,853,053
Accounts Receivable	2,629,762	772,733	3,402,495	12,502
Allowance for Uncollectibles	(1,439,481)	(255,002)	(1,694,483)	0
Due from Other Governments	559,555	0	559,555	1,210,070
Due from Other Funds	0	11,262	11,262	0
Due from Component Units	98,750	0	98,750	0
Property Taxes Receivable	4,143,930	0	4,143,930	5,919,899
Allowance for Uncollectible Property Taxes	(146,090)	0	(146,090)	(208,698)
Cash Shortage	0	2,250	2,250	0
Net Pension Asset - Agent Plan	18,154	723	18,877	12,043
Net Pension Asset - Teacher Retirement Plan	0	0	0	16,148
Capital Assets:				
Assets Not Depreciated:				
Land	1,737,550	219,838	1,957,388	358,116
Construction in Progress	139,372	0	139,372	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	3,088,163	1,425,006	4,513,169	11,831,712
Infrastructure	14,132,775	0	14,132,775	0
Other Capital Assets	2,569,329	76,422	2,645,751	2,428,230
Total Assets	\$ 32,554,924	\$ 5,305,281	\$ 37,860,205	\$ 29,433,091
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charge on Refunding	\$ 129,333	\$ 0	\$ 129,333	\$ 0
Pension Changes in Experience	788,599	31,406	820,005	669,835
Pension Changes in Investment Earnings	599,310	23,868	623,178	3,698,917
Pension Other Deferrals	0	0	0	113,467
Pension Contributions After Measurement Date	436,953	13,586	450,539	1,828,007
Total Deferred Outflows of Resources	\$ 1,954,195	\$ 68,860	\$ 2,023,055	\$ 6,310,226
<u>LIABILITIES</u>				
Accounts Payable	\$ 48,440	\$ 15,590	\$ 64,030	\$ 35,965
Payroll Deductions Payable	16,700	382	17,082	10,899
Accrued Interest Payable	49,205	0	49,205	0
Due to Other Funds	11,262	0	11,262	0
Due to Primary Government	0	0	0	98,750
Due to State of Tennessee	3,148	68	3,216	0
Noncurrent Liabilities:				
Due Within One Year	894,290	1,022	895,312	39,612
Due in More Than One Year	7,076,654	2,698,035	9,774,689	1,283,285
Total Liabilities	\$ 8,099,699	\$ 2,715,097	\$ 10,814,796	\$ 1,468,511

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Hardeman County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 3,860,118	\$ 0	\$ 3,860,118	\$ 5,514,455
Pension Changes in Experience	1,146,035	45,641	1,191,676	3,610,190
Pension Changes in Investment Earnings	803,482	31,999	835,481	5,013,001
Total Deferred Inflows of Resources	<u>\$ 5,809,635</u>	<u>\$ 77,640</u>	<u>\$ 5,887,275</u>	<u>\$ 14,137,646</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 20,602,785	\$ 1,721,266	\$ 22,324,051	\$ 14,618,058
Restricted for:				
General Government	35,423	0	35,423	0
Finance	16,077	0	16,077	0
Administration of Justice	116,452	0	116,452	0
Public Safety	591,022	0	591,022	0
Public Health and Welfare	715,396	0	715,396	0
Highways/Public Works	149,702	0	149,702	0
Debt Service	274,806	0	274,806	0
Education	0	0	0	32,100
Other Purposes	18,154	723	18,877	0
Operation of Non-instructional Services	0	0	0	552,785
Unrestricted	<u>(1,920,032)</u>	<u>859,415</u>	<u>(1,060,617)</u>	<u>4,934,217</u>
Total Net Position	<u>\$ 20,599,785</u>	<u>\$ 2,581,404</u>	<u>\$ 23,181,189</u>	<u>\$ 20,137,160</u>

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

Exhibit B

Hardeman County, Tennessee
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Hardeman County School Department
					Total Governmental Activities	Business- type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 2,044,977	\$ 298,861	\$ 338,533	\$ 0	\$ (1,407,583)	\$ 0	\$ (1,407,583)	\$ 0
Finance	762,571	636,353	0	0	(126,218)	0	(126,218)	0
Administration of Justice	1,085,793	726,461	4,800	0	(354,532)	0	(354,532)	0
Public Safety	4,764,482	716,673	24,720	268,177	(3,754,912)	0	(3,754,912)	0
Public Health and Welfare Social, Cultural, and Recreational Services	2,448,007	1,595,891	329,479	0	(522,637)	0	(522,637)	0
Agriculture and Natural Resources	101,153	0	0	0	(101,153)	0	(101,153)	0
Highways/Public Works	122,599	0	9,511	0	(113,088)	0	(113,088)	0
Interest on Long-term Debt	2,567,309	0	2,084,938	254,477	(227,894)	0	(227,894)	0
	163,130	0	11,288	0	(151,842)	0	(151,842)	0
Total Governmental Activities	\$ 14,060,021	\$ 3,974,239	\$ 2,803,269	\$ 522,654	\$ (6,759,859)	\$ 0	\$ (6,759,859)	\$ 0
Business-type Activities:								
Solid Waste Disposal	\$ 1,113,765	\$ 1,261,770	\$ 11,099	\$ 0	\$ 0	\$ 159,104	\$ 159,104	\$ 0
Total Business-type Activities	\$ 1,113,765	\$ 1,261,770	\$ 11,099	\$ 0	\$ 0	\$ 159,104	\$ 159,104	\$ 0
Total Primary Government	\$ 15,173,786	\$ 5,236,009	\$ 2,814,368	\$ 522,654	\$ (6,759,859)	\$ 159,104	\$ (6,600,755)	\$ 0
Component Unit:								
Hardeman County								
School Department	\$ 34,848,752	\$ 332,613	\$ 4,555,379	\$ 0	\$ 0	\$ 0	\$ 0	\$ (29,960,760)
Total Component Unit	\$ 34,848,752	\$ 332,613	\$ 4,555,379	\$ 0	\$ 0	\$ 0	\$ 0	\$ (29,960,760)

(Continued)

Exhibit B

Hardeman County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Hardeman
					Total Governmental Activities	Business- type Activities	Total	County School Department
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 4,006,425	\$ 0	\$ 4,006,425	\$ 5,804,850
Local Option Sales Taxes					160,063	0	160,063	2,265,210
Wheel Tax					1,520,071	0	1,520,071	0
Litigation Tax					211,200	0	211,200	0
Business Tax					188,530	0	188,530	0
Wholesale Beer Tax					101,540	0	101,540	0
Other Local Taxes					26,367	0	26,367	4,737
Grants and Contributions Not Restricted for Specific Programs					2,216,676	0	2,216,676	23,571,236
Unrestricted Investment Income					84,369	10,926	95,295	2,476
Miscellaneous					204,455	820	205,275	65,888
Total General Revenues					\$ 8,719,696	\$ 11,746	\$ 8,731,442	\$ 31,714,397
Change in Net Position					\$ 1,959,837	\$ 170,850	\$ 2,130,687	\$ 1,753,637
Net Position, July 1, 2015					18,639,948	2,410,554	21,050,502	18,383,523
Net Position, June 30, 2016					\$ 20,599,785	\$ 2,581,404	\$ 23,181,189	\$ 20,137,160

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

Exhibit C-1

Hardeman County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds		Nonmajor	Total
	General	Highway / Public Works	Other Govern- mental Funds	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 77,822	\$ 77,822
Equity in Pooled Cash and Investments	2,839,403	932,640	1,173,290	4,945,333
Accounts Receivable	2,629,608	0	154	2,629,762
Allowance for Uncollectibles	(1,439,481)	0	0	(1,439,481)
Due from Other Governments	192,277	367,278	0	559,555
Due from Other Funds	1,082	0	0	1,082
Property Taxes Receivable	4,143,930	0	0	4,143,930
Allowance for Uncollectible Property Taxes	(146,090)	0	0	(146,090)
Total Assets	<u>\$ 8,220,729</u>	<u>\$ 1,299,918</u>	<u>\$ 1,251,266</u>	<u>\$ 10,771,913</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 40,412	\$ 8,028	\$ 0	\$ 48,440
Payroll Deductions Payable	14,770	1,930	0	16,700
Due to Other Funds	11,262	0	1,082	12,344
Due to State of Tennessee	2,068	1,080	0	3,148
Total Liabilities	<u>\$ 68,512</u>	<u>\$ 11,038</u>	<u>\$ 1,082</u>	<u>\$ 80,632</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 3,860,118	\$ 0	\$ 0	\$ 3,860,118
Deferred Delinquent Property Taxes	127,422	0	0	127,422
Other Deferred/Unavailable Revenue	1,236,632	190,639	0	1,427,271
Total Deferred Inflows of Resources	<u>\$ 5,224,172</u>	<u>\$ 190,639</u>	<u>\$ 0</u>	<u>\$ 5,414,811</u>

(Continued)

Exhibit C-1

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

FUND BALANCES

	Major Funds		Nonmajor Funds		Total
	General	Highway / Public Works	Other Govern- mental Funds		Governmental Funds
Restricted:					
Restricted for General Government	\$ 35,423	\$ 0	\$ 0	\$	35,423
Restricted for Finance	16,077	0	0		16,077
Restricted for Administration of Justice	116,452	0	0		116,452
Restricted for Public Safety	503,037	0	87,985		591,022
Restricted for Public Health and Welfare	21,306	0	694,090		715,396
Restricted for Debt Service	0	0	193,642		193,642
Committed:					
Committed for Finance	0	0	76,894		76,894
Committed for Highways/Public Works	0	1,098,241	0		1,098,241
Committed for Capital Projects	0	0	197,573		197,573
Assigned:					
Assigned for Finance	936	0	0		936
Assigned for Public Safety	3,500	0	0		3,500
Assigned for Public Health and Welfare	1,366	0	0		1,366
Assigned for Other Operations	6,859	0	0		6,859
Unassigned	2,223,089	0	0		2,223,089
Total Fund Balances	<u>\$ 2,928,045</u>	<u>\$ 1,098,241</u>	<u>\$ 1,250,184</u>	<u>\$</u>	<u>5,276,470</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,220,729</u>	<u>\$ 1,299,918</u>	<u>\$ 1,251,266</u>	<u>\$</u>	<u>10,771,913</u>

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

Exhibit C-2

Hardeman County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2016

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)		\$ 5,276,470	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,737,550	
Add: construction in progress		139,372	
Add: buildings and improvements net of accumulated depreciation		3,088,163	
Add: infrastructure net of accumulated depreciation		14,132,775	
Add: other capital assets net of accumulated depreciation		<u>2,569,329</u>	21,667,189
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(1,064,404)	
Less: other loan payable		(98,750)	
Less: bonds payable		(5,930,000)	
Add: debt to be contributed by the School Department		98,750	
Add: deferred amount on refunding		129,333	
Less: other deferred revenue - premium on debt		(107,355)	
Less: compensated absences payable		(770,435)	
Less: accrued interest on bonds, notes, and capital lease		(49,205)	
Add: net pension asset - agent plan		<u>18,154</u>	(7,773,912)
(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	\$	1,824,862	
Less: deferred inflows of resources related to pensions		<u>(1,949,517)</u>	(124,655)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>1,554,693</u>
Net position of governmental activities (Exhibit A)			<u>\$ 20,599,785</u>

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

Exhibit C-3

Hardeman County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 4,971,208	\$ 760,035	\$ 760,036	\$ 6,491,279
Licenses and Permits	40,315	150	0	40,465
Fines, Forfeitures, and Penalties	205,227	0	67,456	272,683
Charges for Current Services	1,522,054	0	292,896	1,814,950
Other Local Revenues	363,044	10,768	6,576	380,388
Fees Received From County Officials	944,496	0	0	944,496
State of Tennessee	2,190,747	2,317,221	0	4,507,968
Federal Government	62,217	5,028	0	67,245
Other Governments and Citizens Groups	239,299	0	704,193	943,492
Total Revenues	\$ 10,538,607	\$ 3,093,202	\$ 1,831,157	\$ 15,462,966
<u>Expenditures</u>				
Current:				
General Government	\$ 749,614	\$ 0	\$ 0	\$ 749,614
Finance	274,812	0	292,446	567,258
Administration of Justice	650,643	0	450	651,093
Public Safety	3,239,667	0	41,214	3,280,881
Public Health and Welfare	1,900,593	0	0	1,900,593
Social, Cultural, and Recreational Services	89,614	0	0	89,614
Agriculture and Natural Resources	122,599	0	0	122,599
Other Operations	2,668,938	0	0	2,668,938
Highways	0	3,183,834	0	3,183,834
Debt Service:				
Principal on Debt	46,983	63,835	598,228	709,046
Interest on Debt	3,076	208	148,248	151,532
Other Debt Service	0	0	329,740	329,740

(Continued)

Exhibit C-3

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

	<u>Major Funds</u>		<u>Nonmajor</u> <u>Funds</u>	
	<u>General</u>	<u>Highway /</u> <u>Public</u> <u>Works</u>	<u>Other</u> <u>Govern-</u> <u>mental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>Expenditures (Cont.)</u>				
Capital Projects	\$ 0	\$ 0	\$ 805,605	\$ 805,605
Total Expenditures	\$ 9,746,539	\$ 3,247,877	\$ 2,215,931	\$ 15,210,347
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>				
	\$ 792,068	\$ (154,675)	\$ (384,774)	\$ 252,619
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 100,000	\$ 800,000	\$ 900,000
Insurance Recovery	0	96,183	0	96,183
Total Other Financing Sources (Uses)	\$ 0	\$ 196,183	\$ 800,000	\$ 996,183
<u>Net Change in Fund Balances</u>				
Fund Balance, July 1, 2015	\$ 2,135,977	\$ 1,056,733	\$ 834,958	\$ 4,027,668
Fund Balance, June 30, 2016	\$ 2,928,045	\$ 1,098,241	\$ 1,250,184	\$ 5,276,470

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

Exhibit C-4

Hardeman County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

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)		\$ 1,248,802
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,365,993	
Less: current-year depreciation expense	<u>(1,849,848)</u>	516,145
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.		
Add: assets donated and capitalized	\$ 263,149	
Less: book value of capital assets disposed	<u>(806)</u>	262,343
(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, 2016	\$ 1,554,693	
Less: deferred delinquent property taxes and other deferred June 30, 2015	<u>(1,253,204)</u>	301,489
(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.		
Add: principal payments on bonds	\$ 545,000	
Add: principal payments on notes	127,806	
Add: principal payments on capital lease	18,012	
Add: principal payments on other loan	18,228	
Less: note proceeds	(900,000)	
Less: contributions from the School Department for the other loan	(18,228)	
Less: change in deferred amount on refunding debt	(30,873)	
Add: change in premium on debt proceeds	<u>11,288</u>	(228,767)
(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	\$ (11,598)	
Change in net pension asset	413,753	
Change in deferred outflows related to pensions	689,635	
Change in deferred inflows related to pensions	(1,186,052)	
Change in compensated absences payable	<u>(45,913)</u>	(140,175)
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,959,837</u>

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

Exhibit C-5

Hardeman County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,971,208	\$ 0	\$ 0	\$ 4,971,208	\$ 4,659,900	\$ 4,659,900	\$ 311,308
Licenses and Permits	40,315	0	0	40,315	18,400	18,400	21,915
Fines, Forfeitures, and Penalties	205,227	0	0	205,227	155,800	159,800	45,427
Charges for Current Services	1,522,054	0	0	1,522,054	1,696,900	1,696,900	(174,846)
Other Local Revenues	363,044	0	0	363,044	249,413	299,413	63,631
Fees Received From County Officials	944,496	0	0	944,496	1,275,000	1,275,000	(330,504)
State of Tennessee	2,190,747	0	0	2,190,747	2,250,579	2,583,137	(392,390)
Federal Government	62,217	0	0	62,217	77,778	77,778	(15,561)
Other Governments and Citizens Groups	239,299	0	0	239,299	185,000	188,000	51,299
Total Revenues	\$ 10,538,607	\$ 0	\$ 0	\$ 10,538,607	\$ 10,568,770	\$ 10,958,328	\$ (419,721)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 8,794	\$ 0	\$ 0	\$ 8,794	\$ 17,655	\$ 17,655	\$ 8,861
Board of Equalization	560	0	0	560	1,000	1,000	440
Beer Board	770	0	0	770	500	800	30
Budget and Finance Committee	1,486	0	0	1,486	3,200	3,200	1,714
Other Boards and Committees	3,640	0	0	3,640	4,000	4,000	360
County Mayor/Executive	150,332	0	0	150,332	155,508	155,508	5,176
County Attorney	11,605	0	0	11,605	11,771	61,771	50,166
Election Commission	158,459	0	0	158,459	182,648	182,648	24,189
Register of Deeds	141,147	(660)	0	140,487	147,989	147,989	7,502
Development	70,599	0	0	70,599	74,750	79,750	9,151
County Buildings	160,312	0	0	160,312	197,793	197,793	37,481
Other General Administration	37,659	0	0	37,659	35,000	35,000	(2,659)
Preservation of Records	4,251	0	0	4,251	7,200	7,200	2,949
<u>Finance</u>							
Accounting and Budgeting	9,333	0	0	9,333	0	9,400	67
Purchasing	3,600	0	0	3,600	3,600	3,600	0
Property Assessor's Office	190,682	0	0	190,682	212,594	212,594	21,912

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Reappraisal Program	\$ 23,348	\$ 0	\$ 0	\$ 23,348	\$ 32,885	\$ 32,885	\$ 9,537
County Trustee's Office	21,397	0	936	22,333	165,910	55,780	33,447
County Clerk's Office	26,452	0	0	26,452	208,730	35,175	8,723
<u>Administration of Justice</u>							
Circuit Court	264,755	0	0	264,755	284,535	284,535	19,780
General Sessions Court	124,362	0	0	124,362	127,323	127,323	2,961
Drug Court	49,400	0	0	49,400	0	50,000	600
Chancery Court	158,294	0	0	158,294	164,332	165,739	7,445
Juvenile Court	41,705	0	0	41,705	42,608	42,608	903
Victim Assistance Programs	12,127	0	0	12,127	10,000	10,000	(2,127)
<u>Public Safety</u>							
Sheriff's Department	1,671,710	(475)	3,500	1,674,735	1,772,665	1,716,029	41,294
Workhouse	1,375,828	(518)	0	1,375,310	1,298,264	1,298,264	(77,046)
Juvenile Services	34,132	0	0	34,132	34,539	34,539	407
Fire Prevention and Control	114,580	0	0	114,580	140,000	140,000	25,420
Civil Defense	14,477	0	0	14,477	17,092	17,092	2,615
County Coroner/Medical Examiner	28,940	0	0	28,940	35,000	35,000	6,060
<u>Public Health and Welfare</u>							
Local Health Center	65,541	0	0	65,541	80,120	80,120	14,579
Rabies and Animal Control	56,760	0	0	56,760	65,400	66,957	10,197
Ambulance/Emergency Medical Services	1,358,218	(261)	1,366	1,359,323	1,535,136	1,547,636	188,313
Dental Health Program	162,101	0	0	162,101	249,622	249,622	87,521
Alcohol and Drug Programs	0	0	0	0	1,500	1,500	1,500
Other Local Health Services	2,816	0	0	2,816	2,816	2,816	0
Sanitation Education/Information	36,098	0	0	36,098	38,600	38,600	2,502
Waste Pickup	129,800	0	0	129,800	130,000	130,000	200
Convenience Centers	60,350	0	0	60,350	87,728	87,728	27,378
Other Public Health and Welfare	28,909	(1,940)	0	26,969	27,629	27,629	660

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services</u>							
Libraries	\$ 89,614	\$ 0	\$ 0	\$ 89,614	\$ 90,114	\$ 90,114	\$ 500
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	85,042	0	0	85,042	90,925	90,926	5,884
Forest Service	0	0	0	0	2,000	2,000	2,000
Soil Conservation	37,557	0	0	37,557	34,284	41,284	3,727
<u>Other Operations</u>							
Industrial Development	24,015	0	0	24,015	25,250	25,250	1,235
Housing and Urban Development	49,165	0	0	49,165	77,778	77,778	28,613
Other Economic and Community Development	7,424	0	0	7,424	0	10,000	2,576
Airport	419,012	(9,226)	6,859	416,645	122,180	416,538	(107)
Veterans' Services	12,467	0	0	12,467	12,617	12,617	150
Contributions to Other Agencies	20,051	0	0	20,051	20,051	20,051	0
Employee Benefits	1,755,853	0	0	1,755,853	1,940,556	1,977,656	221,803
Miscellaneous	380,951	0	0	380,951	384,986	403,892	22,941
<u>Principal on Debt</u>							
General Government	46,983	0	0	46,983	0	46,983	0
<u>Interest on Debt</u>							
General Government	3,076	0	0	3,076	0	3,076	0
Total Expenditures	\$ 9,746,539	\$ (13,080)	\$ 12,661	\$ 9,746,120	\$ 10,408,383	\$ 10,615,650	\$ 869,530
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 792,068	\$ 13,080	\$ (12,661)	\$ 792,487	\$ 160,387	\$ 342,678	\$ 449,809
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,000	\$ 20,000	\$ (20,000)
Transfers In	0	0	0	0	142,000	92,000	(92,000)
Transfers Out	0	0	0	0	(10,000)	(10,000)	10,000
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 152,000	\$ 102,000	\$ (102,000)

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 792,068	\$ 13,080	\$ (12,661)	\$ 792,487	\$ 312,387	\$ 444,678	\$ 347,809
Fund Balance, July 1, 2015	2,135,977	(13,080)	0	2,122,897	1,322,166	1,322,166	800,731
Fund Balance, June 30, 2016	\$ 2,928,045	\$ 0	\$ (12,661)	\$ 2,915,384	\$ 1,634,553	\$ 1,766,844	\$ 1,148,540

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

Exhibit C-6

Hardeman County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 760,035	\$ 825,000	\$ 825,000	\$ (64,965)
Licenses and Permits	150	200	200	(50)
Charges for Current Services	0	120	120	(120)
Other Local Revenues	10,768	11,500	11,500	(732)
State of Tennessee	2,317,221	3,012,000	3,266,477	(949,256)
Federal Government	5,028	125,000	125,000	(119,972)
Total Revenues	<u>\$ 3,093,202</u>	<u>\$ 3,973,820</u>	<u>\$ 4,228,297</u>	<u>\$ (1,135,095)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 216,931	\$ 231,395	\$ 231,395	\$ 14,464
Highway and Bridge Maintenance	921,437	1,120,150	1,120,150	198,713
Operation and Maintenance of Equipment	410,803	624,000	624,000	213,197
Asphalt Plant Operations	772,153	948,000	1,202,477	430,324
Other Charges	70,026	94,100	94,100	24,074
Employee Benefits	413,271	466,000	466,000	52,729
Capital Outlay	379,213	472,000	615,183	235,970
<u>Principal on Debt</u>				
Highways and Streets	63,835	13,836	63,836	1
<u>Interest on Debt</u>				
Highways and Streets	208	206	206	(2)
Total Expenditures	<u>\$ 3,247,877</u>	<u>\$ 3,969,687</u>	<u>\$ 4,417,347</u>	<u>\$ 1,169,470</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (154,675)</u>	<u>\$ 4,133</u>	<u>\$ (189,050)</u>	<u>\$ 34,375</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 100,000	\$ 0	\$ 100,000	\$ 0
Insurance Recovery	96,183	3,000	96,183	0
Total Other Financing Sources	<u>\$ 196,183</u>	<u>\$ 3,000</u>	<u>\$ 196,183</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 41,508	\$ 7,133	\$ 7,133	\$ 34,375
Fund Balance, July 1, 2015	<u>1,056,733</u>	<u>917,067</u>	<u>917,067</u>	<u>139,666</u>
Fund Balance, June 30, 2016	<u>\$ 1,098,241</u>	<u>\$ 924,200</u>	<u>\$ 924,200</u>	<u>\$ 174,041</u>

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

Exhibit D-1

Hardeman County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2016

Business-type
 Activities -
 Major
 Enterprise
 Fund

 Solid Waste
 Disposal
 Fund

ASSETS

Current Assets:		
Cash	\$	340
Equity in Pooled Cash and Investments		3,051,709
Accounts Receivable		772,733
Allowance for Uncollectibles		(255,002)
Due from Other Funds		11,262
Cash Shortage		2,250
Net Pension Asset - Agent Plan		723
Total Current Assets	\$	<u>3,584,015</u>
Noncurrent Assets:		
Capital Assets:		
Assets Not Depreciated:		
Land	\$	219,838
Assets Net of Accumulated Depreciation:		
Buildings and Improvements		1,425,006
Machinery and Equipment		76,422
Total Noncurrent Assets	\$	<u>1,721,266</u>
Total Assets	\$	<u>5,305,281</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension Changes in Experience	\$	31,406
Pension Changes in Investment Earnings		23,868
Pension Contributions After Measurement Date		13,586
Total Deferred Outflows of Resources	\$	<u>68,860</u>

LIABILITIES

Current Liabilities:		
Accounts Payable	\$	15,590
Payroll Deductions Payable		382
Accrued Leave - Current		1,022
Due to State of Tennessee		68
Total Current Liabilities	\$	<u>17,062</u>
Noncurrent Liabilities:		
Accrued Leave - Long-term	\$	38,032
Accrued Liability for Landfill Closure/Postclosure Care Costs		2,660,003
Total Noncurrent Liabilities	\$	<u>2,698,035</u>
Total Liabilities	\$	<u>2,715,097</u>

(Continued)

Exhibit D-1

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

	Business-type Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension Changes in Experience	\$ 45,641
Pension Changes in Investment Earnings	31,999
Total Deferred Inflows of Resources	<u>\$ 77,640</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 1,721,266
Restricted for Other Purposes	723
Unrestricted	<u>859,415</u>
Net Position	<u>\$ 2,581,404</u>

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

Exhibit D-2

Hardeman County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2016

	Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>Operating Revenues</u>	
Solid Waste Disposal Fee	\$ 1,261,770
Total Operating Revenues	<u>\$ 1,261,770</u>
<u>Operating Expenses</u>	
County Official/Administrative Officer	\$ 29,750
Accountants/Bookkeepers	4,667
Laborers	126,320
Clerical Personnel	56,866
Part-time Personnel	103,471
Bonus Payments	3,250
Social Security	20,060
Pensions	4,529
Employee and Dependent Insurance	42,807
Disability Insurance	17,409
Unemployment Compensation	650
Employer Medicare	4,691
Communication	6,745
Consultant	33,662
Contracts with Private Agencies	115,362
Legal Notices, Recording and Court Costs	465
Maintenance and Repair Services - Buildings	4,857
Maintenance and Repair Services - Equipment	105,632
Maintenance and Repair Services - Vehicles	7,904
Postal Charges	2,435
Travel	3,186
Disposal Fees	17,803
Custodial Supplies	1,226
Data Processing Supplies	2,064
Food Supplies	118
Gasoline	36,337
Lubricants	5,199

(Continued)

Exhibit D-2

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

	Business-type Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>Operating Expenses (Cont.)</u>	
Office Supplies	\$ 2,613
Uniforms	2,549
Utilities	41,265
Gravel and Chert	4,125
Other Supplies and Materials	6,712
Liability Insurance	16,058
Refunds	81
Depreciation	126,948
Surcharge	16,823
Landfill Closure/Postclosure Care Costs	44,167
Other Charges	39,923
Solid Waste Equipment	52,236
Other Capital Outlay	2,800
Total Operating Expenses	<u>\$ 1,113,765</u>
Operating Income	<u>\$ 148,005</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 10,926
Miscellaneous Refunds	820
Other State Revenues	11,099
Total Nonoperating Revenues (Expenses)	<u>\$ 22,845</u>
Change in Net Position	\$ 170,850
Net Position, July 1, 2015	<u>2,410,554</u>
Net Position, June 30, 2016	<u><u>\$ 2,581,404</u></u>

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

Exhibit D-3

Hardeman County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2016

	Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 1,446,685
Payments for Waste Disposal and Maintenance	(1,244,744)
Net Cash Provided By (Used In) Operating Activities	<hr/> \$ 201,941 <hr/>
<u>Cash Flows from Noncapital Financing Activities</u>	
Other State Revenues	\$ 11,099
Miscellaneous Refunds	820
Net Cash Provided By (Used In) Noncapital Financing Activities	<hr/> \$ 11,919 <hr/>
<u>Cash Flows from Investing Activities</u>	
Investment Income	\$ 10,926
Net Cash Provided By (Used In) Investing Activities	<hr/> \$ 10,926 <hr/>
Increase (Decrease) in Cash	\$ 224,786
Cash, July 1, 2015	<hr/> 2,827,263 <hr/>
Cash, June 30, 2016	<hr/> \$ 3,052,049 <hr/>

(Continued)

Exhibit D-3

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

	Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income	\$ 148,005
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	126,948
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(110,679)
(Increase) in Due from Other Funds	(2,729)
Decrease in Cash Shortage	813
(Increase) in Net Pension Asset	(30,500)
Decrease in Deferred Outflows of Resources Related to Pensions	1,266
Increase in Accounts Payable	976
Increase in Payroll Deductions Payable	214
(Decrease) in Due to State of Tennessee	(3)
Increase in Accrued Leave	3,286
Increase in Accrued Liability for Landfill Closure/Postclosure Costs	44,167
Increase in Deferred Inflows of Resources Related to Pensions	20,177
	<hr/>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 201,941</u>
<u>Reconciliation of Cash with Statement of Net Position</u>	
Cash Per Net Position	\$ 340
Equity in Pooled Cash and Investments Per Net Position	<u>3,051,709</u>
Cash, June 30, 2016	<u><u>\$ 3,052,049</u></u>

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

Exhibit E

Hardeman County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2016

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,316,658
Due from Other Governments	<u>285,000</u>
Total Assets	<u>\$ 1,601,658</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 285,000
Due to Litigants, Heirs, and Others	<u>1,316,658</u>
Total Liabilities	<u>\$ 1,601,658</u>

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

HARDEMAN COUNTY, TENNESSEE
Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	38
B. Government-wide and Fund Financial Statements	39
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	40
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	42
2. Receivables and Payables	43
3. Capital Assets	44
4. Deferred Outflows/Inflows of Resources	45
5. Compensated Absences	45
6. Long-term Obligations	46
7. Net Position and Fund Balance	46
E. Pension Plans	48
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	49
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	49
III. Stewardship, Compliance, and Accountability	
A. Budgetary Information	49
B. Cash Shortage - Prior Year	50
C. Expenditures Exceeded Appropriations	50
IV. Detailed Notes on All Funds	
A. Deposits and Investments	51
B. Capital Assets	53
C. Interfund Receivables, Payables, and Transfers	57
D. Long-term Obligations	58
E. On-Behalf Payments	62
V. Other Information	
A. Risk Management	63
B. Accounting Changes	64
C. Subsequent Event	65
D. Contingent Liabilities	65
E. Landfill Closure/Postclosure Care Costs	65
F. Joint Venture	66
G. Retirement Commitments	66
H. Other Postemployment Benefits (OPEB)	83
I. Purchasing Laws	85

HARDEMAN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Hardeman County is a public municipal corporation governed by an elected 16-member board. As required by GAAP, these financial statements present Hardeman County (the primary government) and its component units. The financial statements of the Hardeman County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of its omission will not affect our opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

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

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

Administrative Office:

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

Related Organizations – The Hardeman County Industrial Development Board and the Hardeman County Correctional Facilities Corporation are related organizations of Hardeman County. The county mayor nominates and the Hardeman County Commission confirms the board members, but the county’s accountability for the organizations does not extend beyond making the appointments.

B. Government-wide and Fund Financial Statements

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

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

Hardeman County issues all debt for the discretely presented Hardeman County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2016.

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

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

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

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

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

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

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

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

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

Hardeman County reports the following major governmental funds:

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

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

Hardeman County reports the following major proprietary fund:

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

Additionally, Hardeman County reports the following fund types:

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

Capital Projects Fund – The General Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

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

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

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

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

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

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

1. Deposits and Investments

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

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

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Hardeman County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Hardeman County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

All ambulance, property taxes, and solid waste receivables are shown with an allowance for uncollectibles. Ambulance and solid waste receivables allowances for uncollectibles are based on historical collection data. The allowance for uncollectible property taxes is equal to 1.86 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. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25
Machinery and Equipment	5
Other Capital Assets	5 - 40
Infrastructure:	
Roads	10 - 20
Bridges	5 - 20

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. 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 and the governmental funds balance sheet. These items are for the deferred charge on refunding and for pension changes in experience and investment earnings, pension changes in proportionate share of contributions, 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 experience and in investment earnings, and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. Compensated Absences

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

funds only if amounts have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

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

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

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

7. Net Position and Fund Balance

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

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

- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

The government-wide Statement of Net Position reports \$1,917,032 in restricted net position, of which \$486,033 is restricted by enabling legislation.

As of June 30, 2016, Hardeman County had \$6,028,750 in outstanding debt for capital purposes for the discretely presented Hardeman County School Department. This debt is a liability of Hardeman County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Hardeman County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of

Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

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

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 Hardeman County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Hardeman 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 Hardeman 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 Hardeman County School Department

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

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

Primary Government

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

Discretely Presented Hardeman County School Department

Exhibit I-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 General 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, Budget and Finance Committee, Other Boards and Committees, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Cash Shortage – Prior Year

On February 4, 2015, the Comptroller's Office of Financial Compliance and Investigations issued a special report on the Hardeman County Solid Waste Office for the period July 1, 2013, through September 9, 2014. This report disclosed that a former employee failed to make deposits of collections of at least \$3,062.72. On January 7, 2016, the former employee pled guilty to theft of property and was ordered to pay restitution (\$3,070) and a fine (\$500). The outstanding cash shortage totaled \$2,250 at June 30, 2016.

C. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations approved by the County Commission in the Drug Control Fund by \$1,464.

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
General Government - Other General Administration	\$ 2,659
Administration of Justice - Victim Assistance Programs	2,127
Public Safety - Workhouse	77,046
Other Operations - Airport	107
General Debt Service:	
Other Debt Service - Education	152

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

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

Deposits

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

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

Investments

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

Investment Balances. As of June 30, 2016, Hardeman County had the following investments carried at amortized cost within the fair value hierarchy established by generally accepted accounting principles. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Hardeman County and the discretely presented Hardeman County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	Weighted Average Maturity (days)	Maturities	Amortized Cost
State Treasurer's Investment Pool	4 to 117	N/A	\$ 1,912,529

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Hardeman County has no investment policy that would further limit its investment choices. As of June 30, 2016, Hardeman County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 1,467,092	\$ 270,458	\$ 0	\$ 1,737,550
Construction in Progress	0	139,372	0	139,372
Total Capital Assets Not Depreciated	<u>\$ 1,467,092</u>	<u>\$ 409,830</u>	<u>\$ 0</u>	<u>\$ 1,876,922</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 8,878,638	\$ 0	\$ 0	\$ 8,878,638
Infrastructure	23,450,297	1,614,779	0	25,065,076
Other Capital Assets	7,069,921	604,533	(96,640)	7,577,814
Total Capital Assets Depreciated	<u>\$ 39,398,856</u>	<u>\$ 2,219,312</u>	<u>\$ (96,640)</u>	<u>\$ 41,521,528</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,573,235	\$ 217,240	\$ 0	\$ 5,790,475
Infrastructure	9,749,952	1,182,349	0	10,932,301
Other Capital Assets	4,654,060	450,259	(95,834)	5,008,485
Total Accumulated Depreciation	<u>\$ 19,977,247</u>	<u>\$ 1,849,848</u>	<u>\$ (95,834)</u>	<u>\$ 21,731,261</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,421,609</u>	<u>\$ 369,464</u>	<u>\$ (806)</u>	<u>\$ 19,790,267</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,888,701</u>	<u>\$ 779,294</u>	<u>\$ (806)</u>	<u>\$ 21,667,189</u>

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

Governmental Activities:

General Government	\$ 193,620
Finance	2,112
Administration of Justice	10,638
Public Safety	147,465
Public Health and Welfare	115,476
Social, Cultural, and Recreational Services	8,826
Highways/Public Works	<u>1,371,711</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 1,849,848</u>

Business-type Activities:

	Balance 7-1-15	Increases	Balance 6-30-16
Capital Assets Not Depreciated:			
Land	\$ 219,838	\$ 0	\$ 219,838
Total Capital Assets Not Depreciated	<u>\$ 219,838</u>	<u>\$ 0</u>	<u>\$ 219,838</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 2,482,217	\$ 0	\$ 2,482,217
Machinery and Equipment	761,612	0	761,612
Total Capital Assets Depreciated	<u>\$ 3,243,829</u>	<u>\$ 0</u>	<u>\$ 3,243,829</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 967,607	\$ 89,604	\$ 1,057,211
Machinery and Equipment	647,846	37,344	685,190
Total Accumulated Depreciation	<u>\$ 1,615,453</u>	<u>\$ 126,948</u>	<u>\$ 1,742,401</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,628,376</u>	<u>\$ (126,948)</u>	<u>\$ 1,501,428</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,848,214</u>	<u>\$ (126,948)</u>	<u>\$ 1,721,266</u>

There were no decreases in capital assets to report during the year ended June 30, 2016. Depreciation expense was charged to functions of the business-type activities as follows:

Business-type Activities:

Solid Waste Disposal	\$ 126,948
Total Depreciation Expense - Business-type Activities	<u>\$ 126,948</u>

Discretely Presented Hardeman County School Department

Governmental Activities:

	Balance 7-1-15	Increases	Balance 6-30-16
Capital Assets Not Depreciated:			
Land	\$ 358,116	\$ 0	\$ 358,116
Total Capital Assets Not Depreciated	<u>\$ 358,116</u>	<u>\$ 0</u>	<u>\$ 358,116</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 31,945,108	\$ 109,054	\$ 32,054,162
Other Capital Assets	8,529,240	475,933	9,005,173
Total Capital Assets Depreciated	<u>\$ 40,474,348</u>	<u>\$ 584,987</u>	<u>\$ 41,059,335</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 19,281,904	\$ 940,546	\$ 20,222,450
Other Capital Assets	6,071,187	505,756	6,576,943
Total Accumulated Depreciation	<u>\$ 25,353,091</u>	<u>\$ 1,446,302</u>	<u>\$ 26,799,393</u>
Total Capital Assets Depreciated, Net	<u>\$ 15,121,257</u>	<u>\$ (861,315)</u>	<u>\$ 14,259,942</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,479,373</u>	<u>\$ (861,315)</u>	<u>\$ 14,618,058</u>

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

Governmental Activities:

Instruction	\$ 691,654
Support Services	674,362
Operation of Non-instructional Services	<u>80,286</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,446,302</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 1,082
Solid Waste Disposal	General	11,262

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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government: Governmental Activities	Component Unit: School Department: Governmental Activities	\$ 98,750

The due to the primary government is the balance of the other loan issued by the county for the School Department. The School Department has agreed to contribute the funds necessary to retire this debt obligation from the General Purpose School Fund to the county's General Debt Service Fund.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2016, consisted of the following amounts:

Discretely Presented Hardeman County School Department

<u>Transfers Out</u>	<u>Transfers In</u>	
	General Purpose School Fund	Nonmajor Governmental Fund
General Purpose School Fund	\$ 0	\$ 6,926
Nonmajor governmental fund	48,764	0
Total	<u>\$ 48,764</u>	<u>\$ 6,926</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend

them 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. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loan

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

General obligation bonds, capital outlay notes, and the other loan are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and the other loan outstanding were issued for original terms of up to 17 years for bonds, up to 12 years for notes, and up to nine years for the other loan. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and the other loan included in long-term debt as of June 30, 2016, will be retired from the General, Highway/Public Works and General Debt Service funds.

General obligation bonds, capital outlay notes, and other loan outstanding as of June 30, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
General Obligation Bonds	2 to 3	% 4-1-30	\$ 2,815,000	\$ 2,395,000
General Obligation Bonds - Refunding	2	4-1-24	3,940,000	3,535,000
Capital Outlay Notes	2.5 to 4.45	10-21-27	1,378,375	1,064,404
Other Loan	0	11-1-21	127,611	98,750

During the 2011-2012 year, Hardeman County entered into an agreement with the Tennessee Energy Efficient Schools Council to receive funding from the Energy Efficient Schools Initiative program. Under this agreement, the program made \$500,000 available for loan to Hardeman County to fund a project to increase energy efficiency in the Hardeman County school system. As of June 30, 2016, Hardeman County had drawn \$127,611 of the available \$500,000 loan. The loan is interest free.

The annual requirements to amortize all general obligation bonds, notes, and the other loan outstanding as of June 30, 2016, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 560,000	\$ 128,912	\$ 688,912
2018	570,000	117,713	687,713
2019	580,000	106,312	686,312
2020	590,000	94,713	684,713
2021	605,000	82,912	687,912
2022-2026	2,260,000	233,913	2,493,913
2027-2030	765,000	58,050	823,050
Total	<u>\$ 5,930,000</u>	<u>\$ 822,525</u>	<u>\$ 6,752,525</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2017	\$ 146,538	\$ 31,522	\$ 178,060
2018	154,714	26,290	181,004
2019	100,732	21,254	121,986
2020	102,305	17,901	120,206
2021	63,879	14,547	78,426
2022-2026	345,274	46,854	392,128
2027-2028	150,962	5,890	156,852
Total	<u>\$ 1,064,404</u>	<u>\$ 164,258</u>	<u>\$ 1,228,662</u>

Year Ending June 30	Other Loan Principal
2017	\$ 18,228
2018	18,228
2019	18,228
2020	18,228
2021	18,228
2022	7,610
Total	<u>\$ 98,750</u>

There is \$193,642 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, the other loan, and the capital lease, totaled \$260, 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.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-16</u>
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Other Loan Payable

Contributions from the General Purpose School Fund

Energy Efficient School Initiative	\$ 98,750
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Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2016, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>	<u>Other Loan</u>
Balance, July 1, 2015	\$ 6,475,000	\$ 292,210	\$ 116,978
Additions	0	900,000	0
Reductions	(545,000)	(127,806)	(18,228)
Balance, June 30, 2016	<u>\$ 5,930,000</u>	<u>\$ 1,064,404</u>	<u>\$ 98,750</u>
Balance Due Within One Year	<u>\$ 560,000</u>	<u>\$ 146,538</u>	<u>\$ 18,228</u>

	<u>Capital Leases</u>	<u>Compensated Absences</u>
Balance, July 1, 2015	\$ 18,012	\$ 724,522
Additions	0	241,252
Reductions	(18,012)	(195,339)
Balance, June 30, 2016	<u>\$ 0</u>	<u>\$ 770,435</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 169,524</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 7,863,589
Less: Balance Due Within One Year	(894,290)
Add: Unamortized Premium on Debt	<u>107,355</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 7,076,654</u></u>

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

Hardeman County Solid Waste Disposal Fund (enterprise fund)

Changes in Long-term Obligations

Long-term obligations activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2016, was as follows:

Business-type Activities:

	Landfill Closure/ Postclosure Care Costs	Compensated Absences
	<u> </u>	<u> </u>
Balance, July 1, 2015	\$ 2,615,836	\$ 35,768
Additions	44,167	4,280
Reductions	<u>0</u>	<u>(994)</u>
Balance, June 30, 2016	<u><u>\$ 2,660,003</u></u>	<u><u>\$ 39,054</u></u>
Balance Due Within One Year	<u><u>\$ 0</u></u>	<u><u>\$ 1,022</u></u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 2,699,057
Less: Balance Due Within One Year	<u>(1,022)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 2,698,035</u></u>

Discretely Presented Hardeman County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Hardeman County School Department for the year ended June 30, 2016, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2015	\$ 154,971	\$ 882,751
Additions	79,222	279,867
Reductions	(86,122)	(170,549)
	<hr/>	<hr/>
Balance, June 30, 2016	\$ 148,071	\$ 992,069
	<hr/>	<hr/>
Balance Due Within One Year	\$ 39,612	\$ 0
	<hr/>	<hr/>

	Net Pension Liability - Teacher Legacy Pension Plan*
Balance, July 1, 2015	\$ (71,056)
Additions	6,187,278
Reductions	(5,933,465)
	<hr/>
Balance, June 30, 2016	\$ 182,757
	<hr/>
Balance Due Within One Year	\$ 0
	<hr/>

*At July 1, 2015, the teacher legacy pension plan had a net pension asset.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 1,322,897
Less: Balance Due Within One Year	<u>(39,612)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,283,285</u>

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

E. On-Behalf Payments – Primary Government and Discretely Presented Hardeman County School Department

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Hardeman County. These payments are made by the state to the

Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2016, were \$2,100. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

Discretely Presented Hardeman County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hardeman County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2016, were \$119,295 and \$35,650, 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

Employee Health Insurance

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

Liability, Property, Casualty, and Workers' Compensation Insurance

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

Discretely Presented Hardeman County School Department

Employee Health Insurance

The School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In

accordance with Section 8-27-301, *Tennessee Code Annotated (TCA)*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

Liability, Property, Casualty, and Workers' Compensation Insurance

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

B. Accounting Change(s)

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; 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 No. 68*; Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

GASB Statement No. 72, establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard supersedes previous statements as they relate to measuring fair value of certain assets and liabilities.

GASB Statement No. 73, established accounting and reporting requirements for pensions that are not administered through a trust account and also addresses changes made to Statements No. 67 and No. 68. The changes to Statements No. 67 and No. 68 require new RSI disclosures concerning plan investments, address specific payables to defined benefit plans, and address specific payables to defined benefit plans.

GASB Statement No. 76, addresses changes made to the hierarchy of generally accepted accounting principles. This standard supersedes Statement No. 55 and reduces the hierarchy from four to two categories.

GASB Statement No. 79, addresses issues related to certain external investment pools and pool participants because of changes in Security and Exchange rules relative to money market funds. This standard establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost rather than fair value for financial reporting purposes.

C. Subsequent Event

On August 22, 2016, Hardeman County issued \$8,820,000 in general obligation bonds.

D. Contingent Liabilities

Hardeman County is contingently liable for certain Local Government Public Improvement Bonds, Series 2008A and 2008B, of the Hardeman County Industrial Development Board. Hardeman County would become liable for these bonds and the interest thereon in the event of default by the Industrial Development Board. The principal of these public improvement bonds is reflected on the financial statements of the Hardeman County Industrial Development Board. As of June 30, 2016, future principal and interest requirements were \$17,030,000 and \$14,043,383, respectively.

The county and School Department are involved in several pending lawsuits. Management advised that any potential claims not covered by insurance resulting from such litigation should not materially affect the financial statements.

E. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,660,003 reported as landfill closure and postclosure care liability at June 30, 2016, represents the cumulative amount reported to date based on the use of 93 percent of the estimated capacity of the extension landfill site (\$1,188,268) and for the original landfill site closed in 1999 (\$1,471,735) and represents estimates of the cost to perform all closure and postclosure care in 2016. The county will recognize the remaining estimated costs of closure and postclosure care of \$89,439 on the operating landfill as the remaining estimated capacity is filled. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Venture

The Bolivar/Hardeman County Library is jointly owned by Hardeman County and the City of Bolivar and is operated by an appointed board. The board comprises seven members, four of whom are appointed by the Hardeman County Mayor. The remaining three members are appointed by the Bolivar City Mayor. Hardeman County has control over budgeting and financing the joint venture only to the extent of representation by the four board members appointed. Hardeman County contributed \$80,314 to the operations of the library during the year ended June 30, 2016.

Hardeman County does not have an equity interest in the above noted joint venture. Complete financial statements for the Bolivar/Hardeman County Library can be obtained from its administrative office at the following address:

Administrative Office:

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

G. Retirement Commitments

Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Hardeman County and non-certified employees of the discretely presented Hardeman County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 61.05 percent and the non-certified employees of the discretely presented School Department comprised 38.95 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit

or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

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

Employees Covered by Benefit Terms. At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	207
Inactive Employees Entitled to But Not Yet Receiving Benefits	320
Active Employees	369
Total	896

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of their salary. Hardeman 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, the Actuarial Determined Contribution (ADC) for Hardeman County was \$772,148 based on a rate of 8.91 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Hardeman County's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Hardeman County's net pension liability (asset) was measured as of June 30, 2015, 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, 2015, 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, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best 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	
			100	%
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 Hardeman 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, 2014	\$ 29,984,512	\$ 29,039,023	\$ 945,489
Changes for the year:			
Service Cost	\$ 745,213	\$ 0	\$ 745,213
Interest	2,264,265	0	2,264,265
Differences Between Expected and Actual Experience	(2,342,360)	0	(2,342,360)
Contributions-Employer	0	772,148	(772,148)
Contributions-Employees	0	394	(394)
Net Investment Income	0	889,770	(889,770)
Benefit Payments, Including Refunds of Employee Contributions	(1,079,052)	(1,079,052)	0
Administrative Expense	0	(18,785)	18,785
Other Changes	0	0	0
Net Changes	\$ (411,934)	\$ 564,475	\$ (976,409)
Balance, June 30, 2015	\$ 29,572,578	\$ 29,603,498	\$ (30,920)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	61.05%	\$ 18,054,059	\$ 18,072,936	\$ (18,877)
School Department	38.95%	11,518,519	11,530,562	(12,043)
Total		\$ 29,572,578	\$ 29,603,498	\$ (30,920)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Hardeman 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:

Hardeman County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 3,786,475	\$ (30,920)	\$ (3,205,519)

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

Pension Expense. For the year ended June 30, 2016, Hardeman County recognized pension expense of \$606,560.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, Hardeman County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,343,170	\$ 1,951,967
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,020,766	1,368,520
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	775,181	N/A
Total	\$ 3,139,117	\$ 3,320,487

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2015,” 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	\$ 1,893,722	\$ 2,027,157
School Department	1,245,395	1,293,330
Total	<u>\$ 3,139,117</u>	<u>\$ 3,320,487</u>

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

Year Ending <u>June 30</u>	<u>Amount</u>
2017	\$ (255,581)
2018	(255,581)
2019	(255,581)
2020	200,592
2021	(390,400)
Thereafter	0

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

Discretely Presented Hardeman County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Hardeman County and non-certified employees of the discretely presented Hardeman 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 61.05 percent and the non-certified employees of the discretely presented School Department comprise 38.95 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2016, to the Teacher Retirement Plan were \$58,107, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2016, the Hardeman County School Department reported an asset of \$16,148 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Hardeman County School Department's proportion of the net pension asset was based on the Hardeman County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Hardeman County School Department's proportion was .401394 percent.

Pension Expense. For the year ended June 30, 2016, the Hardeman County School Department recognized pension expense of \$21,162.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, the Hardeman County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 5,256
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,306	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	58,107	N/A
Total	<u>\$ 59,413</u>	<u>\$ 5,256</u>

The Hardeman County School Department's employer contributions of \$58,107, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ending June 30, 2017. 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
2017	\$ (112)
2018	(112)
2019	(112)
2020	(112)
2021	(438)
Thereafter	(3,064)

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

Actuarial Assumptions. The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

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

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

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Hardeman County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Hardeman 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	\$ 2,863	\$ (16,148)	\$ (30,091)

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

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and

applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Hardeman County School Department for the year ended June 30, 2016, to the Teacher Legacy Pension Plan were \$1,445,258, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2016, the Hardeman County School Department reported a liability of \$182,757 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Hardeman County School Department's proportion of the net pension liability (asset) was based on the Hardeman County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Hardeman County School Department's proportion was .446147 percent. The proportion measured at June 30, 2014, was .437282 percent

Negative Pension Expense. For the year ended June 30, 2016, the Hardeman County School Department recognized negative pension expense of \$131,600.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, the Hardeman County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 146,670	\$ 2,844,643
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,300,023	4,479,962
Changes in Proportion of Net Pension Liability (Asset)	113,467	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	1,445,258	N/A
Total	<u>\$ 5,005,418</u>	<u>\$ 7,324,605</u>

The Hardeman County School Department's employer contributions of \$1,445,258 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, 2017. 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
2017	\$ (1,185,216)
2018	(1,185,216)
2019	(1,185,216)
2020	308,105
2021	(516,902)
Thereafter	0

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

Actuarial Assumptions. The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

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

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

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Hardeman County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Hardeman 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	\$ 12,459,773	\$ 182,757	\$ (9,981,164)

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)

Discretely Presented Hardeman County School Department

Plan Description

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

Funding Policy

The premium requirements of the plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2016, the discretely presented Hardeman County School Department contributed \$170,549 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 280,000
Interest on the NOPEBO	33,103
Adjustment to the ARC	(33,236)
Annual OPEB cost	<hr/> \$ 279,867
Less: Amount of contribution	(170,549)
Increase/decrease in NOPEBO	<hr/> \$ 109,318
Net OPEB obligation, 7-1-15	<hr/> 882,751
	<hr/>
Net OPEB obligation, 6-30-16	<hr/> <hr/> \$ 992,069

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Local Education Group	\$ 223,849	99	% \$ 826,013
6-30-15	"	231,852	76	882,751
6-30-16	"	279,867	61	992,069

Funded Status and Funding Progress

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

	Local Education Group Plan
	<hr/>
Actuarial valuation date	7-1-15
Actuarial accrued liability (AAL)	\$ 2,876,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,876,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 20,325,467
UAAL as a % of covered payroll	14%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary

information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

In the July 1, 2015, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 6.5 percent initially. The trend rate will decrease to six percent in fiscal year 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2050. The rate includes a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning July 1, 2007. Payroll is assumed to grow at a rate of three percent.

I. Purchasing Laws

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

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Hardeman 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 Ending June 30

	<u>2014</u>	<u>2015</u>
Total Pension Liability (Asset)		
Service Cost	\$ 720,165	\$ 745,213
Interest	1,984,478	2,264,265
Differences Between Actual and Expected Experience	2,014,756	(2,342,360)
Benefit Payments, Including Refunds of Employee Contributions	(948,864)	(1,079,052)
Net Change in Total Pension Liability (Asset)	\$ 3,770,535	\$ (411,934)
Total Pension Liability (Asset), Beginning	<u>26,213,977</u>	<u>29,984,512</u>
Total Pension Liability (Asset), Ending (a)	\$ 29,984,512	\$ 29,572,578
Plan Fiduciary Net Position		
Contributions - Employer	\$ 767,506	\$ 772,148
Contributions - Employee	0	394
Net Investment Income	4,154,524	889,770
Benefit Payments, Including Refunds of Employee Contributions	(948,864)	(1,079,052)
Administrative Expense	(13,867)	(18,785)
Net Change in Plan Fiduciary Net Position	\$ 3,959,299	\$ 564,475
Plan Fiduciary Net Position, Beginning	<u>25,079,724</u>	<u>29,039,023</u>
Plan Fiduciary Net Position, Ending (b)	\$ 29,039,023	\$ 29,603,498
Net Pension Liability (Asset), Ending (a - b)	<u>\$ 945,489</u>	<u>\$ (30,920)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.85%	100.10%
Covered Employee Payroll	\$ 8,623,652	\$ 8,666,079
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	10.96%	0.36%

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

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

Exhibit F-2

Hardeman 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

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 767,506	\$ 772,148	\$ 775,181
Less Contributions in Relation to the Actuarially Determined Contribution	<u>(767,506)</u>	<u>(772,148)</u>	<u>(775,181)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 8,623,652	\$ 8,666,079	\$ 8,700,123
Contributions as a Percentage of Covered Employee Payroll	8.90%	8.91%	8.91%

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

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

Exhibit F-3

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

	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 20,850	\$ 36,317
Less Contributions in Relation to the Contractually Required Contribution	<u>(33,360)</u>	<u>(58,107)</u>
Contribution Deficiency (Excess)	<u>\$ (12,510)</u>	<u>\$ (21,790)</u>
Covered Employee Payroll	\$ 833,981	\$ 1,452,675
Contributions as a Percentage of Covered Employee Payroll	4.00%	4.00%

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

Exhibit F-4

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

	2014	2015	2016
Contractually Required Contribution	\$ 1,524,099	\$ 1,509,819	\$ 1,445,258
Less Contributions in Relation to the Contractually Required Contribution	(1,524,099)	(1,509,819)	(1,445,258)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 17,163,279	\$ 16,701,599	\$ 15,987,367
Contributions as a Percentage of Covered Employee Payroll	8.88%	9.04%	9.04%

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

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

	<u>2016</u>
School Department's Proportion of the Net Pension Asset	0.401394%
School Department's Proportionate Share of the Net Pension Asset	\$ (16,148)
Covered Employee Payroll	\$ 833,981
School Department's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	(1.94)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%

* 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

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

	<u>2015</u>	<u>2016</u>
School Department's Proportion of the Net Pension Asset	0.437282%	0.446147%
School Department's Proportionate Share of the Net Pension Asset (Liability)	\$ (71,056)	\$ 182,757
Covered Employee Payroll	\$ 17,163,279	\$ 16,701,599
School Department's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	(.414002)%	1.094250%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%

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

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

Exhibit F-7

Hardeman County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Hardeman County School Department
June 30, 2016

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of 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)
Local Education Group	7-1-11	\$ 0	\$ 3,586	\$ 3,586	0 %	\$ 20,905	17 %
"	7-1-13	0	2,340	2,340	0	18,973	12
"	7-1-15	0	2,876	2,876	0	20,325	14
"							

HARDEMAN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2016 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	10 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.

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

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

Debt Service Fund

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 the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital Projects Fund

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

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

Exhibit G-1

Hardeman County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>		<u>Total</u>
	<u>Drug</u>	<u>Constitu -</u>		<u>General</u>	<u>General</u>		<u>Total</u>
	<u>Control</u>	<u>Officers -</u>	<u>Total</u>	<u>Debt</u>	<u>Capital</u>		<u>Nonmajor</u>
		<u>Fees</u>		<u>Service</u>	<u>Projects</u>		<u>Governmental</u>
							<u>Funds</u>
<u>ASSETS</u>							
Cash	\$ 0	\$ 77,822	\$ 77,822	\$ 0	\$ 0	\$ 77,822	
Equity in Pooled Cash and Investments	87,985	0	87,985	193,642	891,663	1,173,290	
Accounts Receivable	0	154	154	0	0	154	
Total Assets	\$ 87,985	\$ 77,976	\$ 165,961	\$ 193,642	\$ 891,663	\$ 1,251,266	
<u>LIABILITIES</u>							
Due to Other Funds	\$ 0	\$ 1,082	\$ 1,082	\$ 0	\$ 0	\$ 1,082	
Total Liabilities	\$ 0	\$ 1,082	\$ 1,082	\$ 0	\$ 0	\$ 1,082	
<u>FUND BALANCES</u>							
Restricted:							
Restricted for Public Safety	\$ 87,985	\$ 0	\$ 87,985	\$ 0	\$ 0	\$ 87,985	
Restricted for Public Health and Welfare	0	0	0	0	694,090	694,090	
Restricted for Debt Service	0	0	0	193,642	0	193,642	
Committed:							
Committed for Finance	0	76,894	76,894	0	0	76,894	
Committed for Capital Projects	0	0	0	0	197,573	197,573	
Total Fund Balances	\$ 87,985	\$ 76,894	\$ 164,879	\$ 193,642	\$ 891,663	\$ 1,250,184	
Total Liabilities and Fund Balances	\$ 87,985	\$ 77,976	\$ 165,961	\$ 193,642	\$ 891,663	\$ 1,251,266	

Exhibit G-2

Hardeman County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
	<u>Drug</u>	<u>Constitu -</u>		<u>General</u>	<u>General</u>	<u>Nonmajor</u>
	<u>Control</u>	<u>Officers -</u>	<u>Total</u>	<u>Debt</u>	<u>Capital</u>	<u>Governmental</u>
		<u>Fees</u>		<u>Service</u>	<u>Projects</u>	<u>Funds</u>
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 760,036	\$ 760,036
Fines, Forfeitures, and Penalties	67,456	0	67,456	0	0	67,456
Charges for Current Services	0	292,896	292,896	0	0	292,896
Other Local Revenues	6,576	0	6,576	0	0	6,576
Other Governments and Citizens Groups	0	0	0	704,193	0	704,193
Total Revenues	\$ 74,032	\$ 292,896	\$ 366,928	\$ 704,193	\$ 760,036	\$ 1,831,157
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 292,446	\$ 292,446	\$ 0	\$ 0	\$ 292,446
Administration of Justice	0	450	450	0	0	450
Public Safety	41,214	0	41,214	0	0	41,214
Debt Service:						
Principal on Debt	0	0	0	598,228	0	598,228
Interest on Debt	0	0	0	148,248	0	148,248
Other Debt Service	0	0	0	329,740	0	329,740
Capital Projects	0	0	0	0	805,605	805,605
Total Expenditures	\$ 41,214	\$ 292,896	\$ 334,110	\$ 1,076,216	\$ 805,605	\$ 2,215,931
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 32,818	\$ 0	\$ 32,818	\$ (372,023)	\$ (45,569)	\$ (384,774)

(Continued)

Exhibit G-2

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

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
	<u>Drug</u>	<u>Constitu -</u>		<u>General</u>	<u>General</u>	<u>Total</u>
	<u>Control</u>	<u>Officers -</u>	<u>Total</u>	<u>Debt</u>	<u>Capital</u>	<u>Nonmajor</u>
		<u>Fees</u>		<u>Service</u>	<u>Projects</u>	<u>Governmental</u>
						<u>Funds</u>
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 800,000	\$ 800,000
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 800,000	\$ 800,000
Net Change in Fund Balances	\$ 32,818	\$ 0	\$ 32,818	\$ (372,023)	\$ 754,431	\$ 415,226
Fund Balance, July 1, 2015	55,167	76,894	132,061	565,665	137,232	834,958
Fund Balance, June 30, 2016	\$ 87,985	\$ 76,894	\$ 164,879	\$ 193,642	\$ 891,663	\$ 1,250,184

Exhibit G-3

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 67,456	\$ 35,000	\$ 35,000	\$ 32,456
Other Local Revenues	6,576	0	0	6,576
Total Revenues	<u>\$ 74,032</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 39,032</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 41,214	\$ 31,250	\$ 39,750	\$ (1,464)
Total Expenditures	<u>\$ 41,214</u>	<u>\$ 31,250</u>	<u>\$ 39,750</u>	<u>\$ (1,464)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 32,818</u>	<u>\$ 3,750</u>	<u>\$ (4,750)</u>	<u>\$ 37,568</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 0	\$ 6,576	\$ (6,576)
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,576</u>	<u>\$ (6,576)</u>
Net Change in Fund Balance	\$ 32,818	\$ 3,750	\$ 1,826	\$ 30,992
Fund Balance, July 1, 2015	<u>55,167</u>	<u>51,422</u>	<u>51,422</u>	<u>3,745</u>
Fund Balance, June 30, 2016	<u><u>\$ 87,985</u></u>	<u><u>\$ 55,172</u></u>	<u><u>\$ 53,248</u></u>	<u><u>\$ 34,737</u></u>

Exhibit G-4

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Governments and Citizens Groups	\$ 704,193	\$ 0	\$ 704,193	\$ 0
Total Revenues	\$ 704,193	\$ 0	\$ 704,193	\$ 0
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 35,000	\$ 35,000	\$ 35,000	\$ 0
Education	563,228	545,000	563,228	0
<u>Interest on Debt</u>				
General Government	8,435	8,455	8,455	20
Education	139,813	139,813	139,813	0
<u>Other Debt Service</u>				
General Government	328,588	0	329,300	712
Education	1,152	1,000	1,000	(152)
Total Expenditures	\$ 1,076,216	\$ 729,268	\$ 1,076,796	\$ 580
Excess (Deficiency) of Revenues Over Expenditures	\$ (372,023)	\$ (729,268)	\$ (372,603)	\$ 580
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 684,813	\$ 0	\$ 0
Total Other Financing Sources	\$ 0	\$ 684,813	\$ 0	\$ 0
Net Change in Fund Balance	\$ (372,023)	\$ (44,455)	\$ (372,603)	\$ 580
Fund Balance, July 1, 2015	565,665	565,663	565,663	2
Fund Balance, June 30, 2016	\$ 193,642	\$ 521,208	\$ 193,060	\$ 582

Fiduciary Funds

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

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

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

Exhibit H-1

Hardeman County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2016

	<u>Agency Funds</u>		
	Cities -	Constitu-	
	Sales	tional	
	Tax	Officers -	
		Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,316,658	\$ 1,316,658
Due from Other Governments	285,000	0	285,000
Total Assets	<u>\$ 285,000</u>	<u>\$ 1,316,658</u>	<u>\$ 1,601,658</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 285,000	\$ 0	\$ 285,000
Due to Litigants, Heirs, and Others	0	1,316,658	1,316,658
Total Liabilities	<u>\$ 285,000</u>	<u>\$ 1,316,658</u>	<u>\$ 1,601,658</u>

Exhibit H-2

Hardeman County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,766,928	\$ 1,766,928	\$ 0
Due from Other Governments	279,806	285,000	279,806	285,000
Total Assets	\$ 279,806	\$ 2,051,928	\$ 2,046,734	\$ 285,000
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 279,806	\$ 2,051,928	\$ 2,046,734	\$ 285,000
Total Liabilities	\$ 279,806	\$ 2,051,928	\$ 2,046,734	\$ 285,000
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,423,628	\$ 6,328,720	\$ 6,435,690	\$ 1,316,658
Total Assets	\$ 1,423,628	\$ 6,328,720	\$ 6,435,690	\$ 1,316,658
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,423,628	\$ 6,328,720	\$ 6,435,690	\$ 1,316,658
Total Liabilities	\$ 1,423,628	\$ 6,328,720	\$ 6,435,690	\$ 1,316,658
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,423,628	\$ 6,328,720	\$ 6,435,690	\$ 1,316,658
Equity in Pooled Cash and Investments	0	1,766,928	1,766,928	0
Due from Other Governments	279,806	285,000	279,806	285,000
Total Assets	\$ 1,703,434	\$ 8,380,648	\$ 8,482,424	\$ 1,601,658
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 279,806	\$ 2,051,928	\$ 2,046,734	\$ 285,000
Due to Litigants, Heirs, and Others	1,423,628	6,328,720	6,435,690	1,316,658
Total Liabilities	\$ 1,703,434	\$ 8,380,648	\$ 8,482,424	\$ 1,601,658

Hardeman County School Department

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

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

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

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

Exhibit I-1

Hardeman County, Tennessee
Statement of Activities
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:				
Instruction	\$ 20,054,270	\$ 0	\$ 2,065,703	\$ (17,988,567)
Support Services	11,039,898	126,836	317,527	(10,595,535)
Operation of Non-instructional Services	3,754,584	205,777	2,172,149	(1,376,658)
Total Governmental Activities	<u>\$ 34,848,752</u>	<u>\$ 332,613</u>	<u>\$ 4,555,379</u>	<u>\$ (29,960,760)</u>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 5,804,850
Local Option Sales Taxes				2,265,210
Other Local Taxes				4,737
Grants and Contributions Not Restricted for Specific Programs				23,571,236
Unrestricted Investment Income				2,476
Miscellaneous				65,888
Total General Revenues				<u>\$ 31,714,397</u>
Change in Net Position				\$ 1,753,637
Net Position, July 1, 2015				<u>18,383,523</u>
Net Position, June 30, 2016				<u>\$ 20,137,160</u>

Exhibit I-2

Hardeman County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hardeman County School Department
June 30, 2016

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 16	\$ 16
Equity in Pooled Cash and Investments	7,098,553	754,500	7,853,053
Accounts Receivable	9,704	2,798	12,502
Due from Other Governments	653,794	556,276	1,210,070
Property Taxes Receivable	5,919,899	0	5,919,899
Allowance for Uncollectible Property Taxes	(208,698)	0	(208,698)
Total Assets	\$ 13,473,252	\$ 1,313,590	\$ 14,786,842
<u>LIABILITIES</u>			
Accounts Payable	\$ 35,965	\$ 0	\$ 35,965
Payroll Deductions Payable	10,369	530	10,899
Total Liabilities	\$ 46,334	\$ 530	\$ 46,864
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 5,514,455	\$ 0	\$ 5,514,455
Deferred Delinquent Property Taxes	182,246	0	182,246
Other Deferred/Unavailable Revenue	187,551	0	187,551
Total Deferred Inflows of Resources	\$ 5,884,252	\$ 0	\$ 5,884,252
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 32,100	\$ 0	\$ 32,100
Restricted for Operation of Non-instructional Services	0	563,060	563,060
Committed:			
Committed for Education	171,960	0	171,960
Assigned:			
Assigned for Education	8,096	750,000	758,096
Unassigned	7,330,510	0	7,330,510
Total Fund Balances	\$ 7,542,666	\$ 1,313,060	\$ 8,855,726
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,473,252	\$ 1,313,590	\$ 14,786,842

Exhibit I-3

Hardeman County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Hardeman County School Department
June 30, 2016

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 8,855,726	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 358,116		
Add: buildings and improvements net of accumulated depreciation	11,831,712		
Add: other capital assets net of accumulated depreciation	<u>2,428,230</u>	14,618,058	
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on primary government debt for other loan	\$ (98,750)		
Less: other postemployment benefits liability	(992,069)		
Less: net pension liability - teacher legacy pension plan	(182,757)		
Less: compensated absences payable	<u>(148,071)</u>	(1,421,647)	
(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	\$ 6,310,226		
Less: deferred inflows of resources related to pensions	<u>(8,623,191)</u>	(2,312,965)	
(4) Net pension assets of the cost-sharing plan are not current financial resources and are therefore not reported in the governmental funds.			
Add: net pension asset - agent plan	\$ 12,043		
Add: net pension asset - teacher retirement plan	<u>16,148</u>	28,191	
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			
		<u>369,797</u>	
Net position of governmental activities (Exhibit A)			<u>\$ 20,137,160</u>

Exhibit I-4

Hardeman County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2016

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General	Other	Total
	Purpose	Govern- mental	Governmental
	School	Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 8,042,604	\$ 0	\$ 8,042,604
Licenses and Permits	2,337	0	2,337
Charges for Current Services	50,711	251,999	302,710
Other Local Revenues	95,865	3,902	99,767
State of Tennessee	22,448,936	30,861	22,479,797
Federal Government	29,022	5,613,959	5,642,981
Total Revenues	<u>\$ 30,669,475</u>	<u>\$ 5,900,721</u>	<u>\$ 36,570,196</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 17,173,414	\$ 2,443,266	\$ 19,616,680
Support Services	10,839,839	621,844	11,461,683
Operation of Non-Instructional Services	1,050,543	2,815,584	3,866,127
Capital Outlay	114,954	0	114,954
Debt Service:			
Other Debt Service	704,193	0	704,193
Total Expenditures	<u>\$ 29,882,943</u>	<u>\$ 5,880,694</u>	<u>\$ 35,763,637</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 786,532</u>	<u>\$ 20,027</u>	<u>\$ 806,559</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 2,275	\$ 0	\$ 2,275
Transfers In	48,764	6,926	55,690
Transfers Out	(6,926)	(48,764)	(55,690)
Total Other Financing Sources (Uses)	<u>\$ 44,113</u>	<u>\$ (41,838)</u>	<u>\$ 2,275</u>
Net Change in Fund Balances	\$ 830,645	\$ (21,811)	\$ 808,834
Fund Balance, July 1, 2015	<u>6,712,021</u>	<u>1,334,871</u>	<u>8,046,892</u>
Fund Balance, June 30, 2016	<u>\$ 7,542,666</u>	<u>\$ 1,313,060</u>	<u>\$ 8,855,726</u>

Exhibit I-5

Hardeman County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 808,834
(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	\$ 584,987	
Less: current-year depreciation expense	<u>(1,446,302)</u>	(861,315)
(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, 2016	\$ 369,797	
Less: deferred delinquent property taxes and other deferred June 30, 2015	<u>(337,604)</u>	32,193
(4) The contributions of long-term debt (e.g., other loans) 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 other loan to primary government		18,228
(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 other postemployment benefits liability	\$ (109,318)	
Change in net pension asset - agent plan	532,156	
Change in net pension asset - teacher retirement plan	16,148	
Change in net pension liability - teacher legacy pension plan	(253,813)	
Change in deferred outflows related to pensions	3,328,464	
Change in deferred inflows related to pensions	(1,764,840)	
Change in compensated absences payable	<u>6,900</u>	<u>1,755,697</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,753,637</u>

Exhibit I-6

Hardeman County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Hardeman County School Department
June 30, 2016

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 16	\$ 16
Equity in Pooled Cash and Investments	191,456	563,044	754,500
Accounts Receivable	2,798	0	2,798
Due from Other Governments	556,276	0	556,276
	<hr/>		
Total Assets	\$ 750,530	\$ 563,060	\$ 1,313,590
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 530	\$ 0	\$ 530
Total Liabilities	\$ 530	\$ 0	\$ 530
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Operation of Non-instructional Services	\$ 0	\$ 563,060	\$ 563,060
Assigned:			
Assigned for Education	750,000	0	750,000
Total Fund Balances	\$ 750,000	\$ 563,060	\$ 1,313,060
	<hr/>		
Total Liabilities and Fund Balances	\$ 750,530	\$ 563,060	\$ 1,313,590
	<hr/>		

Exhibit I-7

Hardeman County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2016

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 251,999	\$ 251,999
Other Local Revenues	0	3,902	3,902
State of Tennessee	0	30,861	30,861
Federal Government	3,472,671	2,141,288	5,613,959
Total Revenues	<u>\$ 3,472,671</u>	<u>\$ 2,428,050</u>	<u>\$ 5,900,721</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,443,266	\$ 0	\$ 2,443,266
Support Services	621,844	0	621,844
Operation of Non-Instructional Services	369,105	2,446,479	2,815,584
Total Expenditures	<u>\$ 3,434,215</u>	<u>\$ 2,446,479</u>	<u>\$ 5,880,694</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 38,456</u>	<u>\$ (18,429)</u>	<u>\$ 20,027</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 6,926	\$ 0	\$ 6,926
Transfers Out	(48,764)	0	(48,764)
Total Other Financing Sources (Uses)	<u>\$ (41,838)</u>	<u>\$ 0</u>	<u>\$ (41,838)</u>
Net Change in Fund Balances	\$ (3,382)	\$ (18,429)	\$ (21,811)
Fund Balance, July 1, 2015	753,382	581,489	1,334,871
Fund Balance, June 30, 2016	<u>\$ 750,000</u>	<u>\$ 563,060</u>	<u>\$ 1,313,060</u>

Exhibit I-8

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hardeman County School Department
General Purpose School Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 8,042,604	\$ 0	\$ 0	\$ 8,042,604	\$ 7,941,836	\$ 7,941,836	\$ 100,768
Licenses and Permits	2,337	0	0	2,337	1,355	1,355	982
Charges for Current Services	50,711	0	0	50,711	37,690	37,690	13,021
Other Local Revenues	95,865	0	0	95,865	107,505	108,005	(12,140)
State of Tennessee	22,448,936	0	0	22,448,936	22,295,985	22,460,930	(11,994)
Federal Government	29,022	0	0	29,022	30,000	30,000	(978)
Total Revenues	\$ 30,669,475	\$ 0	\$ 0	\$ 30,669,475	\$ 30,414,371	\$ 30,579,816	\$ 89,659
Expenditures							
Instruction							
Regular Instruction Program	\$ 13,736,346	\$ (48,274)	\$ 1,629	\$ 13,689,701	\$ 14,413,919	\$ 14,413,919	\$ 724,218
Alternative Instruction Program	250,801	0	0	250,801	249,095	259,545	8,744
Special Education Program	1,997,647	0	0	1,997,647	1,973,585	2,025,046	27,399
Vocational Education Program	1,188,620	0	0	1,188,620	1,266,433	1,266,933	78,313
Support Services							
Attendance	128,910	0	0	128,910	131,520	131,520	2,610
Health Services	286,389	0	0	286,389	276,782	305,925	19,536
Other Student Support	1,123,892	0	0	1,123,892	1,133,489	1,136,039	12,147
Regular Instruction Program	1,331,756	(6,262)	0	1,325,494	1,298,529	1,369,029	43,535
Alternative Instruction Program	29,575	0	0	29,575	29,602	29,602	27
Special Education Program	502,798	0	0	502,798	652,313	642,248	139,450
Vocational Education Program	50,793	0	0	50,793	52,286	52,286	1,493
Other Programs	154,945	0	0	154,945	0	154,945	0
Board of Education	513,790	0	0	513,790	561,948	561,948	48,158
Director of Schools	327,595	(201)	305	327,699	342,687	342,034	14,335
Office of the Principal	1,661,519	0	0	1,661,519	1,695,750	1,705,750	44,231
Fiscal Services	180,854	0	0	180,854	185,236	185,236	4,382
Human Services/Personnel	76,493	0	0	76,493	78,000	78,000	1,507
Operation of Plant	1,747,343	0	0	1,747,343	1,860,198	1,860,198	112,855

(Continued)

Exhibit I-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 883,438	\$ (9,890)	\$ 0	\$ 873,548	\$ 907,386	\$ 907,386	\$ 33,838
Transportation	1,614,718	(28,774)	1,500	1,587,444	1,649,935	1,674,935	87,491
Central and Other	225,031	(5,259)	14	219,786	263,505	263,505	43,719
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	1,050,543	(12,134)	4,648	1,043,057	1,043,063	1,043,063	6
<u>Capital Outlay</u>							
Regular Capital Outlay	114,954	0	0	114,954	0	115,000	46
<u>Principal on Debt</u>							
Education	0	0	0	0	563,228	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	139,813	0	0
<u>Other Debt Service</u>							
Education	704,193	0	0	704,193	0	704,194	1
Total Expenditures	\$ 29,882,943	\$ (110,794)	\$ 8,096	\$ 29,780,245	\$ 30,768,302	\$ 31,228,286	\$ 1,448,041
Excess (Deficiency) of Revenues Over Expenditures							
	\$ 786,532	\$ 110,794	\$ (8,096)	\$ 889,230	\$ (353,931)	\$ (648,470)	\$ 1,537,700
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 2,275	\$ 0	\$ 0	\$ 2,275	\$ 0	\$ 0	\$ 2,275
Transfers In	48,764	0	0	48,764	36,000	36,000	12,764
Transfers Out	(6,926)	0	0	(6,926)	(6,926)	(6,926)	0
Total Other Financing Sources	\$ 44,113	\$ 0	\$ 0	\$ 44,113	\$ 29,074	\$ 29,074	\$ 15,039
Net Change in Fund Balance							
Fund Balance, July 1, 2015	\$ 830,645	\$ 110,794	\$ (8,096)	\$ 933,343	\$ (324,857)	\$ (619,396)	\$ 1,552,739
	6,712,021	(110,794)	0	6,601,227	6,529,064	6,529,064	72,163
Fund Balance, June 30, 2016							
	\$ 7,542,666	\$ 0	\$ (8,096)	\$ 7,534,570	\$ 6,204,207	\$ 5,909,668	\$ 1,624,902

Exhibit I-9

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hardeman County School Department
School Federal Projects Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 3,472,671	\$ 0	\$ 3,472,671	\$ 3,661,451	\$ 3,964,994	\$ (492,323)
Total Revenues	\$ 3,472,671	\$ 0	\$ 3,472,671	\$ 3,661,451	\$ 3,964,994	\$ (492,323)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 1,738,146	\$ 0	\$ 1,738,146	\$ 1,760,030	\$ 1,942,493	\$ 204,347
Special Education Program	660,373	(298)	660,075	774,899	838,526	178,451
Vocational Education Program	44,747	0	44,747	42,356	44,747	0
<u>Support Services</u>						
Other Student Support	31,542	(3,084)	28,458	31,125	29,757	1,299
Regular Instruction Program	328,845	0	328,845	364,234	382,468	53,623
Special Education Program	138,769	0	138,769	153,713	176,870	38,101
Vocational Education Program	1,189	0	1,189	2,500	1,189	0
Transportation	121,499	0	121,499	124,023	131,794	10,295
<u>Operation of Non-Instructional Services</u>						
Community Services	369,105	0	369,105	369,907	370,161	1,056
Total Expenditures	\$ 3,434,215	\$ (3,382)	\$ 3,430,833	\$ 3,622,787	\$ 3,918,005	\$ 487,172
Excess (Deficiency) of Revenues Over Expenditures	\$ 38,456	\$ 3,382	\$ 41,838	\$ 38,664	\$ 46,989	\$ (5,151)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 6,926	\$ 0	\$ 6,926	\$ 6,926	\$ 6,926	\$ 0
Transfers Out	(48,764)	0	(48,764)	(45,588)	(53,911)	5,147
Total Other Financing Sources	\$ (41,838)	\$ 0	\$ (41,838)	\$ (38,662)	\$ (46,985)	\$ 5,147

(Continued)

Exhibit I-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ (3,382)	\$ 3,382	\$ 0	\$ 2	\$ 4	(4)
Fund Balance, July 1, 2015	753,382	(3,382)	750,000	775,108	775,108	(25,108)
Fund Balance, June 30, 2016	\$ 750,000	\$ 0	\$ 750,000	\$ 775,110	\$ 775,112	\$ (25,112)

Exhibit I-10

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hardeman County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 251,999	\$ 0	\$ 0	\$ 251,999	\$ 272,495	\$ 272,495	\$ (20,496)
Other Local Revenues	3,902	0	0	3,902	6,000	6,000	(2,098)
State of Tennessee	30,861	0	0	30,861	23,000	23,000	7,861
Federal Government	2,141,288	0	0	2,141,288	2,248,720	2,264,414	(123,126)
Total Revenues	\$ 2,428,050	\$ 0	\$ 0	\$ 2,428,050	\$ 2,550,215	\$ 2,565,909	\$ (137,859)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 2,446,479	\$ (240)	\$ 216	\$ 2,446,455	\$ 2,517,597	\$ 2,593,291	\$ 146,836
Total Expenditures	\$ 2,446,479	\$ (240)	\$ 216	\$ 2,446,455	\$ 2,517,597	\$ 2,593,291	\$ 146,836
Excess (Deficiency) of Revenues Over Expenditures	\$ (18,429)	\$ 240	\$ (216)	\$ (18,405)	\$ 32,618	\$ (27,382)	\$ 8,977
Net Change in Fund Balance	\$ (18,429)	\$ 240	\$ (216)	\$ (18,405)	\$ 32,618	\$ (27,382)	\$ 8,977
Fund Balance, July 1, 2015	581,489	(240)	0	581,249	614,560	614,560	(33,311)
Fund Balance, June 30, 2016	\$ 563,060	\$ 0	\$ (216)	\$ 562,844	\$ 647,178	\$ 587,178	\$ (24,334)

MISCELLANEOUS SCHEDULES

Exhibit J-1

Hardeman County, Tennessee
Schedule of Changes in Long-term Notes, Other Loan, Capital Lease, and Bonds
For the Year Ended June 30, 2016

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-16
<u>NOTES PAYABLE</u>								
<u>Payable through General Fund</u>								
Patrol Cars	\$ 88,375	2.5 %	12-15-14	11-1-17	\$ 88,375	\$ 0	\$ 28,971	\$ 59,404
Capital Outlay Note, Series 2015	800,000	2.59	10-21-15	10-21-27	0	800,000	0	800,000
Total Payable through General Fund					<u>\$ 88,375</u>	<u>\$ 800,000</u>	<u>\$ 28,971</u>	<u>\$ 859,404</u>
<u>Payable through Highway/Public Works Fund</u>								
Backhoe	80,000	2.99	8-20-12	8-20-15	\$ 13,835	\$ 0	\$ 13,835	0
Tractor	100,000	2.79	10-20-15	10-21-18	0	100,000	50,000	50,000
Total Payable through Highway/Public Works Fund					<u>\$ 13,835</u>	<u>\$ 100,000</u>	<u>\$ 63,835</u>	<u>\$ 50,000</u>
<u>Payable through General Debt Service Fund</u>								
Airport Hangars	390,000	4.45	12-27-07	6-1-20	\$ 190,000	\$ 0	\$ 35,000	\$ 155,000
Total Notes Payable					<u>\$ 292,210</u>	<u>\$ 900,000</u>	<u>\$ 127,806</u>	<u>\$ 1,064,404</u>
<u>OTHER LOAN PAYABLE</u>								
<u>Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund</u>								
Energy Efficient School Initiative	127,611	(1) 0	4-20-12	11-1-21	\$ 116,978	\$ 0	\$ 18,228	\$ 98,750
Total Other Loan Payable					<u>\$ 116,978</u>	<u>\$ 0</u>	<u>\$ 18,228</u>	<u>\$ 98,750</u>
<u>CAPITAL LEASE PAYABLE</u>								
<u>Payable through General Fund</u>								
Sheriff Department Vehicles	54,098	6	4-17-14	4-17-16	\$ 18,012	\$ 0	\$ 18,012	0
Total Capital Lease Payable					<u>\$ 18,012</u>	<u>\$ 0</u>	<u>\$ 18,012</u>	<u>0</u>
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation School Bonds, Series 2013	2,815,000	2 to 3	6-12-13	4-1-30	\$ 2,535,000	\$ 0	\$ 140,000	\$ 2,395,000
General Obligation Refunding Bonds, Series 2015	3,940,000	2	4-1-15	4-1-24	3,940,000	0	405,000	3,535,000
Total Bonds Payable					<u>\$ 6,475,000</u>	<u>\$ 0</u>	<u>\$ 545,000</u>	<u>\$ 5,930,000</u>

(1) Total amount approved was \$500,000, of which \$372,389 remains available for draws as of June 30, 2016.

Exhibit J-2

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

Year Ending June 30	Notes		Total
	Principal	Interest	
2017	\$ 146,538	\$ 31,522	\$ 178,060
2018	154,714	26,290	181,004
2019	100,732	21,254	121,986
2020	102,305	17,901	120,206
2021	63,879	14,547	78,426
2022	65,573	12,852	78,425
2023	67,272	11,154	78,426
2024	69,014	9,412	78,426
2025	70,780	7,645	78,425
2026	72,635	5,791	78,426
2027	74,516	3,910	78,426
2028	76,446	1,980	78,426
Total	\$ 1,064,404	\$ 164,258	\$ 1,228,662

Year Ending June 30	Other Loan		Total
	Principal	Interest	
2017	\$ 18,228	\$ 0	\$ 18,228
2018	18,228	0	18,228
2019	18,228	0	18,228
2020	18,228	0	18,228
2021	18,228	0	18,228
2022	7,610	0	7,610
Total	\$ 98,750	\$ 0	\$ 98,750

Year Ending June 30	Bonds		Total
	Principal	Interest	
2017	\$ 560,000	\$ 128,912	\$ 688,912
2018	570,000	117,713	687,713
2019	580,000	106,312	686,312
2020	590,000	94,713	684,713
2021	605,000	82,912	687,912
2022	620,000	70,813	690,813
2023	635,000	58,412	693,412
2024	645,000	45,288	690,288
2025	180,000	31,950	211,950
2026	180,000	27,450	207,450
2027	185,000	22,950	207,950
2028	190,000	17,400	207,400
2029	190,000	11,700	201,700
2030	200,000	6,000	206,000
Total	\$ 5,930,000	\$ 822,525	\$ 6,752,525

Exhibit J-3

Hardeman County, Tennessee
Schedule of Transfers
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2016

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>DISCRETELY PRESENTED HARDEMAN COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 48,764
General Purpose School	School Federal Projects	Gear Up program cost share	<u>6,926</u>
Total Transfers Discretely Presented Hardeman County School Department			<u>\$ 55,690</u>

Exhibit J-4

Hardeman County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2016

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i> , and Chapter 90, Private Acts of 1989	\$ 81,958 (1)	100,000	Auto-Owners Mutual Insurance Company
Highway Superintendent	Section 8-24-102, <i>TCA</i>	81,455	100,000	"
Director of Schools	State Board of Education and County Board of Education	110,304 (2)	100,000	Western Surety Company
Trustee	Section 8-24-102, <i>TCA</i>	67,843	1,172,400	Auto-Owners Mutual Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	67,843	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	67,843	100,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	67,843	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	67,843 (3)	100,000	Western Surety Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	67,843	100,000	Auto-Owners Mutual Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i>	75,228 (4)	100,000	"
Employee Dishonesty Coverage:				
County General Employees			150,000	Tennessee Risk Management Trust
Highway Superintendent's Office			150,000	"
Office of Director of Schools:				
Central Office Staff			150,000	"

- (1) Includes a purchasing agent supplement of \$3,600.
- (2) Includes a chief executive officer training supplement of \$1,000.
- (3) Does not include special commissioner fees of \$450.
- (4) Includes a law enforcement training supplement of \$600.

Exhibit J-5

Hardeman County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2016

	Special Revenue Funds				Debt Service
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,715,623	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	139,633	0	0	0	0
Trustee's Collections - Bankruptcy	14,155	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	89,717	0	0	0	0
Interest and Penalty	30,833	0	0	0	0
Payments in-Lieu-of Taxes - Other	219,054	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	165,225	0	0	0	0
Hotel/Motel Tax	24,921	0	0	0	0
Wheel Tax	0	0	0	760,035	0
Litigation Tax - General	118,977	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	92,223	0	0	0	0
Business Tax	188,530	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	69,321	0	0	0	0
Wholesale Beer Tax	101,540	0	0	0	0
Interstate Telecommunications Tax	1,456	0	0	0	0
Total Local Taxes	\$ 4,971,208	\$ 0	\$ 0	\$ 760,035	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 3,001	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	7,390	0	0	0	0
<u>Permits</u>					
Beer Permits	2,264	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Licenses and Permits (Cont.)</u>					
<u>Permits (Cont.)</u>					
Building Permits	\$ 6,150	\$ 0	\$ 0	\$ 0	\$ 0
Other Permits	21,510	0	0	150	0
Total Licenses and Permits	<u>\$ 40,315</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 150</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 40,561	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	11,640	0	0	0	0
Drug Control Fines	17,062	18,704	0	0	0
Jail Fees	2,274	0	0	0	0
DUI Treatment Fines	3,315	0	0	0	0
Data Entry Fee - Circuit Court	1,882	0	0	0	0
Courtroom Security Fee	465	0	0	0	0
Victims Assistance Assessments	3,982	0	0	0	0
<u>Criminal Court</u>					
DUI Treatment Fines	950	0	0	0	0
<u>General Sessions Court</u>					
Fines	26,482	0	0	0	0
Fines for Littering	48	0	0	0	0
Officers Costs	32,938	0	0	0	0
Game and Fish Fines	394	0	0	0	0
Drug Control Fines	4,199	5,030	0	0	0
Drug Court Fees	3,398	0	0	0	0
Jail Fees	6,159	0	0	0	0
DUI Treatment Fines	5,244	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>General Sessions Court (Cont.)</u>					
Data Entry Fee - General Sessions Court	\$ 12,050	\$ 0	\$ 0	\$ 0	\$ 0
Courtroom Security Fee	13,509	0	0	0	0
Victims Assistance Assessments	10,417	0	0	0	0
<u>Juvenile Court</u>					
Fines	328	0	0	0	0
Officers Costs	156	0	0	0	0
Jail Fees	10	0	0	0	0
Data Entry Fee - Juvenile Court	728	0	0	0	0
Victims Assistance Assessments	42	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	1,653	0	0	0	0
Data Entry Fee - Chancery Court	4,398	0	0	0	0
Courtroom Security Fee	863	0	0	0	0
<u>Other Courts - In-county</u>					
Officers Costs	80	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	43,722	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 205,227	\$ 67,456	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	\$ 1,418,094	\$ 0	\$ 0	\$ 0	\$ 0
Work Release Charges for Board	7,474	0	0	0	0
<u>Fees</u>					
Airport Fees	20,826	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Copy Fees	\$ 19	\$ 0	\$ 0	\$ 0	\$ 0
Greenbelt Late Application Fee	300	0	0	0	0
Telephone Commissions	54,985	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	292,896	0	0
Data Processing Fee - Register	7,686	0	0	0	0
Data Processing Fee - Sheriff	3,917	0	0	0	0
Sexual Offender Registration Fee - Sheriff	3,450	0	0	0	0
Data Processing Fee - County Clerk	5,303	0	0	0	0
Total Charges for Current Services	\$ 1,522,054	\$ 0	\$ 292,896	\$ 0	\$ 0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 84,369	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	2,200	0	0	0	0
Commissary Sales	33,927	0	0	0	0
Sale of Gasoline	47,591	0	0	0	0
Sale of Maps	1,194	0	0	0	0
Miscellaneous Refunds	99,748	6,576	0	10,768	0
<u>Nonrecurring Items</u>					
Sale of Equipment	50,000	0	0	0	0
Sale of Property	35,263	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	8,752	0	0	0	0
Total Other Local Revenues	\$ 363,044	\$ 6,576	\$ 0	\$ 10,768	\$ 0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fees Received From County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 77,411	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	256,480	0	0	0	0
<u>Fees In-Lieu-of Salary</u>					
Circuit Court Clerk	99,507	0	0	0	0
General Sessions Court Clerk	249,603	0	0	0	0
Clerk and Master	116,750	0	0	0	0
Juvenile Court Clerk	23,121	0	0	0	0
Register	93,661	0	0	0	0
Sheriff	27,963	0	0	0	0
Total Fees Received From County Officials	<u>\$ 944,496</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 4,800	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	6,582	0	0	0	0
On-behalf Contributions for OPEB	2,100	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	180,522	0	0	0	0
Other Health and Welfare Grants	43,179	0	0	0	0
<u>Public Works Grants</u>					
State Aid Program	0	0	0	254,477	0
Litter Program	27,722	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	112,399	0	0	0	0
Beer Tax	18,488	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Vehicle Certificate of Title Fees	\$ 2,750	\$ 0	\$ 0	\$ 0	\$ 0
Alcoholic Beverage Tax	74,443	0	0	0	0
State Revenue Sharing - T.V.A.	869,506	0	0	0	0
Contracted Prisoner Boarding	491,235	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	2,043,080	0
Petroleum Special Tax	0	0	0	19,664	0
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	273,226	0	0	0	0
Other State Revenues	68,631	0	0	0	0
Total State of Tennessee	\$ 2,190,747	\$ 0	\$ 0	\$ 2,317,221	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Civil Defense Reimbursement	\$ 6,700	\$ 0	\$ 0	\$ 0	\$ 0
Disaster Relief	0	0	0	5,028	0
Homeland Security Grants	6,352	0	0	0	0
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	49,165	0	0	0	0
Total Federal Government	\$ 62,217	\$ 0	\$ 0	\$ 5,028	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 84,994	\$ 0	\$ 0	\$ 0	\$ 704,193
Contracted Services	150,000	0	0	0	0

(Continued)

Exhibit J-5

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

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Governments and Citizens Groups (Cont.)</u>					
<u>Other</u>					
Other	\$ 4,305	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 239,299	\$ 0	\$ 0	\$ 0	\$ 704,193
 Total	 \$ 10,538,607	 \$ 74,032	 \$ 292,896	 \$ 3,093,202	 \$ 704,193

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 0	\$ 3,715,623
Trustee's Collections - Prior Year	0	139,633
Trustee's Collections - Bankruptcy	0	14,155
Circuit Clerk/Clerk and Master Collections - Prior Years	0	89,717
Interest and Penalty	0	30,833
Payments in-Lieu-of Taxes - Other	0	219,054
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	165,225
Hotel/Motel Tax	0	24,921
Wheel Tax	760,036	1,520,071
Litigation Tax - General	0	118,977
Litigation Tax - Jail, Workhouse, or Courthouse	0	92,223
Business Tax	0	188,530
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	69,321
Wholesale Beer Tax	0	101,540
Interstate Telecommunications Tax	0	1,456
Total Local Taxes	<u>\$ 760,036</u>	<u>\$ 6,491,279</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Animal Registration	\$ 0	\$ 3,001
Cable TV Franchise	0	7,390
<u>Permits</u>		
Beer Permits	0	2,264

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund</u>		
	General Capital Projects		Total
<hr/>			
<u>Licenses and Permits (Cont.)</u>			
<u>Permits (Cont.)</u>			
Building Permits	\$	0	\$ 6,150
Other Permits		0	21,660
Total Licenses and Permits	<u>\$</u>	<u>0</u>	<u>\$ 40,465</u>
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$	0	\$ 40,561
Officers Costs		0	11,640
Drug Control Fines		0	35,766
Jail Fees		0	2,274
DUI Treatment Fines		0	3,315
Data Entry Fee - Circuit Court		0	1,882
Courtroom Security Fee		0	465
Victims Assistance Assessments		0	3,982
<u>Criminal Court</u>			
DUI Treatment Fines		0	950
<u>General Sessions Court</u>			
Fines		0	26,482
Fines for Littering		0	48
Officers Costs		0	32,938
Game and Fish Fines		0	394
Drug Control Fines		0	9,229
Drug Court Fees		0	3,398
Jail Fees		0	6,159
DUI Treatment Fines		0	5,244

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>General Sessions Court (Cont.)</u>		
Data Entry Fee - General Sessions Court	\$ 0	\$ 12,050
Courtroom Security Fee	0	13,509
Victims Assistance Assessments	0	10,417
<u>Juvenile Court</u>		
Fines	0	328
Officers Costs	0	156
Jail Fees	0	10
Data Entry Fee - Juvenile Court	0	728
Victims Assistance Assessments	0	42
<u>Chancery Court</u>		
Officers Costs	0	1,653
Data Entry Fee - Chancery Court	0	4,398
Courtroom Security Fee	0	863
<u>Other Courts - In-county</u>		
Officers Costs	0	80
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	43,722
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 272,683</u>
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Patient Charges	\$ 0	\$ 1,418,094
Work Release Charges for Board	0	7,474
<u>Fees</u>		
Airport Fees	0	20,826

(Continued)

Exhibit J-5

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

	<u>Capital</u> <u>Projects Fund</u>	
	General Capital Projects	Total
<u>Charges for Current Services (Cont.)</u>		
<u>Fees (Cont.)</u>		
Copy Fees	\$ 0	\$ 19
Greenbelt Late Application Fee	0	300
Telephone Commissions	0	54,985
Constitutional Officers' Fees and Commissions	0	292,896
Data Processing Fee - Register	0	7,686
Data Processing Fee - Sheriff	0	3,917
Sexual Offender Registration Fee - Sheriff	0	3,450
Data Processing Fee - County Clerk	0	5,303
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 1,814,950</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 0	\$ 84,369
Lease/Rentals	0	2,200
Commissary Sales	0	33,927
Sale of Gasoline	0	47,591
Sale of Maps	0	1,194
Miscellaneous Refunds	0	117,092
<u>Nonrecurring Items</u>		
Sale of Equipment	0	50,000
Sale of Property	0	35,263
<u>Other Local Revenues</u>		
Other Local Revenues	0	8,752
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 380,388</u>

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<hr/>		
<u>Fees Received From County Officials</u>		
<u>Excess Fees</u>		
County Clerk	\$ 0	\$ 77,411
Trustee	0	256,480
<u>Fees In-Lieu-of Salary</u>		
Circuit Court Clerk	0	99,507
General Sessions Court Clerk	0	249,603
Clerk and Master	0	116,750
Juvenile Court Clerk	0	23,121
Register	0	93,661
Sheriff	0	27,963
Total Fees Received From County Officials	<u>\$ 0</u>	<u>\$ 944,496</u>
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 4,800
Airport Maintenance Program	0	6,582
On-behalf Contributions for OPEB	0	2,100
<u>Health and Welfare Grants</u>		
Health Department Programs	0	180,522
Other Health and Welfare Grants	0	43,179
<u>Public Works Grants</u>		
State Aid Program	0	254,477
Litter Program	0	27,722
<u>Other State Revenues</u>		
Income Tax	0	112,399
Beer Tax	0	18,488

(Continued)

Exhibit J-5

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

	<u>Capital</u> <u>Projects Fund</u>	
	General Capital Projects	Total
<u>State of Tennessee (Cont.)</u>		
<u>Other State Revenues (Cont.)</u>		
Vehicle Certificate of Title Fees	\$ 0	\$ 2,750
Alcoholic Beverage Tax	0	74,443
State Revenue Sharing - T.V.A.	0	869,506
Contracted Prisoner Boarding	0	491,235
Gasoline and Motor Fuel Tax	0	2,043,080
Petroleum Special Tax	0	19,664
Registrar's Salary Supplement	0	15,164
Other State Grants	0	273,226
Other State Revenues	0	68,631
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 4,507,968</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
Civil Defense Reimbursement	\$ 0	\$ 6,700
Disaster Relief	0	5,028
Homeland Security Grants	0	6,352
<u>Direct Federal Revenue</u>		
Other Direct Federal Revenue	0	49,165
Total Federal Government	<u>\$ 0</u>	<u>\$ 67,245</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 0	\$ 789,187
Contracted Services	0	150,000

(Continued)

Exhibit J-5

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

	<u>Capital Projects Fund</u>	
	General Capital Projects	Total
<hr/>		
<u>Other Governments and Citizens Groups (Cont.)</u>		
<u>Other</u>		
Other	\$ 0	\$ 4,305
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 943,492</u>
 Total	 <u>\$ 760,036</u>	 <u>\$ 15,462,966</u>

Exhibit J-6

Hardeman County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2016

	<u>Special Revenue Funds</u>				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 5,308,023	\$ 0	\$ 0	\$ 5,308,023	
Trustee's Collections - Prior Year	199,261	0	0	199,261	
Trustee's Collections - Bankruptcy	20,221	0	0	20,221	
Circuit Clerk/Clerk and Master Collections - Prior Years	128,165	0	0	128,165	
Interest and Penalty	44,039	0	0	44,039	
Payments in-Lieu-of Taxes - Other	81,406	0	0	81,406	
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,256,752	0	0	2,256,752	
Mixed Drink Tax	2,202	0	0	2,202	
Other County Local Option Taxes	124	0	0	124	
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	2,411	0	0	2,411	
Total Local Taxes	\$ 8,042,604	\$ 0	\$ 0	\$ 8,042,604	
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 2,337	\$ 0	\$ 0	\$ 2,337	
Total Licenses and Permits	\$ 2,337	\$ 0	\$ 0	\$ 2,337	
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Other Employee Benefit Charges/Contributions	\$ 3,365	\$ 0	\$ 0	\$ 3,365	
<u>Fees</u>					
Vending Machine Collections	501	0	0	501	

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges</u>					
Lunch Payments - Adults	\$ 0	\$ 0	\$ 50,551	\$	50,551
Income from Breakfast	0	0	3,532		3,532
A la Carte Sales	0	0	151,694		151,694
Receipts from Individual Schools	7,930	0	0		7,930
Other Charges for Services	38,915	0	46,222		85,137
Total Charges for Current Services	<u>\$ 50,711</u>	<u>\$ 0</u>	<u>\$ 251,999</u>	<u>\$</u>	<u>302,710</u>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 2,476	\$	2,476
Lease/Rentals	29,903	0	0		29,903
Retirees' Insurance Payments	30,954	0	0		30,954
Cobra Insurance Payments	278	0	0		278
Miscellaneous Refunds	30,240	0	1,426		31,666
<u>Nonrecurring Items</u>					
Sale of Equipment	200	0	0		200
Contributions and Gifts	1,500	0	0		1,500
<u>Other Local Revenues</u>					
Other Local Revenues	2,790	0	0		2,790
Total Other Local Revenues	<u>\$ 95,865</u>	<u>\$ 0</u>	<u>\$ 3,902</u>	<u>\$</u>	<u>99,767</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	\$ 154,945	\$ 0	\$ 0	\$	154,945

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 20,862,000	\$ 0	\$ 0	\$ 20,862,000
Early Childhood Education	1,043,371	0	0	1,043,371
School Food Service	0	0	21,391	21,391
Driver Education	15,573	0	0	15,573
Other State Education Funds	225,603	0	0	225,603
Career Ladder Program	122,014	0	0	122,014
<u>Other State Revenues</u>				
Other State Grants	25,430	0	9,470	34,900
Total State of Tennessee	<u>\$ 22,448,936</u>	<u>\$ 0</u>	<u>\$ 30,861</u>	<u>\$ 22,479,797</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,404,194	\$ 1,404,194
USDA - Commodities	0	0	107,058	107,058
Breakfast	0	0	590,721	590,721
USDA - Other	0	0	25,549	25,549
USDA Food Service Equipment Grant	0	0	13,766	13,766
Vocational Education - Basic Grants to States	0	64,375	0	64,375
Title I Grants to Local Education Agencies	0	1,662,028	0	1,662,028
Special Education - Grants to States	29,022	890,145	0	919,167
Special Education Preschool Grants	0	40,418	0	40,418
Safe and Drug-free Schools - State Grants	0	374,864	0	374,864
Rural Education	0	75,095	0	75,095
Eisenhower Professional Development State Grants	0	195,766	0	195,766

(Continued)

Exhibit J-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
Other Federal through State	\$ 0	\$ 169,980	\$ 0	\$ 169,980
Total Federal Government	<u>\$ 29,022</u>	<u>\$ 3,472,671</u>	<u>\$ 2,141,288</u>	<u>\$ 5,642,981</u>
 Total	 <u>\$ 30,669,475</u>	 <u>\$ 3,472,671</u>	 <u>\$ 2,428,050</u>	 <u>\$ 36,570,196</u>

Exhibit J-7

Hardeman County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2016

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	8,075	
Other Charges		719	
Total County Commission			\$ 8,794

Board of Equalization

Board and Committee Members Fees	\$	560	
Total Board of Equalization			560

Beer Board

Board and Committee Members Fees	\$	770	
Total Beer Board			770

Budget and Finance Committee

Board and Committee Members Fees	\$	1,486	
Total Budget and Finance Committee			1,486

Other Boards and Committees

Board and Committee Members Fees	\$	3,640	
Total Other Boards and Committees			3,640

County Mayor/Executive

County Official/Administrative Officer	\$	78,358	
Secretary(ies)		50,079	
Communication		3,747	
Maintenance and Repair Services - Office Equipment		897	
Postal Charges		2,670	
Travel		6,085	
Office Supplies		3,996	
Other Supplies and Materials		310	
Other Charges		937	
Office Equipment		3,253	
Total County Mayor/Executive			150,332

County Attorney

County Official/Administrative Officer	\$	10,621	
Legal Services		984	
Total County Attorney			11,605

Election Commission

County Official/Administrative Officer	\$	61,059	
Clerical Personnel		20,276	
Overtime Pay		393	
Other Salaries and Wages		4,860	
Board and Committee Members Fees		4,100	
Election Workers		13,034	
Communication		2,360	
Dues and Memberships		175	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Legal Notices, Recording, and Court Costs	\$	1,529	
Maintenance and Repair Services - Office Equipment		12	
Postal Charges		832	
Printing, Stationery, and Forms		3,651	
Rentals		15,856	
Travel		4,699	
Other Contracted Services		14,248	
Custodial Supplies		194	
Office Supplies		2,189	
Utilities		4,098	
Office Equipment		4,894	
Total Election Commission			\$ 158,459

Register of Deeds

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		49,020	
Part-time Personnel		2,057	
Educational Incentive - Other County Employees		3,300	
Communication		3,223	
Data Processing Services		8,923	
Dues and Memberships		125	
Maintenance Agreements		1,197	
Postal Charges		189	
Travel		1,023	
Office Supplies		4,247	
Total Register of Deeds			141,147

Development

County Official/Administrative Officer	\$	31,650	
Part-time Personnel		270	
Communication		1,345	
Contracts with Government Agencies		16,300	
Rentals		972	
Travel		768	
Remittance of Revenue Collected		18,565	
Office Supplies		342	
Other Charges		387	
Total Development			70,599

County Buildings

Supervisor/Director	\$	35,392	
Custodial Personnel		32,010	
Communication		2,827	
Maintenance and Repair Services - Buildings		22,865	
Maintenance and Repair Services - Equipment		4,856	
Maintenance and Repair Services - Vehicles		609	
Custodial Supplies		2,934	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Gasoline	\$	784	
Office Supplies		8	
Uniforms		1,850	
Utilities		48,232	
Other Supplies and Materials		483	
Other Charges		697	
Building Improvements		5,967	
Furniture and Fixtures		798	
Total County Buildings			\$ 160,312

Other General Administration

Land	\$	37,659	
Total Other General Administration			37,659

Preservation of Records

Communication	\$	1,082	
Utilities		3,169	
Total Preservation of Records			4,251

Finance

Accounting and Budgeting

Accountants/Bookkeepers	\$	9,333	
Total Accounting and Budgeting			9,333

Purchasing

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

Property Assessor's Office

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		35,123	
Clerical Personnel		42,790	
Educational Incentive - Other County Employees		4,800	
Communication		3,042	
Data Processing Services		15,150	
Dues and Memberships		1,700	
Postal Charges		359	
Travel		2,480	
Other Contracted Services		14,992	
Office Supplies		877	
Other Supplies and Materials		1,526	
Total Property Assessor's Office			190,682

Reappraisal Program

Other Salaries and Wages	\$	15,393	
Data Processing Services		3,910	
Maintenance and Repair Services - Vehicles		1,292	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Postal Charges	\$	1,273	
Travel		211	
Gasoline		1,269	
Total Reappraisal Program			\$ 23,348

County Trustee's Office

Educational Incentive - Other County Employees	\$	1,125	
Communication		5,958	
Postal Charges		7,624	
Other Contracted Services		2,849	
Office Supplies		3,046	
Office Equipment		795	
Total County Trustee's Office			21,397

County Clerk's Office

Educational Incentive - Other County Employees	\$	3,750	
Communication		4,460	
Maintenance and Repair Services - Office Equipment		10,183	
Postal Charges		5,499	
Office Supplies		1,598	
Other Supplies and Materials		962	
Total County Clerk's Office			26,452

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		48,235	
Clerical Personnel		103,072	
Part-time Personnel		14,056	
Educational Incentive - Other County Employees		4,800	
Jury and Witness Expense		7,975	
Other Per Diem and Fees		406	
Postal Charges		5,922	
Travel		152	
Office Supplies		9,260	
Office Equipment		3,034	
Total Circuit Court			264,755

General Sessions Court

Judge(s)	\$	108,214	
Secretary(ies)		13,474	
Part-time Personnel		1,500	
Travel		1,174	
Total General Sessions Court			124,362

Drug Court

Rentals	\$	1,200	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court (Cont.)

Travel	\$	2,142	
Other Contracted Services		39,000	
Office Supplies		6,984	
Other Charges		74	
Total Drug Court			\$ 49,400

Chancery Court

County Official/Administrative Officer	\$	67,843	
Deputy(ies)		67,888	
Educational Incentive - Other County Employees		4,900	
Communication		3,174	
Data Processing Services		316	
Dues and Memberships		95	
Legal Notices, Recording, and Court Costs		1,411	
Maintenance and Repair Services - Office Equipment		1,084	
Postal Charges		5,706	
Travel		982	
Office Supplies		3,488	
Data Processing Equipment		1,407	
Total Chancery Court			158,294

Juvenile Court

Other Salaries and Wages	\$	31,178	
Communication		1,172	
Contracts with Government Agencies		4,900	
Travel		2,819	
Drug Treatment		1,399	
Office Supplies		138	
Office Equipment		99	
Total Juvenile Court			41,705

Victim Assistance Programs

Other Per Diem and Fees	\$	12,127	
Total Victim Assistance Programs			12,127

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	74,628	
Assistant(s)		46,360	
Deputy(ies)		642,259	
Investigator(s)		125,952	
Salary Supplements		15,600	
Dispatchers/Radio Operators		310,234	
Secretary(ies)		85,000	
Part-time Personnel		6,369	
Overtime Pay		50,811	
In-service Training		9,685	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Communication	\$	28,029	
Dues and Memberships		2,000	
Legal Services		1,760	
Maintenance and Repair Services - Vehicles		55,181	
Postal Charges		1,372	
Travel		5,635	
Gasoline		94,291	
Office Supplies		8,656	
Uniforms		6,232	
Medical Claims		1,605	
Other Charges		19,248	
Communication Equipment		2,252	
Law Enforcement Equipment		15,150	
Motor Vehicles		57,097	
Office Equipment		5,860	
Other Equipment		444	
Total Sheriff's Department			\$ 1,671,710

Workhouse

Guards	\$	632,911	
Maintenance Personnel		30,907	
Part-time Personnel		24,011	
Overtime Pay		14,777	
Communication		1,933	
Maintenance and Repair Services - Buildings		18,538	
Maintenance and Repair Services - Equipment		15,365	
Medical and Dental Services		163,835	
Custodial Supplies		25,766	
Electricity		194,092	
Food Preparation Supplies		2,358	
Food Supplies		227,128	
Other Supplies and Materials		6,372	
In Service/Staff Development		3,719	
Other Charges		8,071	
Communication Equipment		3,601	
Office Equipment		2,444	
Total Workhouse			1,375,828

Juvenile Services

Supervisor/Director	\$	33,190	
Postal Charges		106	
Office Supplies		20	
Office Equipment		816	
Total Juvenile Services			34,132

Fire Prevention and Control

Contracts with Government Agencies	\$	114,580	
Total Fire Prevention and Control			114,580

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense

Supervisor/Director	\$	2,816	
Part-time Personnel		1,224	
Communication		3,219	
Maintenance and Repair Services - Vehicles		276	
Gasoline		202	
Office Supplies		81	
Other Charges		138	
Other Equipment		6,521	
Total Civil Defense			\$ 14,477

County Coroner/Medical Examiner

Other Contracted Services	\$	28,940	
Total County Coroner/Medical Examiner			28,940

Public Health and Welfare

Local Health Center

Communication	\$	6,864	
Contracts with Government Agencies		22,108	
Janitorial Services		14,400	
Maintenance and Repair Services - Buildings		3,506	
Postal Charges		186	
Custodial Supplies		1,069	
Drugs and Medical Supplies		278	
Office Supplies		1,700	
Utilities		12,743	
Other Supplies and Materials		2,687	
Total Local Health Center			65,541

Rabies and Animal Control

Part-time Personnel	\$	38,352	
Communication		2,404	
Maintenance and Repair Services - Buildings		968	
Maintenance and Repair Services - Vehicles		696	
Animal Food and Supplies		3,589	
Drugs and Medical Supplies		1,540	
Gasoline		1,457	
Utilities		5,582	
Other Supplies and Materials		565	
Refunds		1,439	
Other Charges		168	
Total Rabies and Animal Control			56,760

Ambulance/Emergency Medical Services

Assistant(s)	\$	35,674	
Supervisor/Director		42,101	
Clerical Personnel		24,980	
Attendants		777,868	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Part-time Personnel	\$	59,040	
Overtime Pay		94,639	
In-service Training		1,974	
Communication		8,551	
Contracts with Private Agencies		16,992	
Maintenance and Repair Services - Buildings		1,233	
Maintenance and Repair Services - Equipment		3,417	
Maintenance and Repair Services - Vehicles		46,733	
Postal Charges		9,437	
Travel		1,492	
Custodial Supplies		3,374	
Drugs and Medical Supplies		119,098	
Gasoline		42,796	
Office Supplies		6,709	
Tires and Tubes		3,701	
Uniforms		7,400	
Utilities		11,754	
Refunds		1,983	
Other Charges		2,259	
Other Equipment		800	
Other Capital Outlay		34,213	
Total Ambulance/Emergency Medical Services			\$ 1,358,218

Dental Health Program

Medical Personnel	\$	75,649	
Paraprofessionals		23,412	
Clerical Personnel		36,257	
Pensions		3,764	
Employee and Dependent Insurance		13,734	
Travel		2,897	
Drugs and Medical Supplies		4,691	
Liability Insurance		1,697	
Total Dental Health Program			162,101

Other Local Health Services

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

Sanitation Education/Information

Foremen	\$	17,080	
Laborers		300	
Employee and Dependent Insurance		6,671	
Gasoline		170	
Instructional Supplies and Materials		7,681	
Other Supplies and Materials		2,760	
Other Charges		1,436	
Total Sanitation Education/Information			36,098

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup

Contracts with Private Agencies	\$ 129,800	
Total Waste Pickup		\$ 129,800

Convenience Centers

Laborers	\$ 10,837	
Clerical Personnel	11,000	
Communication	5,612	
Maintenance and Repair Services - Equipment	6,283	
Rentals	2,150	
Other Contracted Services	5,908	
Data Processing Supplies	302	
Gasoline	2,107	
Office Supplies	353	
Utilities	11,174	
Other Supplies and Materials	4,088	
Other Charges	536	
Total Convenience Centers		60,350

Other Public Health and Welfare

Other Supplies and Materials	\$ 23,698	
Other Charges	5,211	
Total Other Public Health and Welfare		28,909

Social, Cultural, and Recreational Services

Libraries

Contributions	\$ 9,300	
Other Contracted Services	80,314	
Total Libraries		89,614

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$ 45,590	
Social Security	1,649	
Pensions	6,101	
Employer Medicare	1,204	
Communication	4,277	
Dues and Memberships	400	
Rentals	19,104	
Travel	1,283	
Utilities	4,122	
Other Supplies and Materials	1,312	
Total Agricultural Extension Service		85,042

Soil Conservation

Secretary(ies)	\$ 22,596	
Dues and Memberships	285	
Travel	684	

(Continued)

Exhibit J-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Other Contracted Services	\$	13,837	
Other Supplies and Materials		155	
Total Soil Conservation			\$ 37,557

Other Operations

Industrial Development

Advertising	\$	15	
Contributions		24,000	
Total Industrial Development			24,015

Housing and Urban Development

Other Contracted Services	\$	49,165	
Total Housing and Urban Development			49,165

Other Economic and Community Development

Other Charges	\$	7,424	
Total Other Economic and Community Development			7,424

Airport

Supervisor/Director	\$	10,000	
Communication		3,893	
Maintenance and Repair Services - Buildings		5,161	
Maintenance and Repair Services - Equipment		4,442	
Maintenance and Repair Services - Vehicles		139	
Other Contracted Services		40,477	
Custodial Supplies		90	
Gasoline		48,511	
Utilities		11,659	
Other Charges		282	
Airport Improvement		294,358	
Total Airport			419,012

Veterans' Services

Secretary(ies)	\$	9,282	
Communication		2,489	
Postal Charges		49	
Travel		158	
Office Supplies		90	
Office Equipment		399	
Total Veterans' Services			12,467

Contributions to Other Agencies

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

Employee Benefits

Bonus Payments	\$	31,625	
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(Continued)

Exhibit J-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits (Cont.)

Social Security	\$	293,768	
Pensions		363,075	
Employee and Dependent Insurance		835,072	
Disability Insurance		150,525	
Unemployment Compensation		10,984	
Employer Medicare		68,704	
On-behalf Payments to OPEB		2,100	
Total Employee Benefits			\$ 1,755,853

Miscellaneous

Audit Services	\$	8,176	
Contributions		20,000	
Data Processing Services		45,131	
Dues and Memberships		6,912	
Legal Notices, Recording, and Court Costs		2,340	
Other Supplies and Materials		5,251	
Liability Insurance		160,431	
Premiums on Corporate Surety Bonds		1,326	
Trustee's Commission		117,403	
Other Charges		13,981	
Total Miscellaneous			380,951

Principal on Debt

General Government

Principal on Notes	\$	28,971	
Principal on Capital Leases		18,012	
Total General Government			46,983

Interest on Debt

General Government

Interest on Notes	\$	1,995	
Interest on Capital Leases		1,081	
Total General Government			3,076

Total General Fund \$ 9,746,539

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	8,000	
Maintenance and Repair Services - Vehicles		462	
Travel		720	
Gasoline		2,046	
Instructional Supplies and Materials		6,840	
Office Supplies		202	
Trustee's Commission		675	
Other Charges		5,455	
Other Equipment		16,814	
Total Drug Enforcement			\$ 41,214

Total Drug Control Fund 41,214

(Continued)

Exhibit J-7

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

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 111,202	
Total County Trustee's Office		\$ 111,202

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 181,244	
Total County Clerk's Office		181,244

Administration of Justice

Chancery Court

Special Commissioner Fees	\$ 450	
Total Chancery Court		<u>450</u>

Total Constitutional Officers - Fees Fund		\$ 292,896
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 81,455	
Secretary(ies)	65,104	
Educational Incentive - Other County Employees	950	
Board and Committee Members Fees	11,090	
Communication	10,189	
Data Processing Services	6,960	
Dues and Memberships	3,854	
Legal Services	3,427	
Legal Notices, Recording, and Court Costs	408	
Maintenance and Repair Services - Office Equipment	620	
Postal Charges	592	
Rentals	1,849	
Travel	1,043	
Other Contracted Services	2,341	
Electricity	20,185	
Office Supplies	5,731	
Other Supplies and Materials	859	
Data Processing Equipment	274	
Total Administration		\$ 216,931

Highway and Bridge Maintenance

Foremen	\$ 146,770
Laborers	580,142
Overtime Pay	8,888
Other Salaries and Wages	12,972
Other Contracted Services	3,325
Asphalt - Liquid	68,337
Crushed Stone	59,568
General Construction Materials	4,421
Pipe	12,926

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Road Signs	\$	11,683	
Wood Products		464	
Chemicals		11,288	
Other Supplies and Materials		653	
Total Highway and Bridge Maintenance			\$ 921,437

Operation and Maintenance of Equipment

Materials Supervisor	\$	18,118	
Foremen		35,032	
Mechanic(s)		23,661	
Overtime Pay		1,167	
Other Salaries and Wages		1,446	
Equipment and Machinery Parts		143,548	
Garage Supplies		968	
Gasoline		135,526	
Lubricants		7,520	
Tires and Tubes		34,451	
Uniforms		8,988	
Other Supplies and Materials		378	
Total Operation and Maintenance of Equipment			410,803

Asphalt Plant Operations

Foremen	\$	8,996	
Laborers		11,225	
Other Contracted Services		4,931	
Asphalt - Hot Mix		494,121	
Crushed Stone		136,519	
Equipment and Machinery Parts		4,772	
Utilities		102,215	
Other Supplies and Materials		2,184	
State Aid Projects		7,190	
Total Asphalt Plant Operations			772,153

Other Charges

Liability Insurance	\$	41,733	
Trustee's Commission		28,293	
Total Other Charges			70,026

Employee Benefits

Social Security	\$	62,061	
Pensions		69,874	
Employee and Dependent Insurance		192,006	
Disability Insurance		66,715	
Unemployment Compensation		6,866	
Employer Medicare		14,514	
Other Fringe Benefits		1,235	
Total Employee Benefits			413,271

(Continued)

Exhibit J-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Bridge Construction	\$ 87,081	
Building Improvements	2,499	
Communication Equipment	1,668	
Highway Equipment	<u>287,965</u>	
Total Capital Outlay		\$ 379,213

Principal on Debt

Highways and Streets

Principal on Notes	\$ 63,835	
Total Highways and Streets		63,835

Interest on Debt

Highways and Streets

Interest on Notes	\$ 208	
Total Highways and Streets		<u>208</u>

Total Highway/Public Works Fund \$ 3,247,877

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$ 35,000	
Total General Government		\$ 35,000

Education

Principal on Bonds	\$ 545,000	
Principal on Other Loans	<u>18,228</u>	
Total Education		563,228

Interest on Debt

General Government

Interest on Notes	\$ 8,435	
Total General Government		8,435

Education

Interest on Bonds	\$ 139,813	
Total Education		139,813

Other Debt Service

General Government

Contributions	\$ 328,588	
Total General Government		328,588

Education

Other Charges	\$ 1,152	
Total Education		<u>1,152</u>

Total General Debt Service Fund 1,076,216

(Continued)

Exhibit J-7

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

<u>General Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Administration of Justice Projects</u>			
Contributions	\$	692,029	
Trustee's Commission		<u>7,666</u>	
Total Administration of Justice Projects			\$ 699,695
 <u>Public Health and Welfare Projects</u>			
Other Contracted Services	\$	2,488	
General Construction Materials		103,307	
Other Supplies and Materials		82	
Other Charges		<u>33</u>	
Total Public Health and Welfare Projects			<u>105,910</u>
 Total General Capital Projects Fund			 <u>\$ 805,605</u>
 Total Governmental Funds - Primary Government			 <u><u>\$ 15,210,347</u></u>

Exhibit J-8

Hardeman County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2016

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	9,695,195	
Career Ladder Program		79,632	
Career Ladder Extended Contracts		13,478	
Homebound Teachers		3,767	
Educational Assistants		249,626	
Other Salaries and Wages		480	
Certified Substitute Teachers		104,936	
Non-certified Substitute Teachers		90,300	
Social Security		587,789	
Pensions		905,096	
Medical Insurance		1,087,052	
Dental Insurance		30,393	
Employer Medicare		138,892	
Other Contracted Services		259,132	
Instructional Supplies and Materials		135,989	
Textbooks		201,432	
Other Supplies and Materials		480	
Other Charges		1,299	
Regular Instruction Equipment		151,378	
Total Regular Instruction Program			\$ 13,736,346

Alternative Instruction Program

Teachers	\$	199,065	
Social Security		11,062	
Pensions		17,996	
Medical Insurance		18,310	
Employer Medicare		2,587	
Instructional Supplies and Materials		1,781	
Total Alternative Instruction Program			250,801

Special Education Program

Teachers	\$	1,472,848	
Career Ladder Program		12,750	
Homebound Teachers		14,327	
Educational Assistants		61,648	
Certified Substitute Teachers		6,297	
Non-certified Substitute Teachers		8,553	
Social Security		92,212	
Pensions		140,919	
Medical Insurance		158,089	
Employer Medicare		21,625	
Evaluation and Testing		3,743	
Instructional Supplies and Materials		4,371	
Other Supplies and Materials		125	
Special Education Equipment		140	
Total Special Education Program			1,997,647

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	898,244	
Career Ladder Program		5,000	
Educational Assistants		6,062	
Certified Substitute Teachers		5,298	
Non-certified Substitute Teachers		4,855	
Social Security		53,609	
Pensions		82,019	
Medical Insurance		86,467	
Employer Medicare		12,568	
Maintenance and Repair Services - Equipment		2,586	
Instructional Supplies and Materials		22,167	
Other Supplies and Materials		2,175	
Other Charges		870	
Vocational Instruction Equipment		6,700	
Total Vocational Education Program			\$ 1,188,620

Support Services

Attendance

Supervisor/Director	\$	71,088	
Career Ladder Program		1,000	
Clerical Personnel		25,337	
Social Security		5,746	
Pensions		8,774	
Medical Insurance		6,723	
Employer Medicare		1,344	
Contracts with Private Agencies		7,268	
Travel		21	
Other Supplies and Materials		243	
Attendance Equipment		1,366	
Total Attendance			128,910

Health Services

Medical Personnel	\$	210,306	
Social Security		11,959	
Pensions		15,447	
Medical Insurance		30,451	
Employer Medicare		2,797	
Travel		4,112	
Other Contracted Services		416	
Drugs and Medical Supplies		7,706	
Other Supplies and Materials		1,856	
Health Equipment		1,339	
Total Health Services			286,389

Other Student Support

Career Ladder Program	\$	500	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Guidance Personnel	\$	590,270	
Psychological Personnel		50,560	
Social Workers		104,076	
Other Salaries and Wages		58,931	
Social Security		47,456	
Pensions		72,591	
Medical Insurance		72,814	
Employer Medicare		11,106	
Contracts with Government Agencies		60,000	
Evaluation and Testing		15,738	
Travel		5,118	
Other Contracted Services		2,000	
Other Supplies and Materials		9,894	
In Service/Staff Development		1,546	
Other Equipment		21,292	
Total Other Student Support			\$ 1,123,892

Regular Instruction Program

Supervisor/Director	\$	67,315	
Career Ladder Program		5,500	
Librarians		452,784	
Educational Assistants		46,354	
Other Salaries and Wages		370,948	
Social Security		54,426	
Pensions		85,178	
Medical Insurance		100,541	
Employer Medicare		12,729	
Maintenance and Repair Services - Equipment		28,309	
Travel		6,622	
Other Contracted Services		31,156	
Library Books/Media		32,333	
Other Supplies and Materials		112	
In Service/Staff Development		14,542	
Other Charges		1,594	
Regular Instruction Equipment		19,990	
Other Equipment		1,323	
Total Regular Instruction Program			1,331,756

Alternative Instruction Program

Clerical Personnel	\$	25,418	
Social Security		1,533	
Pensions		2,265	
Employer Medicare		359	
Total Alternative Instruction Program			29,575

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program

Supervisor/Director	\$	63,573	
Career Ladder Program		750	
Psychological Personnel		1,030	
Assessment Personnel		72,845	
Social Security		6,835	
Pensions		10,168	
Medical Insurance		4,375	
Employer Medicare		1,971	
Maintenance and Repair Services - Equipment		350	
Travel		6,346	
Other Contracted Services		317,469	
Other Supplies and Materials		2,000	
In Service/Staff Development		15,086	
Total Special Education Program			\$ 502,798

Vocational Education Program

Supervisor/Director	\$	38,257	
Career Ladder Program		500	
Social Security		2,245	
Pensions		3,504	
Medical Insurance		4,307	
Employer Medicare		525	
Other Supplies and Materials		1,455	
Total Vocational Education Program			50,793

Other Programs

On-behalf Payments to OPEB	\$	154,945	
Total Other Programs			154,945

Board of Education

Board and Committee Members Fees	\$	12,358	
Social Security		766	
Medical Insurance		23,283	
Unemployment Compensation		3,638	
Employer Medicare		179	
Audit Services		23,100	
Dues and Memberships		12,998	
Legal Services		3,539	
Travel		14,043	
Other Contracted Services		19,845	
Liability Insurance		35,274	
Premiums on Corporate Surety Bonds		2,713	
Trustee's Commission		195,976	
Workers' Compensation Insurance		158,044	
In Service/Staff Development		6,920	
Other Charges		1,114	
Total Board of Education			513,790

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools

County Official/Administrative Officer	\$	109,304	
Career Ladder Program		1,000	
Clerical Personnel		51,140	
Social Security		9,441	
Pensions		14,528	
Medical Insurance		12,931	
Employer Medicare		2,208	
Communication		50,677	
Dues and Memberships		1,608	
Postal Charges		3,820	
Travel		4,769	
Other Contracted Services		41,495	
Office Supplies		1,576	
Other Supplies and Materials		694	
In Service/Staff Development		1,000	
Other Charges		21,404	
Total Director of Schools			\$ 327,595

Office of the Principal

Principals	\$	622,817	
Career Ladder Program		500	
Career Ladder Extended Contracts		10,710	
Assistant Principals		385,566	
Secretary(ies)		321,048	
Social Security		79,229	
Pensions		119,483	
Medical Insurance		101,637	
Employer Medicare		18,529	
Other Charges		2,000	
Total Office of the Principal			1,661,519

Fiscal Services

Supervisor/Director	\$	39,792	
Accountants/Bookkeepers		85,608	
Social Security		7,616	
Pensions		9,407	
Medical Insurance		10,937	
Employer Medicare		1,781	
Data Processing Services		14,295	
Dues and Memberships		905	
Travel		5,047	
Data Processing Supplies		1,077	
Office Supplies		2,003	
In Service/Staff Development		2,386	
Total Fiscal Services			180,854

(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Human Services/Personnel

Supervisor/Director	\$	54,501	
Social Security		3,321	
Pensions		4,856	
Employer Medicare		777	
Dues and Memberships		255	
Licenses		8,493	
Travel		2,930	
Office Supplies		560	
In Service/Staff Development		800	
Total Human Services/Personnel			\$ 76,493

Operation of Plant

Supervisor/Director	\$	43,117	
Social Security		2,547	
Pensions		3,896	
Medical Insurance		3,362	
Employer Medicare		596	
Janitorial Services		729,627	
Maintenance Agreements		12,409	
Disposal Fees		19,573	
Electricity		621,143	
Natural Gas		85,102	
Water and Sewer		63,331	
Boiler Insurance		8,683	
Building and Contents Insurance		153,957	
Total Operation of Plant			1,747,343

Maintenance of Plant

Supervisor/Director	\$	88,945	
Maintenance Personnel		191,411	
In-service Training		115	
Social Security		15,867	
Pensions		24,860	
Medical Insurance		41,076	
Employer Medicare		3,716	
Laundry Service		3,237	
Maintenance and Repair Services - Buildings		382,572	
Maintenance and Repair Services - Equipment		55,189	
Maintenance and Repair Services - Vehicles		326	
Travel		2,017	
Other Contracted Services		24,554	
General Construction Materials		24,281	
Other Supplies and Materials		981	
In Service/Staff Development		190	
Other Charges		851	
Maintenance Equipment		23,250	
Total Maintenance of Plant			883,438

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	38,257	
Mechanic(s)		134,722	
Bus Drivers		466,917	
Clerical Personnel		27,682	
In-service Training		7,657	
Social Security		36,285	
Pensions		50,564	
Medical Insurance		21,802	
Employer Medicare		9,712	
Contracts with Parents		9,649	
Laundry Service		76	
Maintenance and Repair Services - Vehicles		41,245	
Medical and Dental Services		4,418	
Travel		2,142	
Diesel Fuel		144,657	
Garage Supplies		8,378	
Gasoline		27,619	
Lubricants		8,567	
Tires and Tubes		30,189	
Vehicle Parts		45,948	
Other Supplies and Materials		1,483	
Vehicle and Equipment Insurance		47,430	
In Service/Staff Development		276	
Other Charges		55,520	
Motor Vehicles		25,000	
Transportation Equipment		368,523	
Total Transportation			\$ 1,614,718

Central and Other

Supervisor/Director	\$	49,326	
Computer Programmer(s)		99,938	
Social Security		8,719	
Pensions		13,299	
Medical Insurance		17,384	
Employer Medicare		2,039	
Maintenance and Repair Services - Equipment		157	
Travel		121	
Other Contracted Services		5,220	
Data Processing Supplies		3,423	
In Service/Staff Development		4,352	
Data Processing Equipment		21,053	
Total Central and Other			225,031

Operation of Non-Instructional Services

Early Childhood Education

Supervisor/Director	\$	114,199	
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(Continued)

Exhibit J-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Teachers	\$	439,544	
Clerical Personnel		16,790	
Educational Assistants		141,193	
Certified Substitute Teachers		4,138	
Non-certified Substitute Teachers		11,223	
Social Security		42,840	
Pensions		63,104	
Medical Insurance		58,281	
Employer Medicare		10,061	
Operating Lease Payments		6,571	
Travel		4,400	
Instructional Supplies and Materials		34,200	
Other Supplies and Materials		8,419	
In Service/Staff Development		1,842	
Other Charges		7,987	
Other Equipment		85,751	
Total Early Childhood Education			\$ 1,050,543

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	114,954	
Total Regular Capital Outlay			114,954

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	704,193	
Total Education			704,193

Total General Purpose School Fund \$ 29,882,943

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	978,940	
Educational Assistants		64,631	
Part-time Personnel		5,359	
Other Salaries and Wages		72,439	
Certified Substitute Teachers		22,727	
Non-certified Substitute Teachers		7,381	
Social Security		65,255	
Pensions		96,754	
Medical Insurance		56,659	
Employer Medicare		16,155	
Other Contracted Services		11,626	
Instructional Supplies and Materials		178,615	
Other Supplies and Materials		2,750	

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

In Service/Staff Development	\$ 125	
Regular Instruction Equipment	158,730	
Total Regular Instruction Program		\$ 1,738,146

Special Education Program

Teachers	\$ 7,161	
Educational Assistants	419,544	
Social Security	24,391	
Pensions	35,039	
Medical Insurance	23,203	
Employer Medicare	5,926	
Evaluation and Testing	880	
Instructional Supplies and Materials	97,023	
Other Supplies and Materials	5,941	
Special Education Equipment	41,265	
Total Special Education Program		660,373

Vocational Education Program

Educational Assistants	\$ 8,097	
Social Security	502	
Pensions	721	
Employer Medicare	117	
Instructional Supplies and Materials	17,352	
Vocational Instruction Equipment	17,958	
Total Vocational Education Program		44,747

Support Services

Other Student Support

Travel	\$ 12,353	
Other Supplies and Materials	13,748	
In Service/Staff Development	5,441	
Total Other Student Support		31,542

Regular Instruction Program

Supervisor/Director	\$ 134,073	
Teachers	7,035	
Clerical Personnel	20,397	
Other Salaries and Wages	18,734	
Non-certified Substitute Teachers	110	
Social Security	10,975	
Pensions	16,267	
Medical Insurance	8,749	
Employer Medicare	2,567	
Travel	13,430	
Other Contracted Services	1,800	
Other Supplies and Materials	32,551	
In Service/Staff Development	62,157	
Total Regular Instruction Program		328,845

(Continued)

Exhibit J-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program

Assessment Personnel	\$	61,118	
Social Security		3,431	
Pensions		5,525	
Medical Insurance		8,572	
Employer Medicare		802	
Travel		4,565	
Other Contracted Services		3,000	
Other Supplies and Materials		2,348	
In Service/Staff Development		41,207	
Other Equipment		8,201	
Total Special Education Program			\$ 138,769

Vocational Education Program

In Service/Staff Development	\$	1,189	
Total Vocational Education Program			1,189

Transportation

Bus Drivers	\$	71,988	
Other Salaries and Wages		33,556	
Social Security		5,673	
Pensions		8,140	
Employer Medicare		1,534	
Diesel Fuel		608	
Total Transportation			121,499

Operation of Non-Instructional Services

Community Services

Teachers	\$	268,690	
Educational Assistants		21,338	
Other Salaries and Wages		14,677	
Social Security		18,308	
Pensions		26,658	
Employer Medicare		4,282	
Instructional Supplies and Materials		2,543	
In Service/Staff Development		1,119	
Other Charges		11,490	
Total Community Services			<u>369,105</u>

Total School Federal Projects Fund \$ 3,434,215

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	61,973	
Accountants/Bookkeepers		33,014	
Cafeteria Personnel		751,864	

(Continued)

Exhibit J-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Social Security	\$	50,572	
Pensions		71,013	
Medical Insurance		44,745	
Employer Medicare		11,827	
Communication		4,336	
Data Processing Services		3,600	
Dues and Memberships		722	
Maintenance and Repair Services - Equipment		10,881	
Travel		2,334	
Permits		800	
Other Contracted Services		15,101	
Electricity		28,206	
Food Supplies		1,093,072	
Natural Gas		3,199	
Office Supplies		672	
Uniforms		6,882	
Water and Sewer		2,766	
USDA - Commodities		107,058	
Other Supplies and Materials		111,147	
Refunds		304	
In Service/Staff Development		515	
Other Charges		1,142	
Food Service Equipment		28,734	
Total Food Service			\$ 2,446,479

Total Central Cafeteria Fund \$ 2,446,479

Total Governmental Funds - Hardeman County School Department \$ 35,763,637

Exhibit J-9

Hardeman County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2016

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,766,928
Total Cash Receipts	<u>\$ 1,766,928</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,749,259
Trustee's Commission	17,669
Total Cash Disbursements	<u>\$ 1,766,928</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2015	<u>0</u>
Cash Balance, June 30, 2016	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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

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

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardeman County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Hardeman County's basic financial statements, and have issued our report thereon dated September 20, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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: 2016-002(B), and 2016-005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hardeman County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2016-001, 2016-002(A), 2016-003, and 2016-004.

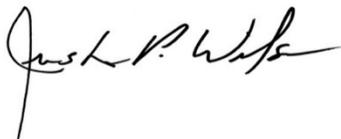
Hardeman County's Responses to Findings

Hardeman County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Hardeman 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 Hardeman County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 20, 2016

JPW/kp



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
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NASHVILLE, TENNESSEE 37243-1402
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**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Hardeman County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hardeman County's major federal programs for the year ended June 30, 2016. Hardeman County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Hardeman County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether

noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hardeman County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Hardeman County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

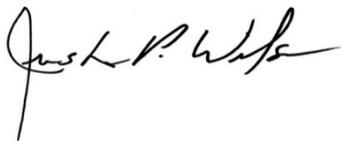
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardeman County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Hardeman County's basic financial statements. We issued our report thereon dated September 20, 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 the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 20, 2016

JPW/kp

Hardeman County, Tennessee, and the Hardeman County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year Ended June 30, 2016

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	\$ 590,721
National School Lunch Program	10.555	N/A	1,429,743 (4)
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	13,766
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	107,058 (4)
Fresh Fruit and Vegetable Program	10.582	N/A	9,470
Total U.S. Department of Agriculture			<u>\$ 2,150,758</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program	12.U01	(3)	\$ 274,604 (5)
Total U.S. Department of Defense			<u>\$ 274,604</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(3)	\$ 4,800
Total U.S. Department of Justice			<u>\$ 4,800</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	AERO-14-181	\$ 270,458
Total U.S. Department of Transportation			<u>\$ 270,458</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,207,025
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	919,167
Special Education - Preschool Grants	84.173	N/A	40,716
Career and Technical Education - Basic Grants to States	84.048	N/A	64,375
Twenty-first Century Community Learning Centers	84.287	N/A	374,864
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	132,973
Rural Education	84.358	N/A	75,095
Improving Teacher Quality State Grants	84.367	N/A	195,766
School Improvement Grants	84.377	N/A	458,086
Total U.S. Department of Education			<u>\$ 3,468,067</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Preventive Health and Health Services Block Grant	93.991	(3)	\$ 180,522
Total U.S. Department of Health and Human Services			<u>\$ 180,522</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(3)	\$ 5,028
Emergency Management Performance Grants	97.042	34101-00913	6,700
Homeland Security Grant Program	97.067	(2)	6,352
Total U.S. Department of Homeland Security			<u>\$ 18,080</u>
Total Expenditures of Federal Awards			<u>\$ 6,367,289</u>

(Continued)

Hardeman County, Tennessee, and the Hardeman County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Coordinated School Health - State Department of Education	N/A	(3)	\$ 110,043
Early Childhood Education - State Department of Education	N/A	(3)	1,043,371
ACT/Explore - State Department of Education	N/A	(3)	6,850
Arts Student Ticket Subsidy - State Department of Education	N/A	(3)	2,000
Safe Schools - State Department of Education	N/A	(3)	23,430
Governor's Highway Safety Grant - State Department of Transportation	N/A	(3)	2,768
Three-Star Grant - State Department of Economic and Community Development	N/A	8591	1,340
Airport Maintenance Program - State Department of Transportation	N/A	AEROM12203	6,582
Litter Grant - State Department of Transportation	N/A	(3)	<u>27,722</u>
Total State Grants			<u>\$ 1,224,106</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Hardeman County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Total for CFDA No. 10.555 is \$1,536,801.
- (5) During the year ended June 30, 2016, Hardeman County received excess military equipment from the U.S. Department of Military valued at \$274,604.

Hardeman County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2016

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or uncorrected. Presented below are financial statement findings along with their current status from the Annual Financial Report for Hardeman County, Tennessee, for the year ended June 30, 2016.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<u>OFFICE OF COUNTY MAYOR - FORMER COUNTY MAYOR</u>					
2015	170	2015-001	Competitive Bids were not Solicited for the Purchase of an Ambulance Chassis	N/A	Corrected
<u>OFFICE OF COUNTY MAYOR - CURRENT COUNTY MAYOR</u>					
2015	171	2015-002	Some Invoices were not Paid Timely	N/A	Corrected
2015	172	2015-003	Deficiencies were Noted in the Operations of the Airport	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	173	2015-004	Drug Control Funds were Expended Improperly	N/A	Corrected
2015	174	2015-005	The Solid Waste Office had Deficiencies in Computer System Backup Procedures	N/A	Corrected
2015	174	2015-006	A Cash Shortage of at Least \$3,062.72 Existed at September 9, 2014, in the Solid Waste Office	N/A	Corrected
<u>HARDEMAN COUNTY</u>					
2015	174	2015-007	Compensation was Paid in-lieu-of Insurance Benefits to Some Employees	N/A	Not Corrected - See Explanation on Corrective Action Plan

Hardeman County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2016

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<u>HARDEMAN COUNTY (Cont.)</u>					
2015	175	2015-008	The County Violated the Conflict of Interest Statute and made Purchases from Businesses Owned by a County Commissioner and the County Mayor	N/A	Corrected

Prior-year Federal Award Findings

There were no prior year federal award findings to report.

HARDEMAN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Hardeman County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs: **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Numbers: 10.553 and 10.555 Nutrition Cluster: School Breakfast Program and National School Lunch Program
 - * CFDA Number 84.010 Title I Grants to Local Education Agencies
8. Dollar threshold used to distinguish between Type A and Type B Programs: **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit of the financial statements of Hardeman County, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation in this report. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. The county mayor and sheriff provided corrective action plans.

OFFICE OF COUNTY MAYOR

FINDING 2016-001 **COMPENSATION WAS PAID IN-LIEU-OF INSURANCE BENEFITS TO SOME EMPLOYEES** (Noncompliance Under *Government Auditing Standards*)

It is the policy of Hardeman County to provide health insurance coverage for its employees. During the prior year, the Hardeman County Commission approved a plan allowing general government employees with spouses employed by the Hardeman County School Department to decline the county insurance plan and obtain coverage under the School Department's family insurance plan. These general government employees were paid up to \$500 per month to cover their cost under the School Department's family insurance plan. The state attorney general has opined (Opinion 04-162) that "Counties do not have the authority to make a cash payment to an official or employee who elects not to participate in the county insurance plan." This deficiency can be attributed to management's failure to correct the finding reported in the prior-year audit report.

RECOMMENDATION

The county should not pay employees additional compensation to cover their insurance costs under another health plan.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We disagree with this finding again. The comptroller cites Opinion 04-162, which states that, "Counties do not have the authority to make a cash payment to an official or employee who elects not to participate in the county insurance plan." The comptroller omits the fact that no funds are paid to any county employees to purchase insurance from a source other than the county, but rather the insurance purchased for the spouse is from the Hardeman County Board of Education insurance plan and results in significant savings of insurance premiums to Hardeman County. Hardeman County agrees that no funds may be paid to any employee to purchase insurance from a source other than the county.

AUDITOR'S COMMENT

This program is still a cash payment to an official or employee who is paid an amount in-lieu-of participating in their own department's insurance plan. Since Hardeman County

disagrees with the analysis of Opinion 04-162, the county could seek an attorney general's opinion addressing their specific plan.

FINDING 2016-002

DEFICIENCIES WERE NOTED IN THE OPERATIONS OF THE AIRPORT

(A. – Noncompliance Under *Government Auditing Standards*;
B. – Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our examination of the Hardeman County Airport disclosed deficiencies in the operations of the airport. These deficiencies can be attributed to a lack of management oversight and a lack of understanding of state statutes, internal controls, and sound business practices. These deficiencies can also be attributed to management's failure to correct the finding noted in the prior-year audit report.

- A. Official prenumbered receipts were not issued at the airport for fees collected from hangar rentals. Section 9-2-103, *Tennessee Code Annotated (TCA)*, requires official prenumbered receipts for all collections. Since receipts were not issued, we could not determine if all collections had been accounted for properly. In addition, we were unable to determine if the office had complied with Section 5-8-207, *TCA*. This statute requires officials to deposit all collections within three days of receipt. The failure to issue receipts at the time of collection and the failure to deposit funds promptly increases the risks of fraud and abuse.
- B. The airport did not maintain adequate records of amounts due and collected for hangar rentals. Due to the lack of records and the failure to issue receipts as noted above, we were unable to determine if all amounts due had been collected from individuals renting hangars. The failure to maintain adequate records could result in a loss of revenue to the county.

RECOMMENDATION

Official prenumbered receipts should be issued at the time of collection, and all collections should be deposited within three days of receipt as required by state statutes. Adequate records should be maintained of the amounts due and collected for airport hangar rentals.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We disagree with this finding. Airport management kept a very accurate accounting of the hangar rent payments utilizing QuickBooks. In discussion with the airport manager, he demonstrated the QuickBooks accounting to me and even had availability to check status on his cell phone application. The QuickBooks program numbered and dated the receipts. There are only ten individual rental hangars at the airport.

AUDITOR'S COMMENT

Auditors examined the QuickBooks accounting records and were unable to reconcile collections posted in the software with amounts remitted to the county trustee. The QuickBooks receipts were not prenumbered and reflected the date entered into the computer instead of the actual receipt date. Official prenumbered receipts should be issued at the time of collection.

FINDING 2016-003

EXPENDITURES EXCEEDED APPROPRIATIONS

(Noncompliance Under *Government Auditing Standards*)

We noted the following deficiencies in budget operations:

- A. Expenditures exceeded total appropriations approved by the County Commission in the Drug Control Fund by \$1,464.
- B. Expenditures exceeded appropriations approved by the County Commission in four of 55 major appropriation categories (the legal level of control) of the General Fund, and in one of six major appropriation categories in the General Debt Service Fund as reflected in the following table:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
General Government - Other General Administration	\$ 2,659
Administration of Justice - Victim Assistance Programs	2,127
Public Safety - Workhouse	77,046
Other Operations - Airport	107
General Debt Service:	152
Other Debt Service - Education	

- C. Salaries exceeded appropriations in seven of 92 salary line-items of the General Fund by amounts ranging from \$285 to \$52,868. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county will 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 – COUNTY MAYOR

We concur with this finding. Hardeman County operates within the annual total amount of appropriations approved by the County Commission. The expenditures noted were categories at the end of the fiscal year that did not get corrected by budget amendments. Hardeman County operates off a zero-based budgeting process. This process requires very close monitoring at year-end.

FINDING 2016-004

THE OFFICE HAD DEFICIENCIES RELATED TO EMPLOYEE TRAVEL

(Noncompliance Under *Government Auditing Standards*)

The county has adopted a travel policy governing employee business-related travel. This travel policy provides that meals and lodging will be reimbursed when overnight travel is required outside the county. In four instances, county employees were reimbursed for meals when overnight travel was not incurred. The failure to follow the county’s travel policy increases the risks of unauthorized expenditures. This deficiency can be attributed to the failure of management to follow its own travel policy.

RECOMMENDATION

The county should comply with its travel policy for the payment of employee business-related travel expenses.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

We disagree with this finding. The Hardeman County Travel Policy Section 6 states, “The following time schedule shall determine eligibility for reimbursement for meals. Any employee at his/her workstation or within the county during these times shall not be entitled to reimbursement: Breakfast: 7:00 AM to 8:00 AM, Lunch: 11:00 AM to 1:30 PM, and Dinner: 5:00 PM to 6:30 PM.” The county has only reimbursed employees for meals that occurred outside the county during this time schedule.

AUDITOR'S COMMENT

Section 5 of the Hardeman County Travel Policy states, "Expenses for meals and lodging will be allowed when overnight travel is required outside the county."

OFFICE OF SHERIFF

FINDING 2016-005

INVENTORY RECORDS WERE NOT MAINTAINED FOR SEIZED CASH

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

The Sheriff's Department did not maintain inventory records of seized cash. Therefore, we were unable to determine if the office accounted for all of the seized cash properly. The failure to adequately inventory seized cash increases the risk of loss. This deficiency is the result of a lack of management oversight.

RECOMMENDATION

A perpetual inventory log should be maintained for all seized cash. At a minimum, this log should include the following: date received, defendant, case number, and disposition.

MANAGEMENT'S RESPONSE – SHERIFF

Management respectfully agrees and disagrees in part with this finding. All property seizures, including seized funds, are receipted from the owner and placed into evidence. All seized funds are logged electronically into the Sheriff's Office Management System, and a hard copy of such entry is maintained with the seized funds. Hard copies of seizure receipts issued to owners are reviewed and maintained by management. When funds are awarded, they are removed from evidence and deposited into the appropriate account and logged into the cash journal. The electronic record pertaining to seized funds is updated as to a disposition. A cash tally is performed at the end of every fiscal year by the Comptroller's Office. A record of this tally is maintained also. Therefore, management contends avenues to verify and/or audit funds were available and in place.

In regard to a segregated perpetual log pertaining only to seized funds, management agrees that one was not in place, but based upon the aforementioned statement, management believes safeguards were in place to ensure the proper handling of seized funds.

AUDITOR'S COMMENT

Auditors were advised by the chief deputy that seized funds had been logged into the Sheriff's Office Management System application; however, he did not always update the disposition in the application to reflect that funds had been paid out. Therefore, we were unable to determine if the office accounted for all of the seized cash properly.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2016. Our audit followed audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Findings relating specifically to the audit of the financial statements of Hardeman County, Tennessee, are separately presented under Part II, Findings Relating to the Financial Statements.

**Hardeman County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2016**

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

Corrective Action - Financial Statement Findings

OFFICE OF COUNTY MAYOR

**FINDING 2016-001 **COMPENSATION WAS PAID IN-LIEU-OF INSURANCE
BENEFITS TO SOME EMPLOYEES****

Response and Corrective Action Plan Prepared by:	Jimmy Sain, County Mayor, Hardeman County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	N/A
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY	Official disagrees with the finding.

Planned Corrective Action:

I disagree with this finding and feel no corrective action is needed.

**FINDING 2016-002 **DEFICIENCIES WERE NOTED IN THE OPERATIONS
OF THE AIRPORT****

Response and Corrective Action Plan Prepared by:	Jimmy Sain, County Mayor, Hardeman County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	September 7, 2016
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY	Official thought the finding had been corrected.

Planned Corrective Action:

The airport manager has obtained a printed pre-numbered receipt book.

FINDING 2016-003

EXPENDITURES EXCEEDED APPROPRIATIONS

Response and Corrective Action Plan Prepared by:	Jimmy Sain, County Mayor, Hardeman County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	October 18, 2016
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY	N/A

Planned Corrective Action:

The internal auditor will monitor the year-end financial reports to submit budget amendments to correct this deficiency. Elected officials will be reminded to stay within their budget in all categories.

FINDING 2016-004

THE OFFICE HAD DEFICIENCIES RELATED TO EMPLOYEE TRAVEL

Response and Corrective Action Plan Prepared by:	Jimmy Sain, County Mayor, Hardeman County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	N/A
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY	N/A

Planned Corrective Action:

I disagree with this finding and feel no corrective action is needed.

OFFICES OF SHERIFF

FINDING 2016-005

INVENTORY RECORDS WERE NOT MAINTAINED FOR SEIZED CASH

Response and Corrective Action Plan Prepared by:	John Doolen, Sheriff, Hardeman County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	September 1, 2016
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY	N/A

Planned Corrective Action:

The finding was resolved by establishing a separate bank account for funds seized under drug asset and forfeiture laws. The purpose of this account is to minimize actual cash kept on hand by the office and to offer a better system of managing and auditing seized funds.

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 Hardeman County.

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

Hardeman County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.