

**ANNUAL FINANCIAL REPORT**  
**HARDEMAN COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2018**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT  
HARDEMAN COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2018**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT  
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State Auditors***

This financial report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov)

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## HARDEMAN COUNTY, TENNESSEE TABLE OF CONTENTS

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	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	25-27
Highway/Public Works Fund	C-6	28
Proprietary Fund:		
Statement of Net Position	D-1	29-30
Statement of Revenues, Expenses, and Changes in Net Position	D-2	31-32
Statement of Cash Flows	D-3	33-34
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	35
Index and Notes to the Financial Statements		36-86
REQUIRED SUPPLEMENTARY INFORMATION:		87
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	88
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS – Primary Government	F-2	89
Schedule of Contributions Based on Participation in the Teacher Retirement Plan of TCRS – Discretely Presented Hardeman County School Department	F-3	90

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

	Exhibit	Page(s)
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Hardeman County School Department	K-4	122
Schedule of Detailed Revenues – All Governmental Fund Types	K-5	123-128
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Hardeman County School Department	K-6	129-132
Schedule of Detailed Expenditures – All Governmental Fund Types	K-7	133-147
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Hardeman County School Department	K-8	148-158
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	K-9	159
 <u>SINGLE AUDIT SECTION</u>		 160
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</i> <i>Auditing Standards</i>		   161-162
Auditor's Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by Uniform Guidance		   163-165
Schedule of Expenditures of Federal Awards and State Grants		166-167
Summary Schedule of Prior-year Findings		168
Schedule of Findings and Questioned Costs		169-174
Management's Corrective Action Plan		175-179
Best Practice		180

# ***Summary of Audit Findings***

Annual Financial Report  
Hardeman County, Tennessee  
For the Year Ended June 30, 2018

## ***Scope***

We have audited the basic financial statements of Hardeman County as of and for the year ended June 30, 2018.

## ***Results***

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

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

## ***Findings***

The following are summaries of the audit findings:

### **OFFICE OF COUNTY MAYOR**

- ◆ The office had deficiencies in budget operations.
- ◆ Accrued vacation, holiday, and compensatory time payments to two former employees were made without apparent policy authorization and without proper documentation.

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### **OFFICE OF THE TRUSTEE**

- ◆ The monthly trustee's report was not always filed in compliance with state statute.
- ◆ An employee processed transactions utilizing another user's account.

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# INTRODUCTORY SECTION

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# Hardeman County Officials

## June 30, 2018

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### **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	Anthony Pulse
Chris Bell	Jackie Sain
Elmer Cobb	Mac Vaughn
Jim Daniel	John Vickers
Bobby Doyle	Johnny Weems
Chandra Lake	Elvis White
Johnny Lanier	Major Wilburn
Mike Madden	Connie Young
Viscen Morrow	

### **Board of Highway Supervisors**

John Mitchell, Chairman  
Matthew Knight  
Kenny Pulse

### **Board of Education**

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

### **Audit Committee**

Viscen Morrow, Chairman	Johnny Lanier
Jim Daniel	Jerry Watkins



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## FINANCIAL SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

## 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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note V.B., Hardeman County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***Emphasis of Matter***

We draw attention to Note I.D.8 to the financial statements, which describes a restatement reducing the beginning net position of the discretely presented Hardeman County School Department by \$2,016,263 on the Government-wide Statement of Activities. This restatement was necessary because of the transitional requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***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 asset and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension assets, and

schedule of school changes in the total OPEB liability and related ratios on pages 88-95 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 combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hardeman County School Department (a discretely presented component unit), miscellaneous schedules and the other information such as the introductory section and management's corrective action plans are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hardeman County School Department (a discretely presented component unit), schedule of expenditures of federal awards, and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

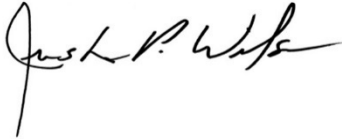
Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements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

The introductory section and management's corrective action plans have 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 them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hardeman County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hardeman County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

November 15, 2018

JPW/tg

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# BASIC FINANCIAL STATEMENTS

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## Exhibit A

Hardeman County, Tennessee  
Statement of Net Position  
June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Hardeman County School Department
<u>ASSETS</u>				
Cash	\$ 81,397	\$ 340	\$ 81,737	\$ 16
Equity in Pooled Cash and Investments	5,807,117	3,935,711	9,742,828	8,173,269
Accounts Receivable	3,204,150	978,257	4,182,407	35,374
Allowance for Uncollectibles	(1,832,673)	(635,823)	(2,468,496)	0
Due from Other Governments	634,882	0	634,882	1,859,408
Due from Other Funds	0	20,559	20,559	0
Due from Component Units	62,294	1,745	64,039	0
Property Taxes Receivable	4,418,563	0	4,418,563	5,918,442
Allowance for Uncollectible Property Taxes	(160,470)	0	(160,470)	(214,940)
Cash Shortage	0	1,900	1,900	0
Net Pension Asset - Agent Plan	222,420	11,731	234,151	171,445
Net Pension Asset - Teacher Retirement Plan	0	0	0	88,093
Net Pension Asset - Legacy Pension Plan	0	0	0	141,899
Capital Assets:				
Assets Not Depreciated:				
Land	1,737,550	219,838	1,957,388	358,116
Construction in Progress	810,860	0	810,860	1,223,530
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	13,435,485	1,245,797	14,681,282	10,011,605
Infrastructure	15,136,515	0	15,136,515	0
Other Capital Assets	2,865,294	117,114	2,982,408	2,323,782
Total Assets	\$ 46,423,384	\$ 5,897,169	\$ 52,320,553	\$ 30,090,039
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charge on Refunding	\$ 905,618	\$ 0	\$ 905,618	\$ 0
Pension Changes in Experience	368,281	19,424	387,705	372,512
Pension Changes in Investment Earnings	0	0	0	21,540
Pension Changes in Assumptions	351,893	18,560	370,453	1,480,780
Pension Changes in Proportion	0	0	0	84,917
Pension Contributions After Measurement Date	473,258	22,529	495,787	1,818,696
OPEB Contributions After Measurement Date	0	0	0	165,922
Total Deferred Outflows of Resources	\$ 2,099,050	\$ 60,513	\$ 2,159,563	\$ 3,944,367
<u>LIABILITIES</u>				
Accounts Payable	\$ 97,564	\$ 14,125	\$ 111,689	\$ 93,214
Payroll Deductions Payable	20,536	721	21,257	23,499
Accrued Interest Payable	80,022	0	80,022	0
Due to Other Funds	20,559	0	20,559	0
Due to Primary Government	0	0	0	64,039
Due to State of Tennessee	6,780	15	6,795	0
Noncurrent Liabilities:				
Due Within One Year	1,267,191	3,661	1,270,852	41,066
Due in More Than One Year	22,245,027	2,769,438	25,014,465	3,315,457
Total Liabilities	\$ 23,737,679	\$ 2,787,960	\$ 26,525,639	\$ 3,537,275

(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	\$ 4,125,826	\$ 0	\$ 4,125,826	\$ 5,526,336
Pension Changes in Experience	1,292,813	68,186	1,360,999	3,932,681
Pension Other Deferrals	0	0	0	81,537
Pension Changes in Investment Earnings	1,132	60	1,192	5,613
OPEB Changes in Assumptions	0	0	0	130,576
Total Deferred Inflows of Resources	<u>\$ 5,419,771</u>	<u>\$ 68,246</u>	<u>\$ 5,488,017</u>	<u>\$ 9,676,743</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 15,610,442	\$ 1,582,749	\$ 17,193,191	\$ 13,917,033
Restricted for:				
General Government	35,686	0	35,686	0
Finance	28,143	0	28,143	0
Administration of Justice	171,016	0	171,016	0
Public Safety	537,570	0	537,570	0
Public Health and Welfare	85,238	0	85,238	0
Highways/Public Works	164,836	0	164,836	0
Debt Service	846,316	0	846,316	0
Education	0	0	0	60,121
Instruction	0	0	0	4,956
Operation of Non-instructional Services	0	0	0	808,932
Pensions	222,420	0	222,420	401,437
Unrestricted	<u>1,663,317</u>	<u>1,518,727</u>	<u>3,182,044</u>	<u>5,627,909</u>
Total Net Position	<u>\$ 19,364,984</u>	<u>\$ 3,101,476</u>	<u>\$ 22,466,460</u>	<u>\$ 20,820,388</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, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Hardeman County School Department
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Total Governmental Activities	Business- type Activities		
Primary Government:								
Governmental Activities:								
General Government	\$ 2,565,972	\$ 310,234	\$ 0	\$ 370,080	\$ (1,885,658)	\$ 0	\$ (1,885,658)	\$ 0
Finance	803,113	668,565	0	0	(134,548)	0	(134,548)	0
Administration of Justice	1,111,315	783,952	13,995	0	(313,368)	0	(313,368)	0
Public Safety	4,731,596	836,622	44,168	46,668	(3,804,138)	0	(3,804,138)	0
Public Health and Welfare	2,381,087	1,356,684	284,654	0	(739,749)	0	(739,749)	0
Social, Cultural, and Recreational Services	105,633	0	0	0	(105,633)	0	(105,633)	0
Agriculture and Natural Resources	122,946	0	56,749	0	(66,197)	0	(66,197)	0
Highways/Public Works	3,101,765	0	2,551,704	308,132	(241,929)	0	(241,929)	0
Interest on Long-term Debt	643,382	0	25,092	0	(618,290)	0	(618,290)	0
<b>Total Governmental Activities</b>	<b>\$ 15,566,809</b>	<b>\$ 3,956,057</b>	<b>\$ 2,976,362</b>	<b>\$ 724,880</b>	<b>\$ (7,909,510)</b>	<b>\$ 0</b>	<b>\$ (7,909,510)</b>	<b>\$ 0</b>
Business-type Activities:								
Solid Waste Disposal	\$ 1,326,713	\$ 1,505,844	\$ 11,042	\$ 0	\$ 0	\$ 190,173	\$ 190,173	\$ 0
<b>Total Business-type Activities</b>	<b>\$ 1,326,713</b>	<b>\$ 1,505,844</b>	<b>\$ 11,042</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 190,173</b>	<b>\$ 190,173</b>	<b>\$ 0</b>
<b>Total Primary Government</b>	<b>\$ 16,893,522</b>	<b>\$ 5,461,901</b>	<b>\$ 2,987,404</b>	<b>\$ 724,880</b>	<b>\$ (7,909,510)</b>	<b>\$ 190,173</b>	<b>\$ (7,719,337)</b>	<b>\$ 0</b>
Component Unit:								
Hardeman County School Department	\$ 36,382,101	\$ 270,034	\$ 4,981,255	\$ 84,998	\$ 0	\$ 0	\$ 0	\$ (31,045,814)
<b>Total Component Unit</b>	<b>\$ 36,382,101</b>	<b>\$ 270,034</b>	<b>\$ 4,981,255</b>	<b>\$ 84,998</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (31,045,814)</b>

(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 Hardeman County School Department
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Total Governmental Activities	Business- type Activities		
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 4,164,281	\$ 0	\$ 4,164,281	\$ 5,784,291
Property Taxes Levied for Debt Service					307,410	0	307,410	0
Local Option Sales Taxes					132,812	0	132,812	2,327,690
Wheel Tax					1,538,094	0	1,538,094	0
Litigation Tax					160,906	0	160,906	0
Business Tax					197,367	0	197,367	0
Wholesale Beer Tax					90,689	0	90,689	0
Other Local Taxes					23,877	0	23,877	2,518
Grants and Contributions Not Restricted for Specific Programs					2,302,807	0	2,302,807	23,758,656
Unrestricted Investment Income					250,211	16,861	267,072	0
Miscellaneous					59,807	449	60,256	48,385
<b>Total General Revenues</b>					<b>\$ 9,228,261</b>	<b>\$ 17,310</b>	<b>\$ 9,245,571</b>	<b>\$ 31,921,540</b>
Change in Net Position					\$ 1,318,751	\$ 207,483	\$ 1,526,234	\$ 875,726
Net Position, July 1, 2017					18,046,233	2,893,993	20,940,226	21,960,925
Restatement - See Note I.D.8.					0	0	0	(2,016,263)
<b>Net Position, June 30, 2018</b>					<b>\$ 19,364,984</b>	<b>\$ 3,101,476</b>	<b>\$ 22,466,460</b>	<b>\$ 20,820,388</b>

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, 2018

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 81,397	\$ 81,397
Equity in Pooled Cash and Investments	4,271,911	796,728	218,028	520,450	5,807,117
Accounts Receivable	3,203,989	0	0	161	3,204,150
Allowance for Uncollectibles	(1,832,673)	0	0	0	(1,832,673)
Due from Other Governments	184,009	450,873	0	0	634,882
Due from Other Funds	1,138	0	0	0	1,138
Property Taxes Receivable	4,094,265	0	324,298	0	4,418,563
Allowance for Uncollectible Property Taxes	(148,692)	0	(11,778)	0	(160,470)
Total Assets	<u>\$ 9,773,947</u>	<u>\$ 1,247,601</u>	<u>\$ 530,548</u>	<u>\$ 602,008</u>	<u>\$ 12,154,104</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 96,603	\$ 0	\$ 0	\$ 961	\$ 97,564
Payroll Deductions Payable	14,801	5,735	0	0	20,536
Due to Other Funds	20,559	0	0	1,138	21,697
Due to State of Tennessee	6,243	537	0	0	6,780
Total Liabilities	<u>\$ 138,206</u>	<u>\$ 6,272</u>	<u>\$ 0</u>	<u>\$ 2,099</u>	<u>\$ 146,577</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 3,823,013	\$ 0	\$ 302,813	\$ 0	\$ 4,125,826
Deferred Delinquent Property Taxes	112,679	0	8,924	0	121,603
Other Deferred/Unavailable Revenue	1,242,026	221,126	0	0	1,463,152
Total Deferred Inflows of Resources	<u>\$ 5,177,718</u>	<u>\$ 221,126</u>	<u>\$ 311,737</u>	<u>\$ 0</u>	<u>\$ 5,710,581</u>

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>FUND BALANCES</u>					
Restricted:					
Restricted for General Government	\$ 35,686	\$ 0	\$ 0	\$ 0	\$ 35,686
Restricted for Finance	28,143	0	0	0	28,143
Restricted for Administration of Justice	171,016	0	0	0	171,016
Restricted for Public Safety	396,014	0	0	141,556	537,570
Restricted for Public Health and Welfare	37,958	0	0	47,280	85,238
Committed:					
Committed for Finance	0	0	0	80,420	80,420
Committed for Highways/Public Works	0	1,020,203	0	0	1,020,203
Committed for Debt Service	0	0	218,811	0	218,811
Committed for Capital Projects	0	0	0	330,653	330,653
Assigned:					
Assigned for General Government	33,432	0	0	0	33,432
Assigned for Public Safety	20,050	0	0	0	20,050
Assigned for Public Health and Welfare	28,865	0	0	0	28,865
Assigned for Other Operations	385	0	0	0	385
Unassigned	3,706,474	0	0	0	3,706,474
Total Fund Balances	<u>\$ 4,458,023</u>	<u>\$ 1,020,203</u>	<u>\$ 218,811</u>	<u>\$ 599,909</u>	<u>\$ 6,296,946</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,773,947</u>	<u>\$ 1,247,601</u>	<u>\$ 530,548</u>	<u>\$ 602,008</u>	<u>\$ 12,154,104</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, 2018

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 6,296,946
(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	810,860	
Add: buildings and improvements net of accumulated depreciation	15,136,515	
Add: infrastructure net of accumulated depreciation	13,435,485	
Add: other capital assets net of accumulated depreciation	<u>2,865,294</u>	33,985,704
(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	\$ (763,152)	
Less: other loan payable	(62,294)	
Less: bonds payable	(22,165,000)	
Add: debt to be contributed by the School Department	62,294	
Add: deferred amount on refunding	905,618	
Less: other deferred revenue - premium on debt	(331,890)	
Less: compensated absences payable	(189,882)	
Less: accrued interest on bonds and notes	<u>(80,022)</u>	(22,624,328)
(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	\$ 1,193,432	
Less: deferred inflows of resources related to pensions	<u>(1,293,945)</u>	(100,513)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		222,420
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,584,755</u>
Net position of governmental activities (Exhibit A)		<u>\$ 19,364,984</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, 2018

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 4,855,631	\$ 769,047	\$ 1,067,533	\$ 0	\$ 6,692,211
Licenses and Permits	37,566	50	0	0	37,616
Fines, Forfeitures, and Penalties	282,907	0	0	93,004	375,911
Charges for Current Services	1,562,747	0	0	336,501	1,899,248
Other Local Revenues	387,320	40,484	98	0	427,902
Fees Received From County Officials	878,896	0	0	0	878,896
State of Tennessee	2,425,253	2,829,349	0	0	5,254,602
Federal Government	73,791	0	0	0	73,791
Other Governments and Citizens Groups	608,439	0	707,143	0	1,315,582
<b>Total Revenues</b>	<b>\$ 11,112,550</b>	<b>\$ 3,638,930</b>	<b>\$ 1,774,774</b>	<b>\$ 429,505</b>	<b>\$ 16,955,759</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 1,264,534	\$ 0	\$ 0	\$ 0	\$ 1,264,534
Finance	298,690	0	0	334,162	632,852
Administration of Justice	698,303	0	0	750	699,053
Public Safety	3,337,656	0	0	46,368	3,384,024
Public Health and Welfare	1,939,543	0	0	0	1,939,543
Social, Cultural, and Recreational Services	105,007	0	0	0	105,007
Agriculture and Natural Resources	126,115	0	0	0	126,115
Other Operations	2,733,718	0	0	0	2,733,718
Highways	0	3,355,808	0	0	3,355,808
Debt Service:					
Principal on Debt	89,154	26,028	998,228	0	1,113,410
Interest on Debt	19,995	243	628,341	0	648,579
Other Debt Service	0	0	16,395	0	16,395

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 502,989	\$ 502,989
Total Expenditures	\$ 10,612,715	\$ 3,382,079	\$ 1,642,964	\$ 884,269	\$ 16,522,027
<u>Excess (Deficiency) of Revenues Over Expenditures</u>					
	\$ 499,835	\$ 256,851	\$ 131,810	\$ (454,764)	\$ 433,732
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 175	\$ 2,379	\$ 0	\$ 0	\$ 2,554
Total Other Financing Sources (Uses)	\$ 175	\$ 2,379	\$ 0	\$ 0	\$ 2,554
<u>Net Change in Fund Balances</u>					
Fund Balance, July 1, 2017	\$ 3,958,013	\$ 760,973	\$ 87,001	\$ 1,054,673	\$ 5,860,660
Fund Balance, June 30, 2018	\$ 4,458,023	\$ 1,020,203	\$ 218,811	\$ 599,909	\$ 6,296,946

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, 2018

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)		\$	436,286
(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	\$	2,539,665	
Less: current-year depreciation expense		<u>(2,760,279)</u>	(220,614)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.			
Add: assets donated and capitalized			46,668
(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, 2018	\$	1,584,755	
Less: deferred delinquent property taxes and other deferred June 30, 2017		<u>(1,708,486)</u>	(123,731)
(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	\$	940,000	
Add: principal payments on notes		155,182	
Add: principal payments on other loan		18,228	
Less: contributions from the School Department for the other loan		(18,228)	
Less: change in deferred amount on refunding debt		(90,286)	
Add: change in premium on debt proceeds		<u>25,092</u>	1,029,988
(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	\$	5,197	
Change in net pension asset		643,569	
Change in deferred outflows related to pensions		(357,163)	
Change in deferred inflows related to pensions		(84,654)	
Change in compensated absences payable		<u>(56,795)</u>	150,154
Change in net position of governmental activities (Exhibit B)			<u>\$ 1,318,751</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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,855,631	\$ 0	\$ 0	\$ 4,855,631	\$ 4,681,000	\$ 4,681,000	\$ 174,631
Licenses and Permits	37,566	0	0	37,566	36,700	36,700	866
Fines, Forfeitures, and Penalties	282,907	0	0	282,907	238,150	238,150	44,757
Charges for Current Services	1,562,747	0	0	1,562,747	1,652,900	1,652,900	(90,153)
Other Local Revenues	387,320	0	0	387,320	233,150	233,150	154,170
Fees Received From County Officials	878,896	0	0	878,896	1,215,000	1,215,000	(336,104)
State of Tennessee	2,425,253	0	0	2,425,253	2,426,529	2,426,529	(1,276)
Federal Government	73,791	0	0	73,791	67,950	67,950	5,841
Other Governments and Citizens Groups	608,439	0	0	608,439	235,000	235,000	373,439
<b>Total Revenues</b>	<b>\$ 11,112,550</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 11,112,550</b>	<b>\$ 10,786,379</b>	<b>\$ 10,786,379</b>	<b>\$ 326,171</b>
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 22,537	\$ 0	\$ 0	\$ 22,537	\$ 17,655	\$ 31,655	\$ 9,118
Board of Equalization	840	0	0	840	1,000	1,000	160
Beer Board	735	0	0	735	800	800	65
Budget and Finance Committee	1,365	0	0	1,365	2,500	2,500	1,135
Other Boards and Committees	1,501	0	0	1,501	3,500	3,500	1,999
County Mayor/Executive	151,900	0	22	151,922	161,396	161,928	10,006
County Attorney	74,646	0	0	74,646	72,150	222,150	147,504
Election Commission	169,002	0	252	169,254	179,400	178,814	9,560
Register of Deeds	150,016	0	569	150,585	155,122	158,572	7,987
Development	66,987	0	0	66,987	73,006	73,006	6,019
County Buildings	595,293	0	32,589	627,882	386,039	848,734	220,852
Other General Administration	23,197	0	0	23,197	30,000	30,000	6,803
Preservation of Records	6,515	0	0	6,515	7,900	7,900	1,385
<u>Finance</u>							
Accounting and Budgeting	16,480	0	0	16,480	16,480	16,480	0
Purchasing	3,600	0	0	3,600	3,600	3,600	0
Property Assessor's Office	106,377	0	0	106,377	118,797	118,297	11,920

(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 7/1/2017	Add: Encumbrances 6/30/2018	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	\$ 129,780	\$ 0	\$ 0	\$ 129,780	\$ 142,590	\$ 142,590	\$ 12,810
County Trustee's Office	18,088	0	0	18,088	168,972	168,972	150,884
County Clerk's Office	24,365	0	0	24,365	231,751	233,047	208,682
<u>Administration of Justice</u>							
Circuit Court	258,657	0	0	258,657	306,211	306,363	47,706
General Sessions Court	124,570	0	0	124,570	125,580	125,580	1,010
Chancery Court	174,657	0	0	174,657	176,562	179,112	4,455
Juvenile Court	63,418	0	0	63,418	44,360	50,360	(13,058)
Courtroom Security	63,860	0	0	63,860	62,967	62,967	(893)
Victim Assistance Programs	13,141	0	0	13,141	9,000	14,000	859
<u>Public Safety</u>							
Sheriff's Department	1,700,528	(72,141)	19,700	1,648,087	1,727,319	1,758,118	110,031
Workhouse	1,228,275	(743)	350	1,227,882	1,292,705	1,344,616	116,734
Juvenile Services	34,994	0	0	34,994	35,560	35,560	566
Fire Prevention and Control	147,300	0	0	147,300	120,000	147,300	0
Rural Fire Protection	2,418	0	0	2,418	2,500	3,554	1,136
Civil Defense	24,095	0	0	24,095	26,700	35,700	11,605
Other Emergency Management	189,236	0	0	189,236	0	262,330	73,094
County Coroner/Medical Examiner	10,810	0	0	10,810	25,000	25,000	14,190
<u>Public Health and Welfare</u>							
Local Health Center	77,865	0	1,700	79,565	80,120	90,120	10,555
Rabies and Animal Control	51,608	0	0	51,608	66,100	66,100	14,492
Ambulance/Emergency Medical Services	1,576,107	0	27,165	1,603,272	1,585,442	1,754,516	151,244
Dental Health Program	198,972	(1,570)	0	197,402	249,622	305,005	107,603
Other Local Health Services	2,816	0	0	2,816	2,816	2,816	0
Sanitation Education/Information	32,175	0	0	32,175	46,400	46,400	14,225
Other Public Health and Welfare	0	0	0	0	26,397	26,397	26,397
<u>Social, Cultural, and Recreational Services</u>							
Libraries	105,007	0	0	105,007	98,814	105,507	500

(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 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	\$ 91,246	\$ 0	\$ 0	\$ 91,246	\$ 93,265	\$ 91,246	\$ 0
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	32,869	0	0	32,869	34,390	34,390	1,521
<u>Other Operations</u>							
Industrial Development	40,000	0	0	40,000	40,750	40,750	750
Other Economic and Community Development	23,321	0	0	23,321	2,500	25,000	1,679
Airport	462,634	(9,942)	385	453,077	128,750	565,322	112,245
Veterans' Services	12,638	0	0	12,638	12,832	12,832	194
Contributions to Other Agencies	20,051	0	0	20,051	22,051	22,051	2,000
Employee Benefits	1,782,672	0	0	1,782,672	2,102,996	2,102,996	320,324
Miscellaneous	392,402	0	0	392,402	395,386	420,424	28,022
<u>Principal on Debt</u>							
General Government	89,154	0	0	89,154	0	89,154	0
<u>Interest on Debt</u>							
General Government	19,995	0	0	19,995	0	19,995	0
Total Expenditures	\$ 10,612,715	\$ (84,396)	\$ 82,732	\$ 10,611,051	\$ 10,717,753	\$ 12,577,126	\$ 1,966,075
Excess (Deficiency) of Revenues Over Expenditures	\$ 499,835	\$ 84,396	\$ (82,732)	\$ 501,499	\$ 68,626	\$ (1,790,747)	\$ 2,292,246
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 175	\$ 0	\$ 0	\$ 175	\$ 10,000	\$ 10,000	\$ (9,825)
Total Other Financing Sources	\$ 175	\$ 0	\$ 0	\$ 175	\$ 10,000	\$ 10,000	\$ (9,825)
Net Change in Fund Balance	\$ 500,010	\$ 84,396	\$ (82,732)	\$ 501,674	\$ 78,626	\$ (1,780,747)	\$ 2,282,421
Fund Balance, July 1, 2017	3,958,013	(84,396)	0	3,873,617	4,089,939	4,089,939	(216,322)
Fund Balance, June 30, 2018	\$ 4,458,023	\$ 0	\$ (82,732)	\$ 4,375,291	\$ 4,168,565	\$ 2,309,192	\$ 2,066,099

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 769,047	\$ 825,000	\$ 825,000	\$ (55,953)
Licenses and Permits	50	200	200	(150)
Charges for Current Services	0	120	120	(120)
Other Local Revenues	40,484	11,500	26,926	13,558
State of Tennessee	2,829,349	3,892,000	3,892,000	(1,062,651)
<b>Total Revenues</b>	<b>\$ 3,638,930</b>	<b>\$ 4,728,820</b>	<b>\$ 4,744,246</b>	<b>\$ (1,105,316)</b>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 236,305	\$ 259,007	\$ 271,007	\$ 34,702
Highway and Bridge Maintenance	1,145,550	1,437,715	1,433,715	288,165
Operation and Maintenance of Equipment	577,098	579,865	630,291	53,193
Asphalt Plant Operations	564,572	1,329,875	1,091,875	527,303
Other Charges	80,665	95,100	95,100	14,435
Employee Benefits	540,770	599,442	606,442	65,672
Capital Outlay	210,848	802,000	1,020,000	809,152
<u>Principal on Debt</u>				
Highways and Streets	26,028	25,562	26,028	0
<u>Interest on Debt</u>				
Highways and Streets	243	340	243	0
<b>Total Expenditures</b>	<b>\$ 3,382,079</b>	<b>\$ 5,128,906</b>	<b>\$ 5,174,701</b>	<b>\$ 1,792,622</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 256,851	\$ (400,086)	\$ (430,455)	\$ 687,306
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 2,379	\$ 3,000	\$ 3,000	\$ (621)
<b>Total Other Financing Sources</b>	<b>\$ 2,379</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ (621)</b>
Net Change in Fund Balance	\$ 259,230	\$ (397,086)	\$ (427,455)	\$ 686,685
Fund Balance, July 1, 2017	760,973	1,098,241	1,098,241	(337,268)
<b>Fund Balance, June 30, 2018</b>	<b>\$ 1,020,203</b>	<b>\$ 701,155</b>	<b>\$ 670,786</b>	<b>\$ 349,417</b>

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

Hardeman County, Tennessee  
Statement of Net Position  
Proprietary Fund  
June 30, 2018

	Business- Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 340
Equity in Pooled Cash and Investments	3,935,711
Accounts Receivable	978,257
Allowance for Uncollectibles	(635,823)
Due from Other Funds	20,559
Due from Component Unit	1,745
Cash Shortage	1,900
Total Current Assets	<u>\$ 4,302,689</u>
Noncurrent Assets:	
Net Pension Asset - Agent Plan	\$ 11,731
Capital Assets:	
Assets Not Depreciated:	
Land	219,838
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	1,245,797
Machinery and Equipment	117,114
Total Noncurrent Assets	<u>\$ 1,594,480</u>
Total Assets	<u>\$ 5,897,169</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension Changes in Experience	\$ 19,424
Pension Other Deferrals	18,560
Pension Contributions After Measurement Date	22,529
Total Deferred Outflows of Resources	<u>\$ 60,513</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 14,125
Payroll Deductions Payable	721
Accrued Leave - Current	3,661
Due to State of Tennessee	15
Total Current Liabilities	<u>\$ 18,522</u>
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	<u>\$ 2,769,438</u>
Total Noncurrent Liabilities	<u>\$ 2,769,438</u>
Total Liabilities	<u>\$ 2,787,960</u>

(Continued)

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

	Business- Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension Changes in Experience	\$ 68,186
Pension Changes in Investment Earnings	60
Total Deferred Inflows of Resources	<u>\$ 68,246</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 1,582,749
Unrestricted	<u>1,518,727</u>
Net Position	<u><u>\$ 3,101,476</u></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, 2018

	Business-type Activities
	Major Enterprise Fund
	Solid Waste Disposal Fund
<u>Operating Revenues</u>	
Residential Waste Collection Charge	\$ 1,088,581
Solid Waste Disposal Fee	401,772
Service Charges	15,491
Total Operating Revenues	<u>\$ 1,505,844</u>
<u>Operating Expenses</u>	
County Official/Administrative Officer	\$ 42,000
Accountants/Bookkeepers	8,240
Laborers	165,226
Clerical Personnel	50,270
Part-time Personnel	111,163
Bonus Payments	200
Social Security	23,267
Pensions	23,542
Employee and Dependent Insurance	52,578
Disability Insurance	25,357
Unemployment Compensation	2,295
Employer Medicare	5,442
Communication	7,247
Consultant	32,574
Contracts with Private Agencies	160,327
Data Processing Services	1,104
Legal Notices, Recording and Court Costs	150
Maintenance and Repair Services - Buildings	3,865
Maintenance and Repair Services - Equipment	58,382
Maintenance and Repair Services - Vehicles	8,538
Postal Charges	477
Rentals	1,800
Travel	2,046
Disposal Fees	13,023
Other Contracted Services	4,848
Custodial Supplies	647
Data Processing Supplies	1,194
Food Supplies	247
Gasoline	44,400
Lubricants	12,844

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	\$ 1,430
Uniforms	3,135
Utilities	55,841
Gravel and Chert	1,230
Fencing	258
Other Supplies and Materials	6,144
Liability Insurance	16,983
Refunds	4,300
Depreciation	117,691
Surcharge	17,717
Landfill Closure/Postclosure Care Costs	61,912
Other Charges	35,875
Office Equipment	14,853
Solid Waste Equipment	34,404
Other Capital Outlay	91,647
Total Operating Expenses	<u>\$ 1,326,713</u>
Operating Income	<u>\$ 179,131</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 16,861
Miscellaneous Refunds	449
Other State Revenues	11,042
Total Nonoperating Revenues (Expenses)	<u>\$ 28,352</u>
Change in Net Position	<u>\$ 207,483</u>
Net Position, July 1, 2017	\$ 207,483
Net Position, June 30, 2018	<u>2,893,993</u>
	<u><u>\$ 3,101,476</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, 2018

	Business-type Activities
	Major Enterprise Fund
	Solid Waste Disposal Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 1,481,049
Payments for Waste Disposal and Maintenance	(1,152,392)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 328,657</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Other State Revenues	\$ 11,042
Miscellaneous Refunds	449
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 11,491</u>
<u>Cash Flows from Investing Activities</u>	
Investment Income	\$ 16,861
Net Cash Provided By (Used In) Investing Activities	<u>\$ 16,861</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	\$ (65,366)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (65,366)</u>
Increase (Decrease) in Cash	\$ 291,643
Cash, July 1, 2017	<u>3,644,408</u>
Cash, June 30, 2018	<u><u>\$ 3,936,051</u></u>

(Continued)

Exhibit D-3

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

	Business-type Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income	\$ 179,131
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	117,691
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(14,918)
(Increase) in Due from Other Funds	(8,250)
(Increase) in Due from Component	(1,745)
Decrease in Cash Shortage	51
(Increase) in Net Pension Asset	(24,756)
(Increase) in Deferred Outflows of Resources Related to Pensions	(3,346)
(Decrease) in Accounts Payable	(8,076)
Increase in Payroll Deductions Payable	356
(Decrease) in Due to State of Tennessee	(86)
(Decrease) in Accrued Leave	(152)
Increase in Accrued Liability for Landfill Closure/Postclosure Costs	61,912
Increase in Deferred Inflows of Resources Related to Pensions	<u>30,845</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 328,657</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>3,935,711</u>
Cash, June 30, 2018	<u>\$ 3,936,051</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, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,290,618
Due from Other Governments	<u>316,507</u>
Total Assets	<u>\$ 1,607,125</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 316,507
Due to Litigants, Heirs, and Others	<u>1,290,618</u>
Total Liabilities	<u>\$ 1,607,125</u>

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

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**HARDEMAN COUNTY, TENNESSEE**  
**Index of Notes to the Financial Statements**

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Note	Page(s)
<b>I. Summary of Significant Accounting Policies</b>	
A. Reporting Entity	37
B. Government-wide and Fund Financial Statements	38
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	39
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	41
2. Receivables and Payables	42
3. Capital Assets	43
4. Deferred Outflows/Inflows of Resources	44
5. Compensated Absences	44
6. Long-term Obligations	44
7. Net Position and Fund Balance	45
8. Restatement	47
E. Pension Plans	47
<b>II. Reconciliation of Government-wide and Fund Financial Statements</b>	
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position	48
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	48
<b>III. Stewardship, Compliance, and Accountability</b>	
A. Budgetary Information	48
B. Cash Shortage - Prior Year	49
C. Expenditures Exceeded Appropriations	50
<b>IV. Detailed Notes on All Funds</b>	
A. Deposits and Investments	50
B. Capital Assets	52
C. Interfund Receivables, Payables, and Transfers	55
D. Long-term Obligations	56
E. On-Behalf Payments	60
<b>V. Other Information</b>	
A. Risk Management	60
B. Accounting Changes	61
C. Contingent Liabilities	62
D. Landfill Closure/Postclosure Care Costs	62
E. Joint Venture	63
F. Retirement Commitments	63
G. Other Postemployment Benefits (OPEB)	80
H. Purchasing Laws	86
I. Subsequent Events	86

**HARDEMAN COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2018**

**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 the omission did not affect the independent auditor's 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, 2018.

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

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

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

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

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

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

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

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

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

Hardeman County reports the following major governmental funds:

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

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

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

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:

**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 amortized cost using a stable net asset value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. 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 1.91 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 acquisition value at the date of donation.

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

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

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. 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 and OPEB plans 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 investment earnings, pension changes in proportionate share of contributions, OPEB changes in assumptions, 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 are 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 \$2,091,225 in restricted net position, of which \$366,224 is restricted by enabling legislation.

As of June 30, 2018, Hardeman County had \$4,862,294 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.

#### **8. Restatement**

In prior years, the School Department was required to recognize a liability for its other postemployment benefits plan under Governmental Accounting Standards Board (GASB) Statement No. 45. As of July 1, 2017, Hardeman County has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. A restatement reducing the beginning net position of the Discretely Presented Hardeman County School Department by \$2,016,263 has been recognized to account for the transitional requirements.

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

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

#### **Primary Government**

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

#### **Discretely Presented Hardeman County School Department**

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

## **III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. Budgetary Information**

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.

At June 30, 2018, Hardeman County and the Hardeman County School Department reported the following significant encumbrances:

<u>Fund</u>	<u>Amount</u>
Primary Government:	
General	\$ 82,732
Total	<u>\$ 82,732</u>
Discretely Presented School Department:	
General Purpose School	\$ 501,759
Nonmajor Governmental	<u>32,524</u>
Total	<u>\$ 534,283</u>

**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 of \$3,070 and a fine of \$500. The outstanding cash shortage totaled \$1,900 at June 30, 2018.

C. **Expenditures Exceeded Appropriations**

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

<u>Fund and Major Appropriation Category</u>	<u>Amount</u> <u>Overspent</u>
General Fund	
Administration of Justice - Juvenile Court	\$ 13,058
Administration of Justice - Courtroom Security	893
General Debt Service Fund	
Principal on Debt - General Government	12,500
Other Debt Service - General Government	2,693

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

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, 2018, Hardeman County had the following investments carried at amortized cost. All investments are in the county trustee’s investment pool. Separate disclosures concerning pooled investments cannot be made for Hardeman County and the discretely presented Hardeman County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Maturities	Amortized Cost
State Treasurer's Investment Pool	2 to 113	N/A	\$ 1,947,453

**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, 2018, 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, 2018, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	\$ 1,737,550	\$ 0	\$ 0	\$ 1,737,550
Construction in Progress	446,996	363,864	0	810,860
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 2,184,546</b>	<b>\$ 363,864</b>	<b>\$ 0</b>	<b>\$ 2,548,410</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 26,878,638	\$ 0	\$ 0	\$ 26,878,638
Infrastructure	27,058,517	1,580,418	0	28,638,935
Other Capital Assets	8,192,200	642,051	(51,715)	8,782,536
<b>Total Capital Assets Depreciated</b>	<b>\$ 62,129,355</b>	<b>\$ 2,222,469</b>	<b>\$ (51,715)</b>	<b>\$ 64,300,109</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 12,530,037	\$ 913,116	\$ 0	\$ 13,443,153
Infrastructure	12,179,476	1,322,944	0	13,502,420
Other Capital Assets	5,444,738	524,219	(51,715)	5,917,242
<b>Total Accumulated Depreciation</b>	<b>\$ 30,154,251</b>	<b>\$ 2,760,279</b>	<b>\$ (51,715)</b>	<b>\$ 32,862,815</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 31,975,104</b>	<b>\$ (537,810)</b>	<b>\$ 0</b>	<b>\$ 31,437,294</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 34,159,650</b>	<b>\$ (173,946)</b>	<b>\$ 0</b>	<b>\$ 33,985,704</b>

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

**Governmental Activities:**

General Government	\$ 192,831
Finance	2,390
Administration of Justice	187,399
Public Safety	689,078
Public Health and Welfare	123,148
Social, Cultural, and Recreational Services	0
Highways/Public Works	<u>1,565,433</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 2,760,279</u>

**Business-type Activities:**

	Balance 7-1-17	Increases	Balance 6-30-18
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	778,612	65,365	843,977
Total Capital Assets Depreciated	<u>\$ 3,260,829</u>	<u>\$ 65,365</u>	<u>\$ 3,326,194</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 1,146,816	\$ 89,604	\$ 1,236,420
Machinery and Equipment	698,776	28,087	726,863
Total Accumulated Depreciation	<u>\$ 1,845,592</u>	<u>\$ 117,691</u>	<u>\$ 1,963,283</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,415,237</u>	<u>\$ (52,326)</u>	<u>\$ 1,362,911</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,635,075</u>	<u>\$ (52,326)</u>	<u>\$ 1,582,749</u>

There were no decreases in capital assets to report during the year ended June 30, 2018. Depreciation expense was charged to functions of the business-type activities as follows:

**Business-type Activities:**

Solid Waste Disposal	\$ 117,691
Total Depreciation Expense - Business-type Activities	<u>\$ 117,691</u>

**Discretely Presented Hardeman County School Department****Governmental Activities:**

	Balance 7-1-17	Increases	Decreases	Balance 6-30-18
Capital Assets Not Depreciated:				
Land	\$ 358,116	\$ 0	\$ 0	\$ 358,116
Construction in Progress	0	1,223,530	0	1,223,530
Total Capital Assets Not Depreciated	<u>\$ 358,116</u>	<u>\$ 1,223,530</u>	<u>\$ 0</u>	<u>\$ 1,581,646</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 32,110,234	\$ 209,971	\$ (578,892)	\$ 31,741,313
Other Capital Assets	9,034,867	529,901	(64,050)	9,500,718
Total Capital Assets Depreciated	<u>\$ 41,145,101</u>	<u>\$ 739,872</u>	<u>\$ (642,942)</u>	<u>\$ 41,242,031</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 21,165,562	\$ 944,957	\$ (380,811)	\$ 21,729,708
Other Capital Assets	6,713,321	527,665	(64,050)	7,176,936
Total Accumulated Depreciation	<u>\$ 27,878,883</u>	<u>\$ 1,472,622</u>	<u>\$ (444,861)</u>	<u>\$ 28,906,644</u>
Total Capital Assets Depreciated, Net	<u>\$ 13,266,218</u>	<u>\$ (732,750)</u>	<u>\$ (198,081)</u>	<u>\$ 12,335,387</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,624,334</u>	<u>\$ 490,780</u>	<u>\$ (198,081)</u>	<u>\$ 13,917,033</u>

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

**Governmental Activities:**

Instruction	\$ 673,162
Support Services	706,172
Operation of Non-instructional Services	<u>93,288</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,472,622</u>

**C. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2018, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 1,138
Solid Waste Disposal	General	20,559

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:	Component Unit:	
Governmental Activities	School Department:	
Solid Waste Disposal	Governmental Activities	\$ 62,294
	General Purpose School	1,745

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 the debt obligation from the General Purpose School Fund to the county's General Debt Service Fund. Additionally, Tire Tax was posted to the General Purpose School Fund instead of the Solid Waste/Disposal Fund.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2018, 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	Purpose	
General Purpose School Fund	\$ 0	\$ 8,440		Program costs
Nonmajor governmental fund	61,341	0		Indirect costs
Total	<u>\$ 61,341</u>	<u>\$ 8,440</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 26 years for bonds, up to 12 years for notes, and 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, 2018, will be retired from the General and General Debt Service funds.

General obligation bonds, capital outlay notes, and the other loan outstanding as of June 30, 2018, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-18
General Obligation Bonds	2 to 3	%	4-1-30	\$ 2,815,000	\$ 2,095,000
General Obligation Bonds - Refunding	2 to 5		6-1-43	21,800,000	20,070,000
Capital Outlay Notes	2.59 to 4.45		10-21-27	1,190,000	763,152
Other Loan	0		11-1-21	127,611	62,294

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, 2018, 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, 2018, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2019	\$ 965,000	\$ 602,529	\$ 1,567,529
2020	990,000	582,631	1,572,631
2021	1,020,000	562,229	1,582,229
2022	1,045,000	541,081	1,586,081
2023	1,080,000	519,429	1,599,429
2024-2028	3,900,000	2,301,976	6,201,976
2029-2033	3,485,000	1,863,300	5,348,300
2034-2038	4,170,000	1,380,952	5,550,952
2039-2043	5,510,000	589,380	6,099,380
Total	\$ 22,165,000	\$ 8,943,507	\$ 31,108,507

Year Ending June 30	Notes		
	Principal	Interest	Total
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
2024-2028	363,391	28,738	392,129
Total	\$ 763,152	\$ 106,446	\$ 869,598

Year Ending June 30	Other Loan Principal
2019	\$ 18,228
2020	18,228
2021	18,228
2022	7,610
Total	\$ 62,294

There is \$218,811 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$813, based on the 2010 federal census. Total debt per capita, including bonds, notes, the other loan

and unamortized debt premiums, totaled \$856, 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 6-30-18</u>
<u>Other Loan Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Efficient School Initiative	\$ 62,294

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2018, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>	<u>Other Loan</u>
Balance, July 1, 2017	\$ 23,105,000	\$ 918,334	\$ 80,522
Reductions	(940,000)	(155,182)	(18,228)
Balance, June 30, 2018	<u>\$ 22,165,000</u>	<u>\$ 763,152</u>	<u>\$ 62,294</u>
Balance Due Within One Year	<u>\$ 965,000</u>	<u>\$ 100,732</u>	<u>\$ 18,228</u>

	<u>Compensated Absences</u>
Balance, July 1, 2017	\$ 133,087
Additions	279,736
Reductions	<u>(222,941)</u>
Balance, June 30, 2018	<u>\$ 189,882</u>
Balance Due Within One Year	<u>\$ 183,231</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 23,180,328
Less: Balance Due Within One Year	(1,267,191)
Add: Unamortized Premium on Debt	<u>331,890</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 22,245,027</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, 2018, was as follows:

Business-type Activities:

	Landfill Closure/ Postclosure Care Costs	Compensated Absences
Balance, July 1, 2017	\$ 2,707,526	\$ 3,813
Additions	61,912	5,988
Reductions	<u>0</u>	<u>(6,140)</u>
Balance, June 30, 2018	<u>\$ 2,769,438</u>	<u>\$ 3,661</u>
Balance Due Within One Year	<u><u>\$ 0</u></u>	<u><u>\$ 3,661</u></u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 2,773,099
Less: Balance Due Within One Year	<u>(3,661)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 2,769,438</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, 2018, was as follows:

Governmental Activities:

	Compensated Absences	Net OPEB Liability*
Balance, July 1, 2017	\$ 140,666	\$ 3,249,626
Additions	76,731	262,327
Reductions	(66,701)	(306,126)
	<hr/>	<hr/>
Balance, June 30, 2018	\$ 150,696	\$ 3,205,827
	<hr/>	<hr/>
Balance Due Within One Year	\$ 41,066	\$ 0
	<hr/>	<hr/>

\*Restated Balance - See Note I.D.8.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2018	\$ 3,356,523
Less: Balance Due Within One Year	<u>(41,066)</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,315,457</u>
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Compensated absences and the net OPEB liability will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

**E. On-Behalf Payments – Discretely Presented Hardeman County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hardeman County School Department. These payments are made by the state to the Local Education Group Insurance Plan. 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 Local Education Group Insurance Plan for the year ended June 30, 2018, were \$150,934. 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 81, *Irrevocable Split-Interest Agreements*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective for the year ended June 30, 2018.

GASB Statement No. 75, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 45 and No. 57. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, establishes accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary.

GASB Statement No. 85, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, establishes guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also provides guidance for accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**C. Contingent Liabilities**

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.

**D. 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 \$2,769,438 reported as landfill closure and postclosure care liability at June 30, 2018, represents the cumulative amount reported to date based on the use of 95 percent of the estimated capacity of the extension landfill site (\$1,251,734) and for the original landfill site closed in 1999 (\$1,517,704) and represents estimates of the cost to perform all closure and postclosure care in 2018. The county will recognize the remaining estimated costs of closure and postclosure care of \$65,881 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.

**E. 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 \$94,507 to the operations of the library during the year ended June 30, 2018.

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

**F. Retirement Commitments**

**1. 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 57.73 percent and the non-certified employees of the discretely presented School Department comprised 42.27 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](http://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, 2017, the following employees were covered by the benefit terms:



Inactive Employees or Beneficiaries Currently Receiving Benefits	225
Inactive Employees Entitled to But Not Yet Receiving Benefits	350
Active Employees	<u>339</u>
Total	<u><u>914</u></u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. 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, 2018, the employer contribution for Hardeman County was \$843,654 based on a rate of 9.19 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 actuarially determined contributions (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, 2017, 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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity	5.69	%	31	%
Developed Market				
International Equity	5.29		14	
Emerging Market				
International Equity	6.36		4	
Private Equity and				
Strategic Lending	5.79		20	
U.S. Fixed Income	2.01		20	
Real Estate	4.32		10	
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 7.25 percent based on a blending of the factors described above.

*Changes of Assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from three percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 to 2.25

percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of four percent; and modified the mortality assumptions.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 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, 2016	\$ 30,595,564	\$ 29,848,533	\$ 747,031
Changes for the Year:			
Service Cost	\$ 743,695	\$ 0	\$ 743,695
Interest	2,303,730	0	2,303,730
Differences Between Expected and Actual Experience	(863,492)	0	(863,492)
Changes in Assumptions	770,039	0	770,039
Contributions-Employer	0	766,716	(766,716)
Contributions-Employees	0	14,061	(14,061)
Net Investment Income	0	3,356,358	(3,356,358)
Benefit Payments, Including Refunds of Employee Contributions	(1,245,724)	(1,245,724)	0
Administrative Expense	0	(30,536)	30,536
Other Changes	0	0	0
Net Changes	\$ 1,708,248	\$ 2,860,875	\$ (1,152,627)
Balance, June 30, 2017	\$ 32,303,812	\$ 32,709,408	\$ (405,596)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	57.73%	\$ 18,648,991	\$ 18,883,141	\$ (234,151)
School Department	42.27%	13,654,821	13,826,267	(171,445)
Total		<u>\$ 32,303,812</u>	<u>\$ 32,709,408</u>	<u>\$ (405,596)</u>

*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 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Hardeman County	6.25%	7.25%	8.25%

Net Pension Liability (Asset) \$ 3,736,360 \$ (405,596) \$ (3,856,720)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions**

*Pension Expense.* For the year ended June 30, 2018, Hardeman County recognized pension expense of \$512,990.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, 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	\$ 671,584	\$ 2,357,524
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	2,065
Changes in Assumptions	641,699	0
Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	843,654	N/A
Total	<u>\$ 2,156,937</u>	<u>\$ 2,359,589</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2017,” 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	\$ 1,193,432	\$ 1,293,945
Business-type Activities	60,513	68,246
School Department	902,992	997,398
Total	<u>\$ 2,156,937</u>	<u>\$ 2,359,589</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 June 30	Amount
2019	\$ (330,851)
2020	125,322
2021	(465,663)
2022	(359,526)
2023	(15,575)
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 comprised 57.73 percent and the non-certified employees of the discretely presented School Department comprised 42.27 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 publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://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,

2018, to the Teacher Retirement Plan were \$110,921, 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, 2018, the School Department reported a liability (asset) of (\$88,093) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department’s proportion of the net pension liability (asset) was based on the 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, 2017, the School Department’s proportion was .333895 percent. The proportion as of June 30, 2016, was .302566 percent.

*Pension Expense.* For the year ended June 30, 2018, the School Department recognized pension expense of \$39,861.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the 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
	<u>                    </u>	<u>                    </u>
Difference Between Expected and Actual Experience	\$ 3,087	\$ 6,625
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	4,740
Changes in Assumptions	7,739	0
Changes in Proportion of Net Pension Liability (Asset)	2,328	3,469
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017 (1)	110,921	N/A
	<u>110,921</u>	<u>N/A</u>
Total	<u>\$ 124,075</u>	<u>\$ 14,834</u>



The School Department's employer contributions of \$110,921, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2019. 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
2019	\$ (517)
2020	(517)
2021	(789)
2022	(2,008)
2023	227
Thereafter	1,924

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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a

building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major 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	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income Real Estate	5.79	20
	2.01	20
	4.32	10
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 7.25 percent based on a blending of the factors described above.

*Changes of Assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from three percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of four percent; and modified the mortality assumptions.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 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 School Department’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability (Asset) \$	17,576	\$ (88,093)	\$ (165,603)

*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 publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://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, 2018, to the Teacher Legacy Pension Plan were \$1,359,908, which is 9.08 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, 2018, the School Department reported a liability (asset) of (\$141,899) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The School Department's proportion of the net pension liability (asset) was based on the 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, 2017, the School Department's proportion was .433697 percent. The proportion measured at June 30, 2016, was .448539 percent.

*Pension Expense.* For the year ended June 30, 2018, the School Department recognized pension expense of \$19,978.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the 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	\$ 85,546	\$ 2,929,531
Changes in Assumptions	1,201,795	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	21,540	0
Changes in Proportion Net Pension Liability (Asset)	82,589	78,068
LEA's Contributions Subsequent to the Measurement Date of June 30, 2017	1,359,908	N/A
Total	<u>\$ 2,751,378</u>	<u>\$ 3,007,599</u>

The School Department's employer contributions of \$1,359,908 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease in net pension liability in the year ending June 30, 2019. 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
2019	\$ (997,017)
2020	454,629
2021	(347,353)
2022	(726,388)
2023	0
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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.46% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	7.25%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.25%

Mortality rates are based actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2017, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. 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, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of

return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major 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	5.69	%	31	%
International Equity Emerging Market	5.29		14	
International Equity Private Equity and Strategic Lending	6.36		4	
U.S. Fixed Income	5.79		20	
Real Estate	2.01		20	
Short-term Securities	4.32		10	
	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 7.25 percent based on a blending of the factors described above.

*Changes of Assumptions.* In 2017, the following assumptions were changed: decreased inflation rate from three percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of four percent; and modified the mortality assumptions.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25 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 School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the School Department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability (Asset) \$	12,732,313	\$ (141,899)	\$ (10,783,282)

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

**2. Deferred Compensation**

Teachers hired after July 1, 2014, by the School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401 (K) plan and is managed by the employee. The defined contribution portion of the plan requires that the School Department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year the School Department contributed \$136,631 and teachers contributed \$48,758 to this deferred compensation pension plan.

**G. Other Postemployment Benefits (OPEB)**

The discretely presented Hardeman County School Department provides OPEB benefits to its retirees under the state administered public entity risk pool. For reporting purposes, the plan is considered a single employer defined benefit OPEB plan based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plan is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.



## OPEB Provided through State Administered Public Entity Risk Pool

The School Department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified employees of the School Department may then join the Tennessee Plan – Medicare (TNM) which provides supplemental medical insurance for retirees with Medicare. However, the School Department does not provide any subsidy (direct or indirect) to this plan and therefore does not recognize any OPEB liability associated with the TNM.

The School Department's total OPEB liability was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and other inputs.* The total OPEB liability in the June 30, 2017, actuarial valuation of each plan was determined using the following actuarial, assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary Increase Rates used in the July 1, 2017 TCRS actuarial valuation: 3.44% to 8.72% including inflation
Discount Rate	3.56%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 7.5% for the 2018 calendar year, and gradually decreasing 33-year period to an ultimate trend rate of 3.53% with .18% added to approximate the effect of the excise tax
Retirees Share of Benefit Related Cost	Discussed below

The discount rate was 3.56 percent, based on the daily rate of Fidelity's 20-Year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2017, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 – June 30, 2016. The demographic assumptions were adjusted to more closely reflect

actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

*Changes in Assumptions.* The discount rate changed from 2.92 percent as of the beginning of the measurement period to 3.56 percent as of the measurement date of June 30, 2017.

### **Closed Local Education (LEP) OPEB Plan (Discretely Presented School Department)**

*Plan description.* Employees of the Hardeman County School Department who were hired prior to July 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

*Benefits provided.* The Hardeman County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. Hardeman County School Department does not provide direct subsidies for retirees. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees' premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	32
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	455
Total	<u><u>487</u></u>

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the School Department paid \$165,922 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	Share of Collective Liability		
	Hardeman County School Department 64.25%	State of TN 35.75%	Total OPEB Liability
Balance July 1, 2016	\$ 3,249,626	\$ 1,808,134	\$ 5,057,760
Changes for the Year:			
Service Cost	164,967	91,790	256,757
Interest	97,360	54,172	151,532
Changes in Benefit Terms	0	0	0
Difference Between Expected and Actuarial Experience	0	0	0
Changes in Assumptions and Other Inputs	(145,414)	(80,911)	(226,325)
Benefit Payments	(160,712)	(89,422)	(250,134)
Net Changes	\$ (43,799)	\$ (24,371)	\$ (68,170)
Balance June 30, 2017	\$ 3,205,827	\$ 1,783,763	\$ 4,989,590

The Hardeman County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Hardeman County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers' long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The School Department recognized \$137,706 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for School Department retirees.

During the year, the Hardeman County School Department's proportionate share of the collective OPEB liability was 64.25% and the State of Tennessee's share was 35.75%.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2018, the School Department recognized OPEB expense of \$385,195, including the state's share of the expense. At June 30, 2018, the School Department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 0
Changes of Assumptions/Inputs	0	130,576
Benefits Paid After the Measurement Date	<u>165,922</u>	<u>0</u>
Total	<u>\$ 165,922</u>	<u>\$ 130,576</u>

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	School Department
2019	\$ (14,838)
2020	(14,838)
2021	(14,838)
2022	(14,838)
2023	(14,838)
Thereafter	(56,386)

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

*Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate.* The following presents the School Department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

<u>Discount Rate</u>	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
Proportionate Share of the Collective Total OPEB Liability	\$ 3,434,445	\$ 3,205,827	\$ 2,987,658

*Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following presents the School Department’s proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

	1% Decrease 6.5% to 2.71%	Current Rates 7.5% to 3.71%	1% Increase 8.5% to 4.71%
Proportionate Share of the Collective Total OPEB Liability	\$ 2,856,437	\$ 3,205,827	\$ 3,617,666

**H. 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.

**I. Subsequent Events**

On August 31, 2018, David Sipes left the office of Highway Superintendent and was succeeded by Casey Swift effective September 1, 2018.

On August 31, 2018, Linda Fulghum left the office of Circuit Court Clerk and was succeeded by Billy Davis effective September 1, 2018.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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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

	2014	2015	2016	2017
<b>Total Pension Liability</b>				
Service Cost	\$ 720,165	\$ 745,213	\$ 769,187	\$ 743,695
Interest	1,984,478	2,264,265	2,227,861	2,303,730
Differences Between Actual and Expected Experience	2,014,756	(2,342,360)	(700,148)	(863,492)
Changes in Assumptions	0	0	0	770,039
Benefit Payments, Including Refunds of Employee Contributions	(948,864)	(1,079,052)	(1,273,914)	(1,245,724)
Net Change in Total Pension Liability	\$ 3,770,535	\$ (411,934)	\$ 1,022,986	\$ 1,708,248
Total Pension Liability, Beginning	26,213,977	29,984,512	29,572,578	30,595,564
Total Pension Liability, Ending (a)	\$ 29,984,512	\$ 29,572,578	\$ 30,595,564	\$ 32,303,812
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 767,506	\$ 772,148	\$ 767,538	\$ 766,716
Contributions - Employee	0	394	0	14,061
Net Investment Income	4,154,524	889,770	778,962	3,356,358
Benefit Payments, Including Refunds of Employee Contributions	(948,864)	(1,079,052)	(1,273,914)	(1,245,724)
Administrative Expense	(13,867)	(18,785)	(27,551)	(30,536)
Net Change in Plan Fiduciary Net Position	\$ 3,959,299	\$ 564,475	\$ 245,035	\$ 2,860,875
Plan Fiduciary Net Position, Beginning	25,079,724	29,039,023	29,603,498	29,848,533
Plan Fiduciary Net Position, Ending (b)	\$ 29,039,023	\$ 29,603,498	\$ 29,848,533	\$ 32,709,408
Net Pension Liability (Asset), Ending (a - b)	\$ 945,489	\$ (30,920)	\$ 747,031	\$ (405,596)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.85%	100.10%	97.56%	101.26%
Covered Payroll	\$ 8,623,652	\$ 8,666,079	\$ 8,619,206	\$ 8,607,854
Net Pension Liability (Asset) as a Percentage of Covered Payroll	10.96%	0.36%	8.67%	(4.71)%

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

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

	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 767,506	\$ 772,148	\$ 767,538	\$ 766,716	\$ 843,654
Less Contributions in Relation to the Actuarially Determined Contribution	(767,506)	(772,148)	(767,538)	(766,716)	(843,654)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 8,623,652	\$ 8,666,079	\$ 8,619,206	\$ 8,607,854	\$ 9,180,131
Contributions as a Percentage of Covered Payroll	8.90%	8.91%	8.90%	8.91%	9.19%

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

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

	2015	2016	2017	2018
Contractually Required Contribution	\$ 33,360	\$ 53,252	\$ 87,659	\$ 110,921
Less Contributions in Relation to the Contractually Required Contribution	(33,360)	(53,252)	(87,659)	(110,921)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 833,981	\$ 1,331,303	\$ 2,121,651	\$ 2,773,025
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.13%	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	2017	2018
Contractually Required Contribution	\$ 1,524,099	\$ 1,509,819	\$ 1,463,697	\$ 1,385,918	\$ 1,359,908
Less Contributions in Relation to the Contractually Required Contribution	(1,524,099)	(1,509,819)	(1,463,697)	(1,385,918)	(1,359,908)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 17,163,279	\$ 16,701,599	\$ 16,191,323	\$ 15,400,814	\$ 14,976,876
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.00%	9.08%

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

Exhibit F-5

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 \*

	2016	2017	2018
School Department's Proportion of the Net Pension Liability (Asset)	0.393109%	0.302566%	0.333895%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (16,148)	\$ (31,498)	\$ (88,093)
Covered Payroll	\$ 833,981	\$ 1,331,303	\$ 2,121,651
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.15)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%

\* 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-6

Hardeman County, Tennessee  
Schedule of Proportionate Share of the Net Pension Asset  
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>	<u>2017</u>	<u>2018</u>
School Department's Proportion of the Net Pension Liability (Asset)	0.437282%	0.446147%	0.448539%	0.433697%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (71,056)	\$ 182,757	\$ 2,803,117	\$ (141,899)
Covered Payroll	\$ 17,163,279	\$ 16,701,599	\$ 16,191,323	\$ 15,400,814
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.414002)%	1.094250%	17.310000%	(0.920000)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%

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

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

Hardeman County, Tennessee  
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan  
Discretely Presented Tipton County School Department  
For the Fiscal Year Ended June 30 \*

	<u>2017</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 256,757
Interest	151,532
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	0
Changes in Assumptions or Other Inputs	(226,325)
Benefit Payments	<u>(250,134)</u>
Net Change in Total OPEB Liability	\$ (68,170)
Total OPEB Liability, Beginning	<u>5,057,760</u>
Total OPEB Liability, Ending	<u>\$ 4,989,590</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 1,783,763
Employer Proportionate Share of the Total OPEB Liability	3,205,827
Covered Employee Payroll	\$ 21,528,041
Net OPEB Liability as a Percentage of Covered Employee Payroll	14.89%

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	2.92%
2018	3.56%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**HARDEMAN COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2018**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for fiscal year 2017 were calculated based on the June 30, 2016, actuarial valuation.

Methods and assumptions used to determine contribution rates:

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

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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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.

## Capital Projects Fund

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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.

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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, 2018

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>Drug</u>	<u>Constitu -</u>	<u>Total</u>	<u>Projects Fund</u>	
	<u>Control</u>	<u>tional</u>		<u>General</u>	<u>Nonmajor</u>
		<u>Officers -</u>		<u>Capital</u>	<u>Governmental</u>
		<u>Fees</u>		<u>Projects</u>	<u>Funds</u>
<u>ASSETS</u>					
Cash	\$ 0	\$ 81,397	\$ 81,397	\$ 0	\$ 81,397
Equity in Pooled Cash and Investments	142,517	0	142,517	377,933	520,450
Accounts Receivable	0	161	161	0	161
<b>Total Assets</b>	<b>\$ 142,517</b>	<b>\$ 81,558</b>	<b>\$ 224,075</b>	<b>\$ 377,933</b>	<b>\$ 602,008</b>
<u>LIABILITIES</u>					
Accounts Payable	\$ 961	\$ 0	\$ 961	\$ 0	\$ 961
Due to Other Funds	0	1,138	1,138	0	1,138
<b>Total Liabilities</b>	<b>\$ 961</b>	<b>\$ 1,138</b>	<b>\$ 2,099</b>	<b>\$ 0</b>	<b>\$ 2,099</b>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 141,556	\$ 0	\$ 141,556	\$ 0	\$ 141,556
Restricted for Public Health and Welfare	0	0	0	47,280	47,280
Committed:					
Committed for Finance	0	80,420	80,420	0	80,420
Committed for Capital Projects	0	0	0	330,653	330,653
<b>Total Fund Balances</b>	<b>\$ 141,556</b>	<b>\$ 80,420</b>	<b>\$ 221,976</b>	<b>\$ 377,933</b>	<b>\$ 599,909</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 142,517</b>	<b>\$ 81,558</b>	<b>\$ 224,075</b>	<b>\$ 377,933</b>	<b>\$ 602,008</b>

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, 2018

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	
<u>Revenues</u>					
Fines, Forfeitures, and Penalties	\$ 93,004	\$ 0	\$ 93,004	\$ 0	\$ 93,004
Charges for Current Services	0	336,501	336,501	0	336,501
Total Revenues	<u>\$ 93,004</u>	<u>\$ 336,501</u>	<u>\$ 429,505</u>	<u>\$ 0</u>	<u>\$ 429,505</u>
<u>Expenditures</u>					
Current:					
Finance	\$ 0	\$ 334,162	\$ 334,162	\$ 0	\$ 334,162
Administration of Justice	0	750	750	0	750
Public Safety	46,368	0	46,368	0	46,368
Capital Projects	0	0	0	502,989	502,989
Total Expenditures	<u>\$ 46,368</u>	<u>\$ 334,912</u>	<u>\$ 381,280</u>	<u>\$ 502,989</u>	<u>\$ 884,269</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 46,636</u>	<u>\$ 1,589</u>	<u>\$ 48,225</u>	<u>\$ (502,989)</u>	<u>\$ (454,764)</u>
Net Change in Fund Balances	\$ 46,636	\$ 1,589	\$ 48,225	\$ (502,989)	\$ (454,764)
Fund Balance, July 1, 2017	94,920	78,831	173,751	880,922	1,054,673
Fund Balance, June 30, 2018	<u>\$ 141,556</u>	<u>\$ 80,420</u>	<u>\$ 221,976</u>	<u>\$ 377,933</u>	<u>\$ 599,909</u>

Exhibit G-3

Hardeman County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Drug Control Fund  
For the Year Ended June 30, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 93,004	\$ 0	\$ 93,004	\$ 50,000	\$ 50,000	\$ 43,004
Total Revenues	\$ 93,004	\$ 0	\$ 93,004	\$ 50,000	\$ 50,000	\$ 43,004
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 46,368	\$ (4,534)	\$ 41,834	\$ 38,750	\$ 51,250	\$ 9,416
Total Expenditures	\$ 46,368	\$ (4,534)	\$ 41,834	\$ 38,750	\$ 51,250	\$ 9,416
Excess (Deficiency) of Revenues Over Expenditures	\$ 46,636	\$ 4,534	\$ 51,170	\$ 11,250	\$ (1,250)	\$ 52,420
Net Change in Fund Balance	\$ 46,636	\$ 4,534	\$ 51,170	\$ 11,250	\$ (1,250)	\$ 52,420
Fund Balance, July 1, 2017	94,920	(4,534)	90,386	82,413	82,413	7,973
Fund Balance, June 30, 2018	\$ 141,556	\$ 0	\$ 141,556	\$ 93,663	\$ 81,163	\$ 60,393

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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Exhibit H

Hardeman County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2018

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,067,533	\$ 1,042,400	\$ 1,042,400	\$ 25,133
Other Local Revenues	98	0	0	98
Other Governments and Citizens Groups	707,143	0	689,714	17,429
<b>Total Revenues</b>	<b>\$ 1,774,774</b>	<b>\$ 1,042,400</b>	<b>\$ 1,732,114</b>	<b>\$ 42,660</b>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 410,000	\$ 40,000	\$ 397,500	\$ (12,500)
Education	588,228	570,000	588,228	0
<u>Interest on Debt</u>				
General Government	510,629	5,340	594,928	84,299
Education	117,712	117,714	117,714	2
<u>Other Debt Service</u>				
General Government	14,193	0	11,500	(2,693)
Education	2,202	0	2,202	0
<b>Total Expenditures</b>	<b>\$ 1,642,964</b>	<b>\$ 733,054</b>	<b>\$ 1,712,072</b>	<b>\$ 69,108</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 131,810	\$ 309,346	\$ 20,042	\$ 111,768
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 689,714	\$ 0	\$ 0
Payments to Refunded Debt Escrow Agent	0	(959,588)	0	0
<b>Total Other Financing Sources</b>	<b>\$ 0</b>	<b>\$ (269,874)</b>	<b>\$ 0</b>	<b>\$ 0</b>
Net Change in Fund Balance	\$ 131,810	\$ 39,472	\$ 20,042	\$ 111,768
Fund Balance, July 1, 2017	87,001	122,971	122,971	(35,970)
<b>Fund Balance, June 30, 2018</b>	<b>\$ 218,811</b>	<b>\$ 162,443</b>	<b>\$ 143,013</b>	<b>\$ 75,798</b>

# Fiduciary Funds

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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.

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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 I-1

Hardeman County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2018

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,290,618	\$ 1,290,618
Due from Other Governments	316,507	0	316,507
Total Assets	<u>\$ 316,507</u>	<u>\$ 1,290,618</u>	<u>\$ 1,607,125</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 316,507	\$ 0	\$ 316,507
Due to Litigants, Heirs, and Others	0	1,290,618	1,290,618
Total Liabilities	<u>\$ 316,507</u>	<u>\$ 1,290,618</u>	<u>\$ 1,607,125</u>



Exhibit I-2

Hardeman County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,826,577	\$ 1,826,577	\$ 0
Due from Other Governments	290,000	316,507	290,000	316,507
Total Assets	\$ 290,000	\$ 2,143,084	\$ 2,116,577	\$ 316,507
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 290,000	\$ 2,143,084	\$ 2,116,577	\$ 316,507
Total Liabilities	\$ 290,000	\$ 2,143,084	\$ 2,116,577	\$ 316,507
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,404,471	\$ 6,453,029	\$ 6,566,882	\$ 1,290,618
Total Assets	\$ 1,404,471	\$ 6,453,029	\$ 6,566,882	\$ 1,290,618
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,404,471	\$ 6,453,029	\$ 6,566,882	\$ 1,290,618
Total Liabilities	\$ 1,404,471	\$ 6,453,029	\$ 6,566,882	\$ 1,290,618
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,404,471	\$ 6,453,029	\$ 6,566,882	\$ 1,290,618
Equity in Pooled Cash and Investments	0	1,826,577	1,826,577	0
Due from Other Governments	290,000	316,507	290,000	316,507
Total Assets	\$ 1,694,471	\$ 8,596,113	\$ 8,683,459	\$ 1,607,125
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 290,000	\$ 2,143,084	\$ 2,116,577	\$ 316,507
Due to Litigants, Heirs, and Others	1,404,471	6,453,029	6,566,882	1,290,618
Total Liabilities	\$ 1,694,471	\$ 8,596,113	\$ 8,683,459	\$ 1,607,125

# Hardeman County School Department

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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.

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

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

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

Exhibit J-1

Hardeman County, Tennessee  
Statement of Activities  
Discretely Presented Hardeman County School Department  
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:					
Instruction	\$ 21,082,848	\$ 0	\$ 2,434,164	\$ 84,998	\$ (18,563,686)
Support Services	11,568,577	73,647	178,602	0	(11,316,328)
Operation of Non-instructional Services	3,730,676	196,387	2,368,489	0	(1,165,800)
Total Governmental Activities	\$ 36,382,101	\$ 270,034	\$ 4,981,255	\$ 84,998	\$ (31,045,814)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 5,784,291
Local Option Sales Taxes					2,327,690
Other Local Taxes					2,518
Grants and Contributions Not Restricted for Specific Programs					23,758,656
Miscellaneous					48,385
Total General Revenues					\$ 31,921,540
Change in Net Position					\$ 875,726
Net Position, July 1, 2017					21,960,925
Restatement - See Note I.D.8.					(2,016,263)
Net Position, June 30, 2018					\$ 20,820,388

Exhibit J-2

Hardeman County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Hardeman County School Department  
June 30, 2018

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>			
Cash	\$ 0	\$ 16	\$ 16
Equity in Pooled Cash and Investments	7,218,849	954,420	8,173,269
Accounts Receivable	17,813	17,561	35,374
Due from Other Governments	1,241,906	617,502	1,859,408
Property Taxes Receivable	5,918,442	0	5,918,442
Allowance for Uncollectible Property Taxes	(214,940)	0	(214,940)
<b>Total Assets</b>	<b>\$ 14,182,070</b>	<b>\$ 1,589,499</b>	<b>\$ 15,771,569</b>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 93,214	\$ 0	\$ 93,214
Payroll Deductions Payable	22,607	892	23,499
Due to Primary Government	1,745	0	1,745
<b>Total Liabilities</b>	<b>\$ 117,566</b>	<b>\$ 892</b>	<b>\$ 118,458</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Current Property Taxes	\$ 5,526,336	\$ 0	\$ 5,526,336
Deferred Delinquent Property Taxes	162,883	0	162,883
Other Deferred/Unavailable Revenue	260,214	1,262	261,476
<b>Total Deferred Inflows of Resources</b>	<b>\$ 5,949,433</b>	<b>\$ 1,262</b>	<b>\$ 5,950,695</b>
<b><u>FUND BALANCES</u></b>			
Restricted:			
Restricted for Education	\$ 48,691	\$ 10,168	\$ 58,859
Restricted for Instruction	4,956	0	4,956
Restricted for Operation of Non-instructional Services	0	827,177	827,177
Committed:			
Committed for Education	368,049	0	368,049
Committed for Capital Projects	3,606,079	0	3,606,079
Assigned:			
Assigned for Education	41,528	750,000	791,528
Unassigned	4,045,768	0	4,045,768
<b>Total Fund Balances</b>	<b>\$ 8,115,071</b>	<b>\$ 1,587,345</b>	<b>\$ 9,702,416</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 14,182,070</b>	<b>\$ 1,589,499</b>	<b>\$ 15,771,569</b>

Exhibit J-3

Hardeman County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
Discretely Presented Hardeman County School Department  
June 30, 2018

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 9,702,416
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 358,116	
Add: construction in progress	1,223,530	
Add: buildings and improvements net of accumulated depreciation	10,011,605	
Add: other capital assets net of accumulated depreciation	<u>2,323,782</u>	13,917,033
(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 the other loan	\$ (62,294)	
Less: net OPEB liability	(3,205,827)	
Less: compensated absences payable	<u>(150,696)</u>	(3,418,817)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 3,778,445	
Less: deferred inflows of resources related to pensions	(4,019,831)	
Add: deferred outflows of resources related to OPEB	165,922	
Less: deferred inflows of resources related to OPEB	<u>(130,576)</u>	(206,040)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 171,445	
Add: net pension asset - teacher retirement plan	88,093	
Add: net pension asset - teacher legacy plan	<u>141,899</u>	401,437
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>424,359</u>
Net position of governmental activities (Exhibit A)		<u>\$ 20,820,388</u>

Exhibit J-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, 2018

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 8,129,920	\$ 0	\$ 8,129,920
Licenses and Permits	3,117	0	3,117
Charges for Current Services	42,171	196,387	238,558
Other Local Revenues	121,396	12,993	134,389
State of Tennessee	23,186,011	22,387	23,208,398
Federal Government	153,381	5,377,736	5,531,117
Total Revenues	<u>\$ 31,635,996</u>	<u>\$ 5,609,503</u>	<u>\$ 37,245,499</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 18,210,755	\$ 1,950,566	\$ 20,161,321
Support Services	11,372,566	748,297	12,120,863
Operation of Non-Instructional Services	1,033,201	2,739,627	3,772,828
Capital Outlay	1,463,496	0	1,463,496
Debt Service:			
Other Debt Service	707,142	0	707,142
Total Expenditures	<u>\$ 32,787,160</u>	<u>\$ 5,438,490</u>	<u>\$ 38,225,650</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,151,164)</u>	<u>\$ 171,013</u>	<u>\$ (980,151)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 59,094	\$ 0	\$ 59,094
Transfers In	61,341	8,440	69,781
Transfers Out	(8,440)	(61,341)	(69,781)
Total Other Financing Sources (Uses)	<u>\$ 111,995</u>	<u>\$ (52,901)</u>	<u>\$ 59,094</u>
Net Change in Fund Balances	\$ (1,039,169)	\$ 118,112	\$ (921,057)
Fund Balance, July 1, 2017	<u>9,154,240</u>	<u>1,469,233</u>	<u>10,623,473</u>
Fund Balance, June 30, 2018	<u>\$ 8,115,071</u>	<u>\$ 1,587,345</u>	<u>\$ 9,702,416</u>

Exhibit J-5

Hardeman County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Hardeman County School Department  
For the Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ (921,057)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,963,402	
Less: current-year depreciation expense	<u>(1,472,622)</u>	490,780
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss on disposal of capital assets	\$ (170,748)	
Less: proceeds received from the disposal of capital assets	<u>(27,333)</u>	(198,081)
(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, 2018	\$ 424,359	
Less: deferred delinquent property taxes and other deferred June 30, 2017	<u>(384,698)</u>	39,661
(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 net OPEB liability (net of restatement)	\$ 43,799	
Change in deferred outflows related to OPEB (net of restatement)	5,210	
Change in deferred inflows related to OPEB	(130,576)	
Change in net pension asset - agent plan	484,302	
Change in net pension asset - teacher retirement plan	56,595	
Change in net pension asset - teacher legacy pension plan	2,945,016	
Change in deferred outflows related to pensions	(2,223,907)	
Change in deferred inflows related to pensions	275,786	
Change in compensated absences payable	<u>(10,030)</u>	<u>1,446,195</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 875,726</u>

Exhibit J-6

Hardeman County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Hardeman County School Department  
June 30, 2018

	<u>Special Revenue Funds</u>		
	School Federal Projects	Central Cafeteria	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 16	\$ 16
Equity in Pooled Cash and Investments	148,945	805,475	954,420
Accounts Receivable	16,969	592	17,561
Due from Other Governments	596,408	21,094	617,502
Total Assets	<u>\$ 762,322</u>	<u>\$ 827,177</u>	<u>\$ 1,589,499</u>
<u>LIABILITIES</u>			
Payroll Deductions Payable	\$ 892	\$ 0	\$ 892
Total Liabilities	<u>\$ 892</u>	<u>\$ 0</u>	<u>\$ 892</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Other Deferred/Unavailable Revenue	\$ 1,262	\$ 0	\$ 1,262
Total Deferred Inflows of Resources	<u>\$ 1,262</u>	<u>\$ 0</u>	<u>\$ 1,262</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 10,168	\$ 0	\$ 10,168
Restricted for Operation of Non-instructional Services	0	827,177	827,177
Assigned:			
Assigned for Education	750,000	0	750,000
Total Fund Balances	<u>\$ 760,168</u>	<u>\$ 827,177</u>	<u>\$ 1,587,345</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 762,322</u>	<u>\$ 827,177</u>	<u>\$ 1,589,499</u>



Exhibit J-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, 2018

	<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>Revenues</u>			
Charges for Current Services	\$ 0	\$ 196,387	\$ 196,387
Other Local Revenues	0	12,993	12,993
State of Tennessee	0	22,387	22,387
Federal Government	3,101,663	2,276,073	5,377,736
Total Revenues	<u>\$ 3,101,663</u>	<u>\$ 2,507,840</u>	<u>\$ 5,609,503</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 1,950,566	\$ 0	\$ 1,950,566
Support Services	748,297	0	748,297
Operation of Non-Instructional Services	339,731	2,399,896	2,739,627
Total Expenditures	<u>\$ 3,038,594</u>	<u>\$ 2,399,896</u>	<u>\$ 5,438,490</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 63,069</u>	<u>\$ 107,944</u>	<u>\$ 171,013</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 8,440	\$ 0	\$ 8,440
Transfers Out	(61,341)	0	(61,341)
Total Other Financing Sources (Uses)	<u>\$ (52,901)</u>	<u>\$ 0</u>	<u>\$ (52,901)</u>
Net Change in Fund Balances	\$ 10,168	\$ 107,944	\$ 118,112
Fund Balance, July 1, 2017	<u>750,000</u>	<u>719,233</u>	<u>1,469,233</u>
Fund Balance, June 30, 2018	<u>\$ 760,168</u>	<u>\$ 827,177</u>	<u>\$ 1,587,345</u>

Exhibit J-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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,129,920	\$ 0	\$ 0	\$ 8,129,920	\$ 7,766,908	\$ 7,766,908	\$ 363,012
Licenses and Permits	3,117	0	0	3,117	2,000	2,000	1,117
Charges for Current Services	42,171	0	0	42,171	50,060	50,060	(7,889)
Other Local Revenues	121,396	0	0	121,396	81,898	83,098	38,298
State of Tennessee	23,186,011	0	0	23,186,011	22,904,005	23,149,942	36,069
Federal Government	153,381	0	0	153,381	30,000	222,123	(68,742)
<b>Total Revenues</b>	<b>\$ 31,635,996</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 31,635,996</b>	<b>\$ 30,834,871</b>	<b>\$ 31,274,131</b>	<b>\$ 361,865</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 14,084,476	\$ 0	\$ 0	\$ 14,084,476	\$ 13,929,580	\$ 14,257,080	\$ 172,604
Alternative Instruction Program	239,384	0	0	239,384	279,292	279,292	39,908
Special Education Program	2,699,846	0	4,995	2,704,841	2,222,330	2,759,952	55,111
Career and Technical Education Program	1,187,049	0	0	1,187,049	1,227,152	1,313,002	125,953
<u>Support Services</u>							
Attendance	196,951	(31)	0	196,920	204,185	213,685	16,765
Health Services	423,420	0	0	423,420	311,100	423,905	485
Other Student Support	946,032	(12,685)	0	933,347	1,094,332	948,412	15,065
Regular Instruction Program	1,335,758	(630)	0	1,335,128	1,378,787	1,387,787	52,659
Alternative Instruction Program	35,236	0	0	35,236	30,370	35,370	134
Special Education Program	438,141	0	1,118	439,259	602,709	463,581	24,322
Career and Technical Education Program	51,809	0	0	51,809	57,380	57,730	5,921
Technology	408,234	(39,097)	23,678	392,815	461,279	461,279	68,464
Other Programs	150,934	0	0	150,934	0	150,934	0
Board of Education	494,184	0	1,183	495,367	607,184	613,074	117,707
Director of Schools	367,244	(298)	160	367,106	380,345	380,345	13,239
Office of the Principal	1,775,289	(6,630)	0	1,768,659	1,800,635	1,855,635	86,976
Fiscal Services	208,309	0	539	208,848	203,844	214,919	6,071
Human Services/Personnel	83,819	0	0	83,819	84,557	84,557	738

(Continued)

Exhibit J-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 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Operation of Plant	\$ 1,808,413	\$ 0	\$ 0	\$ 1,808,413	\$ 1,863,823	\$ 1,911,323	\$ 102,910
Maintenance of Plant	961,812	(2,698)	0	959,114	997,375	997,375	38,261
Transportation	1,686,981	(637)	0	1,686,344	1,692,215	1,782,215	95,871
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	1,033,201	0	9,855	1,043,056	1,043,057	1,043,060	4
<u>Capital Outlay</u>							
Regular Capital Outlay	1,463,496	0	460,231	1,923,727	45,000	5,325,000	3,401,273
<u>Principal on Debt</u>							
Education	0	0	0	0	588,228	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	117,713	0	0
<u>Other Debt Service</u>							
Education	707,142	0	0	707,142	750	707,166	24
Total Expenditures	\$ 32,787,160	\$ (62,706)	\$ 501,759	\$ 33,226,213	\$ 31,223,222	\$ 37,666,678	\$ 4,440,465
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (1,151,164)	\$ 62,706	\$ (501,759)	\$ (1,590,217)	\$ (388,351)	\$ (6,392,547)	\$ 4,802,330
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 59,094	\$ 0	\$ 0	\$ 59,094	\$ 0	\$ 27,333	\$ 31,761
Transfers In	61,341	0	0	61,341	36,000	36,000	25,341
Transfers Out	(8,440)	0	0	(8,440)	(59,502)	(8,426)	(14)
Total Other Financing Sources	\$ 111,995	\$ 0	\$ 0	\$ 111,995	\$ (23,502)	\$ 54,907	\$ 57,088
Net Change in Fund Balance							
Fund Balance, July 1, 2017	\$ (1,039,169)	\$ 62,706	\$ (501,759)	\$ (1,478,222)	\$ (411,853)	\$ (6,337,640)	\$ 4,859,418
	9,154,240	(62,706)	0	9,091,534	9,054,914	9,054,914	36,620
Fund Balance, June 30, 2018							
	\$ 8,115,071	\$ 0	\$ (501,759)	\$ 7,613,312	\$ 8,643,061	\$ 2,717,274	\$ 4,896,038

Exhibit J-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, 2018

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 3,101,663	\$ 0	\$ 3,101,663	\$ 3,221,780	\$ 3,497,442	\$ (395,779)
Total Revenues	\$ 3,101,663	\$ 0	\$ 3,101,663	\$ 3,221,780	\$ 3,497,442	\$ (395,779)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 1,214,971	\$ 1,076	\$ 1,216,047	\$ 1,177,669	\$ 1,282,677	\$ 66,630
Alternative Instruction Program	4,758	0	4,758	4,200	5,750	992
Special Education Program	688,548	0	688,548	817,881	835,365	146,817
Career and Technical Education Program	42,289	0	42,289	40,183	42,289	0
<u>Support Services</u>						
Other Student Support	31,867	186	32,053	32,259	42,885	10,832
Regular Instruction Program	363,303	10,168	373,471	379,382	446,950	73,479
Special Education Program	156,239	0	156,239	193,281	186,984	30,745
Career and Technical Education Program	2,500	0	2,500	2,500	2,500	0
Transportation	194,388	0	194,388	135,640	211,106	16,718
<u>Operation of Non-Instructional Services</u>						
Community Services	339,731	0	339,731	387,413	387,414	47,683
Total Expenditures	\$ 3,038,594	\$ 11,430	\$ 3,050,024	\$ 3,170,408	\$ 3,443,920	\$ 393,896
Excess (Deficiency) of Revenues Over Expenditures	\$ 63,069	\$ (11,430)	\$ 51,639	\$ 51,372	\$ 53,522	\$ (1,883)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 8,440	\$ 0	\$ 8,440	\$ 6,926	\$ 8,148	\$ 292
Transfers Out	(61,341)	0	(61,341)	(58,296)	(61,670)	329
Total Other Financing Sources	\$ (52,901)	\$ 0	\$ (52,901)	\$ (51,370)	\$ (53,522)	\$ 621
Net Change in Fund Balance	\$ 10,168	\$ (11,430)	\$ (1,262)	\$ 2	\$ 0	\$ (1,262)
Fund Balance, July 1, 2017	750,000	0	750,000	775,116	775,116	(25,116)
Fund Balance, June 30, 2018	\$ 760,168	\$ (11,430)	\$ 748,738	\$ 775,118	\$ 775,116	\$ (26,378)

Exhibit J-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, 2018

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2017	Add: Encumbrances 6/30/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 196,387	\$ 0	\$ 0	\$ 196,387	\$ 203,567	\$ 203,567	\$ (7,180)
Other Local Revenues	12,993	0	0	12,993	4,500	4,500	8,493
State of Tennessee	22,387	0	0	22,387	21,000	21,000	1,387
Federal Government	2,276,073	0	0	2,276,073	2,277,957	2,346,745	(70,672)
<b>Total Revenues</b>	<b>\$ 2,507,840</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,507,840</b>	<b>\$ 2,507,024</b>	<b>\$ 2,575,812</b>	<b>\$ (67,972)</b>
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 2,399,896	\$ (240)	\$ 21,094	\$ 2,420,750	\$ 2,607,298	\$ 2,676,086	\$ 255,336
<b>Total Expenditures</b>	<b>\$ 2,399,896</b>	<b>\$ (240)</b>	<b>\$ 21,094</b>	<b>\$ 2,420,750</b>	<b>\$ 2,607,298</b>	<b>\$ 2,676,086</b>	<b>\$ 255,336</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 107,944	\$ 240	\$ (21,094)	\$ 87,090	\$ (100,274)	\$ (100,274)	\$ 187,364
Net Change in Fund Balance	\$ 107,944	\$ 240	\$ (21,094)	\$ 87,090	\$ (100,274)	\$ (100,274)	\$ 187,364
Fund Balance, July 1, 2017	719,233	(240)	0	718,993	564,889	564,889	154,104
<b>Fund Balance, June 30, 2018</b>	<b>\$ 827,177</b>	<b>\$ 0</b>	<b>\$ (21,094)</b>	<b>\$ 806,083</b>	<b>\$ 464,615</b>	<b>\$ 464,615</b>	<b>\$ 341,468</b>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Hardeman County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loan, and Bonds  
For the Year Ended June 30, 2018

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-17	Paid and/or Matured During Period	Outstanding 6-30-18	
<b><u>NOTES PAYABLE</u></b>								
<b><u>Payable through General Fund</u></b>								
Patrol Cars	\$ 88,375	2.5	% 12-15-14	11-1-17	\$ 29,955	\$ 29,955	\$ 0	
Capital Outlay Note, Series 2015	800,000	2.59	10-21-15	10-21-27	742,351	59,199	683,152	
Total Payable through General Fund					<u>\$ 772,306</u>	<u>\$ 89,154</u>	<u>\$ 683,152</u>	
<b><u>Payable through Highway/Public Works Fund</u></b>								
Tractor	100,000	2.79	10-20-15	10-17-17	\$ 26,028	\$ 26,028	\$ 0	
<b><u>Payable through General Debt Service Fund</u></b>								
Airport Hangars	390,000	4.45	12-27-07	6-1-20	\$ 120,000	\$ 40,000	\$ 80,000	
Total Notes Payable					<u>\$ 918,334</u>	<u>\$ 155,182</u>	<u>\$ 763,152</u>	
<b><u>OTHER LOAN PAYABLE</u></b>								
<b><u>Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund</u></b>								
Energy Efficient School Initiative	127,611	(1)	0	4-20-12	11-1-21	\$ 80,522	\$ 18,228	\$ 62,294
Total Other Loan Payable					<u>\$ 80,522</u>	<u>\$ 18,228</u>	<u>\$ 62,294</u>	
<b><u>BONDS PAYABLE</u></b>								
<b><u>Payable through General Debt Service Fund</u></b>								
General Obligation School Bonds, Series 2013	2,815,000	2 to 3	6-12-13	4-1-30	\$ 2,245,000	\$ 150,000	\$ 2,095,000	
General Obligation Refunding Bonds, Series 2015	3,940,000	2	4-1-15	4-1-24	3,125,000	420,000	2,705,000	
General Obligation Refunding Bonds, Series 2016	8,820,000	2 to 2.75	8-22-16	6-1-35	8,695,000	80,000	8,615,000	
General Obligation Refunding Bonds, Series 2017	9,040,000	3.25 to 5	6-9-17	6-1-43	9,040,000	290,000	8,750,000	
Total Bonds Payable					<u>\$ 23,105,000</u>	<u>\$ 940,000</u>	<u>\$ 22,165,000</u>	

(1) Total amount approved was \$500,000, of which \$372,389 remains available for draws as of June 30, 2018.

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 763,152	\$ 106,446	\$ 869,598

Year Ending June 30	Other Loan		
	Principal	Interest	Total
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	\$ 62,294	\$ 0	\$ 62,294

Year Ending June 30	Bonds		
	Principal	Interest	Total
2019	\$ 965,000	\$ 602,529	\$ 1,567,529
2020	990,000	582,631	1,572,631
2021	1,020,000	562,229	1,582,229
2022	1,045,000	541,081	1,586,081
2023	1,080,000	519,429	1,599,429
2024	1,105,000	496,656	1,601,656
2025	665,000	473,805	1,138,805
2026	680,000	459,230	1,139,230
2027	710,000	444,355	1,154,355
2028	740,000	427,930	1,167,930
2029	760,000	409,555	1,169,555
2030	795,000	390,680	1,185,680
2031	620,000	370,242	990,242
2032	635,000	354,480	989,480
2033	675,000	338,343	1,013,343
2034	710,000	321,167	1,031,167
2035	740,000	303,118	1,043,118
2036	865,000	282,567	1,147,567
2037	910,000	252,292	1,162,292
2038	945,000	221,808	1,166,808
2039	1,010,000	189,678	1,199,678
2040	1,045,000	155,337	1,200,337
2041	1,100,000	119,808	1,219,808
2042	1,135,000	81,857	1,216,857
2043	1,220,000	42,700	1,262,700
Total	\$ 22,165,000	\$ 8,943,507	\$ 31,108,507



Exhibit K-3

Hardeman County, Tennessee  
Schedule of Transfers  
Discretely Presented Hardeman County School Department  
For the Year Ended June 30, 2018

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>DISCRETELY PRESENTED HARDEMAN</u>			
<u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 61,341
General Purpose School	School Federal Projects	Gear Up program cost share	<u>8,440</u>
Total Transfers Discretely Presented Hardeman County School Department			<u>\$ 69,781</u>

Exhibit K-4

Hardeman County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Hardeman County School Department  
For the Year Ended June 30, 2018

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	\$ 87,996 (1)	100,000	Auto-Owners Mutual Insurance Company
Highway Superintendent	Section 8-24-102, <i>TCA</i>	87,106	100,000	"
Director of Schools	State Board of Education and County Board of Education	113,042 (2)	100,000	Western Surety Company
Trustee	Section 8-24-102, <i>TCA</i>	72,682	1,172,400	Auto-Owners Mutual Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	72,682	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	72,682	100,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	72,682	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	72,682 (3)	100,000	Western Surety Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	72,682	100,000	Auto-Owners Mutual Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i>	80,550 (4)	100,000	"
Employee Dishonesty Coverage:				
County General Employees			400,000	Tennessee Risk Management Trust
Highway Superintendent's Office			400,000	"
Office of Director of Schools:				
Central Office Staff			400,000	"

(1) Includes a purchasing agent supplement of \$3,600 and a committee member fee of \$450.

(2) Includes a chief executive officer training supplement of \$1,000.

(3) Does not include special commissioner fees of \$750.

(4) Includes a law enforcement training supplement of \$600.

Exhibit K-5

Hardeman County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2018

	Special Revenue Funds				Debt Service Fund	Total
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,694,202	\$ 0	\$ 0	\$ 0	\$ 292,618	\$ 3,986,820
Trustee's Collections - Prior Year	148,798	0	0	0	783	149,581
Trustee's Collections - Bankruptcy	3,801	0	0	0	0	3,801
Circuit Clerk/Clerk and Master Collections - Prior Years	85,955	0	0	0	0	85,955
Interest and Penalty	26,189	0	0	0	415	26,604
Payments in-Lieu-of Taxes - Other	227,597	0	0	0	4,670	232,267
<u>County Local Option Taxes</u>						
Local Option Sales Tax	133,928	0	0	0	0	133,928
Hotel/Motel Tax	23,877	0	0	0	0	23,877
Wheel Tax	0	0	0	769,047	769,047	1,538,094
Litigation Tax - General	89,678	0	0	0	0	89,678
Litigation Tax - Jail, Workhouse, or Courthouse	71,228	0	0	0	0	71,228
Business Tax	197,367	0	0	0	0	197,367
<u>Statutory Local Taxes</u>						
Bank Excise Tax	62,322	0	0	0	0	62,322
Wholesale Beer Tax	90,689	0	0	0	0	90,689
<b>Total Local Taxes</b>	<b>\$ 4,855,631</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 769,047</b>	<b>\$ 1,067,533</b>	<b>\$ 6,692,211</b>
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 2,060	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,060
Cable TV Franchise	8,508	0	0	0	0	8,508
<u>Permits</u>						
Beer Permits	1,948	0	0	0	0	1,948
Building Permits	6,700	0	0	0	0	6,700

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund	Total
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Licenses and Permits (Cont.)</u>						
<u>Permits (Cont.)</u>						
Other Permits	\$ 18,350	\$ 0	\$ 0	\$ 50	\$ 0	\$ 18,400
Total Licenses and Permits	\$ 37,566	\$ 0	\$ 0	\$ 50	\$ 0	\$ 37,616
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 30,379	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,379
Officers Costs	10,485	0	0	0	0	10,485
Drug Control Fines	36,699	30,970	0	0	0	67,669
Jail Fees	2,202	0	0	0	0	2,202
DUI Treatment Fines	2,029	0	0	0	0	2,029
Data Entry Fee - Circuit Court	1,537	0	0	0	0	1,537
Courtroom Security Fee	2,421	0	0	0	0	2,421
Victims Assistance Assessments	3,772	0	0	0	0	3,772
<u>Criminal Court</u>						
DUI Treatment Fines	998	0	0	0	0	998
<u>General Sessions Court</u>						
Fines	29,063	0	0	0	0	29,063
Fines for Littering	47	0	0	0	0	47
Officers Costs	49,722	0	0	0	0	49,722
Game and Fish Fines	363	0	0	0	0	363
Drug Control Fines	4,827	5,022	0	0	0	9,849
Drug Court Fees	4,577	0	0	0	0	4,577
Jail Fees	6,787	0	0	0	0	6,787
DUI Treatment Fines	3,746	2,308	0	0	0	6,054
Data Entry Fee - General Sessions Court	9,749	0	0	0	0	9,749

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund	Total
	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>						
Courtroom Security Fee	\$ 59,158	\$ 0	\$ 0	\$ 0	\$ 0	\$ 59,158
Victims Assistance Assessments	11,113	0	0	0	0	11,113
<u>Juvenile Court</u>						
Fines	140	0	0	0	0	140
Officers Costs	461	0	0	0	0	461
Data Entry Fee - Juvenile Court	1,324	0	0	0	0	1,324
<u>Chancery Court</u>						
Officers Costs	2,594	0	0	0	0	2,594
Data Entry Fee - Chancery Court	4,150	0	0	0	0	4,150
Courtroom Security Fee	4,562	0	0	0	0	4,562
<u>Judicial District Drug Program</u>						
Courtroom Security Fee	2	0	0	0	0	2
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	54,704	0	0	0	54,704
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 282,907</b>	<b>\$ 93,004</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 375,911</b>
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 1,452,259	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,452,259
Work Release Charges for Board	3,890	0	0	0	0	3,890
<u>Fees</u>						
Airport Fees	20,191	0	0	0	0	20,191
Greenbelt Late Application Fee	250	0	0	0	0	250
Telephone Commissions	65,976	0	0	0	0	65,976
Constitutional Officers' Fees and Commissions	0	0	336,501	0	0	336,501

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service	Total
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service Fund	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Data Processing Fee - Register	\$ 6,926	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,926
Data Processing Fee - Sheriff	4,044	0	0	0	0	4,044
Sexual Offender Registration Fee - Sheriff	3,450	0	0	0	0	3,450
Data Processing Fee - County Clerk	5,606	0	0	0	0	5,606
Vehicle Insurance Coverage and Reinstatement Fees	155	0	0	0	0	155
<b>Total Charges for Current Services</b>	<b>\$ 1,562,747</b>	<b>\$ 0</b>	<b>\$ 336,501</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,899,248</b>
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 135,900	\$ 0	\$ 0	\$ 0	\$ 0	\$ 135,900
Lease/Rentals	8,220	0	0	0	0	8,220
Commissary Sales	53,389	0	0	0	0	53,389
Sale of Gasoline	40,219	0	0	0	0	40,219
Sale of Maps	236	0	0	0	0	236
Miscellaneous Refunds	31,844	0	0	27,865	98	59,807
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	12,619	0	12,619
Sale of Property	101,692	0	0	0	0	101,692
<u>Other Local Revenues</u>						
Other Local Revenues	15,820	0	0	0	0	15,820
<b>Total Other Local Revenues</b>	<b>\$ 387,320</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 40,484</b>	<b>\$ 98</b>	<b>\$ 427,902</b>
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 76,187	\$ 0	\$ 0	\$ 0	\$ 0	\$ 76,187
Trustee	246,630	0	0	0	0	246,630

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund	Total
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>Fees Received From County Officials (Cont.)</u>						
<u>Fees In-Lieu-of Salary</u>						
Circuit Court Clerk	\$ 85,221	\$ 0	\$ 0	\$ 0	\$ 0	\$ 85,221
General Sessions Court Clerk	222,626	0	0	0	0	222,626
Clerk and Master	118,963	0	0	0	0	118,963
Juvenile Court Clerk	24,036	0	0	0	0	24,036
Register	85,721	0	0	0	0	85,721
Sheriff	19,512	0	0	0	0	19,512
<b>Total Fees Received From County Officials</b>	<b>\$ 878,896</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 878,896</b>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 13,995	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,995
Airport Maintenance Program	2,532	0	0	0	0	2,532
<u>Health and Welfare Grants</u>						
Health Department Programs	213,318	0	0	0	0	213,318
Other Health and Welfare Grants	42,500	0	0	0	0	42,500
<u>Public Works Grants</u>						
State Aid Program	0	0	0	308,132	0	308,132
Litter Program	28,836	0	0	0	0	28,836
<u>Other State Revenues</u>						
Income Tax	74,879	0	0	0	0	74,879
Beer Tax	17,839	0	0	0	0	17,839
Vehicle Certificate of Title Fees	3,000	0	0	0	0	3,000
Alcoholic Beverage Tax	80,767	0	0	0	0	80,767
State Revenue Sharing - T.V.A.	848,556	0	0	0	0	848,556
State Revenue Sharing - Telecommunications	35,920	0	0	0	0	35,920

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Fund	Total
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Contracted Prisoner Boarding	\$ 643,437	\$ 0	\$ 0	\$ 0	\$ 0	\$ 643,437
Gasoline and Motor Fuel Tax	0	0	0	2,501,553	0	2,501,553
Petroleum Special Tax	0	0	0	19,664	0	19,664
Registrar's Salary Supplement	15,164	0	0	0	0	15,164
Other State Grants	382,141	0	0	0	0	382,141
Other State Revenues	22,369	0	0	0	0	22,369
<b>Total State of Tennessee</b>	<b>\$ 2,425,253</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,829,349</b>	<b>\$ 0</b>	<b>\$ 5,254,602</b>
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 50,889	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,889
Civil Defense Reimbursement	6,700	0	0	0	0	6,700
Homeland Security Grants	16,202	0	0	0	0	16,202
<b>Total Federal Government</b>	<b>\$ 73,791</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 73,791</b>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 109,230	\$ 0	\$ 0	\$ 0	\$ 707,143	\$ 816,373
Contracted Services	499,034	0	0	0	0	499,034
<u>Other</u>						
Other	175	0	0	0	0	175
<b>Total Other Governments and Citizens Groups</b>	<b>\$ 608,439</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 707,143</b>	<b>\$ 1,315,582</b>
<b>Total</b>	<b>\$ 11,112,550</b>	<b>\$ 93,004</b>	<b>\$ 336,501</b>	<b>\$ 3,638,930</b>	<b>\$ 1,774,774</b>	<b>\$ 16,955,759</b>



Exhibit K-6

Hardeman County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Hardeman County School Department  
For the Year Ended June 30, 2018

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 5,340,153	\$ 0	\$ 0	\$ 5,340,153
Trustee's Collections - Prior Year	213,042	0	0	213,042
Trustee's Collections - Bankruptcy	5,569	0	0	5,569
Circuit Clerk/Clerk and Master Collections - Prior Years	122,793	0	0	122,793
Interest and Penalty	39,978	0	0	39,978
Payments in-Lieu-of Taxes - Other	92,644	0	0	92,644
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,313,223	0	0	2,313,223
Mixed Drink Tax	2,149	0	0	2,149
Other County Local Option Taxes	369	0	0	369
<b>Total Local Taxes</b>	<b>\$ 8,129,920</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 8,129,920</b>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 3,117	\$ 0	\$ 0	\$ 3,117
<b>Total Licenses and Permits</b>	<b>\$ 3,117</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,117</b>
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Other Employee Benefit Charges/Contributions	\$ 1,051	\$ 0	\$ 0	\$ 1,051
<u>Fees</u>				
Vending Machine Collections	372	0	0	372
<u>Education Charges</u>				
Lunch Payments - Adults	0	0	39,525	39,525

(Continued)

Exhibit K-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>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
Income from Breakfast	\$ 0	\$ 0	\$ 1,397	\$ 1,397
A la Carte Sales	0	0	155,465	155,465
Receipts from Individual Schools	7,462	0	0	7,462
Other Charges for Services	33,286	0	0	33,286
Total Charges for Current Services	<u>\$ 42,171</u>	<u>\$ 0</u>	<u>\$ 196,387</u>	<u>\$ 238,558</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 4,210	\$ 4,210
Lease/Rentals	31,476	0	0	31,476
E-Rate Funding	19,735	0	0	19,735
Retirees' Insurance Payments	26,614	0	0	26,614
Miscellaneous Refunds	27,689	0	8,783	36,472
Expenditure Credits	7,251	0	0	7,251
<u>Nonrecurring Items</u>				
Contributions and Gifts	3,250	0	0	3,250
<u>Other Local Revenues</u>				
Other Local Revenues	5,381	0	0	5,381
Total Other Local Revenues	<u>\$ 121,396</u>	<u>\$ 0</u>	<u>\$ 12,993</u>	<u>\$ 134,389</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 150,934	\$ 0	\$ 0	\$ 150,934

(Continued)

Exhibit K-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	\$ 21,542,000	\$ 0	\$ 0	\$ 21,542,000
Early Childhood Education	1,043,058	0	0	1,043,058
School Food Service	0	0	22,387	22,387
Driver Education	11,382	0	0	11,382
Other State Education Funds	218,020	0	0	218,020
Career Ladder Program	113,719	0	0	113,719
Vocational Equipment	84,998	0	0	84,998
<u>Other State Revenues</u>				
Safe Schools	21,900	0	0	21,900
Total State of Tennessee	<u>\$ 23,186,011</u>	<u>\$ 0</u>	<u>\$ 22,387</u>	<u>\$ 23,208,398</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,370,291	\$ 1,370,291
USDA - Commodities	0	0	239,069	239,069
Breakfast	0	0	566,934	566,934
USDA - Other	0	0	78,685	78,685
USDA Food Service Equipment Grant	0	0	21,094	21,094
Vocational Education - Basic Grants to States	0	66,973	0	66,973
Title I Grants to Local Education Agencies	0	1,167,231	0	1,167,231
Special Education - Grants to States	16,117	1,019,393	0	1,035,510
Special Education Preschool Grants	0	43,272	0	43,272
Rural Education	0	64,228	0	64,228
Eisenhower Professional Development State Grants	0	139,458	0	139,458

(Continued)

Exhibit K-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>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
Other Federal through State	\$ 137,264	\$ 601,108	\$ 0	\$ 738,372
Total Federal Government	<u>\$ 153,381</u>	<u>\$ 3,101,663</u>	<u>\$ 2,276,073</u>	<u>\$ 5,531,117</u>
Total	<u>\$ 31,635,996</u>	<u>\$ 3,101,663</u>	<u>\$ 2,507,840</u>	<u>\$ 37,245,499</u>

Exhibit K-7

Hardeman County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2018

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	9,275	
Other Charges		13,262	
Total County Commission			\$ 22,537

Board of Equalization

Board and Committee Members Fees	\$	840	
Total Board of Equalization			840

Beer Board

Board and Committee Members Fees	\$	735	
Total Beer Board			735

Budget and Finance Committee

Board and Committee Members Fees	\$	1,365	
Total Budget and Finance Committee			1,365

Other Boards and Committees

Board and Committee Members Fees	\$	1,050	
Travel		451	
Total Other Boards and Committees			1,501

County Mayor/Executive

County Official/Administrative Officer	\$	83,946	
Secretary(ies)		45,319	
Educational Incentive - Other County Employees		1,600	
Communication		4,839	
Maintenance and Repair Services - Office Equipment		739	
Postal Charges		2,198	
Travel		3,755	
Office Supplies		3,228	
Other Supplies and Materials		80	
Other Charges		1,023	
Office Equipment		5,173	
Total County Mayor/Executive			151,900

County Attorney

County Official/Administrative Officer	\$	18,000	
Legal Services		56,646	
Total County Attorney			74,646

Election Commission

County Official/Administrative Officer	\$	65,414	
Clerical Personnel		22,526	
Other Salaries and Wages		5,000	
Board and Committee Members Fees		4,400	
Election Workers		20,573	
Communication		1,866	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Dues and Memberships	\$	2,025	
Legal Notices, Recording, and Court Costs		2,026	
Maintenance and Repair Services - Office Equipment		780	
Postal Charges		964	
Printing, Stationery, and Forms		1,758	
Rentals		15,856	
Travel		3,860	
Other Contracted Services		14,960	
Custodial Supplies		400	
Office Supplies		2,354	
Utilities		4,140	
Office Equipment		100	
Total Election Commission			\$ 169,002

Register of Deeds

County Official/Administrative Officer	\$	72,682	
Deputy(ies)		54,590	
Part-time Personnel		796	
Educational Incentive - Other County Employees		3,300	
Communication		2,608	
Data Processing Services		6,836	
Dues and Memberships		125	
Maintenance Agreements		1,277	
Postal Charges		152	
Travel		2,130	
Office Supplies		1,870	
Office Equipment		3,650	
Total Register of Deeds			150,016

Development

County Official/Administrative Officer	\$	33,630	
Communication		1,883	
Contracts with Government Agencies		13,626	
Rentals		124	
Travel		91	
Remittance of Revenue Collected		16,910	
Office Supplies		383	
Other Charges		315	
Office Equipment		25	
Total Development			66,987

County Buildings

Custodial Personnel	\$	33,475	
Communication		1,618	
Maintenance and Repair Services - Buildings		23,488	
Maintenance and Repair Services - Equipment		4,254	
Maintenance and Repair Services - Vehicles		689	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Other Contracted Services	\$	63,492	
Custodial Supplies		2,926	
Gasoline		553	
Uniforms		719	
Utilities		47,747	
Other Supplies and Materials		109	
Other Charges		3,332	
Building Improvements		123,342	
Communication Equipment		279,195	
Furniture and Fixtures		4,354	
Motor Vehicles		6,000	
Total County Buildings			\$ 595,293

Other General Administration

Land	\$	23,197	
Total Other General Administration			23,197

Preservation of Records

Communication	\$	1,166	
Maintenance and Repair Services - Buildings		805	
Office Supplies		757	
Utilities		3,787	
Total Preservation of Records			6,515

Finance

Accounting and Budgeting

Accountants/Bookkeepers	\$	16,480	
Total Accounting and Budgeting			16,480

Purchasing

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

Property Assessor's Office

County Official/Administrative Officer	\$	72,682	
Educational Incentive - Other County Employees		1,900	
Communication		2,738	
Data Processing Services		15,141	
Dues and Memberships		1,700	
Postal Charges		195	
Travel		2,350	
Other Contracted Services		6,445	
Office Supplies		1,013	
Other Supplies and Materials		1,730	
Other Charges		114	
Office Equipment		369	
Total Property Assessor's Office			106,377

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Deputy(ies)	\$	98,468	
Other Salaries and Wages		7,472	
Advertising		155	
Data Processing Services		3,907	
Maintenance and Repair Services - Vehicles		1,032	
Postal Charges		5,956	
Travel		141	
Gasoline		1,692	
Other Supplies and Materials		1,457	
Motor Vehicles		9,500	
Total Reappraisal Program			\$ 129,780

County Trustee's Office

Communication	\$	2,683	
Postal Charges		8,022	
Other Contracted Services		3,709	
Office Supplies		3,674	
Total County Trustee's Office			18,088

County Clerk's Office

Educational Incentive - Other County Employees	\$	3,300	
Communication		3,939	
Maintenance and Repair Services - Office Equipment		8,598	
Postal Charges		4,878	
Office Supplies		2,354	
Other Supplies and Materials		1,236	
Office Equipment		60	
Total County Clerk's Office			24,365

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	72,682	
Deputy(ies)		57,496	
Clerical Personnel		93,275	
Part-time Personnel		13,179	
Educational Incentive - Other County Employees		4,700	
Jury and Witness Expense		5,247	
Maintenance and Repair Services - Office Equipment		292	
Postal Charges		2,983	
Travel		175	
Office Supplies		4,976	
Office Equipment		3,652	
Total Circuit Court			258,657

General Sessions Court

Judge(s)	\$	110,456	
Secretary(ies)		13,474	

(Continued)



Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Dues and Memberships	\$	30	
Travel		610	
Total General Sessions Court			\$ 124,570

Chancery Court

County Official/Administrative Officer	\$	72,682	
Deputy(ies)		78,280	
Educational Incentive - Other County Employees		4,900	
Communication		1,988	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		2,346	
Postal Charges		6,166	
Travel		1,494	
Office Supplies		4,110	
Office Equipment		2,516	
Total Chancery Court			174,657

Juvenile Court

Other Salaries and Wages	\$	32,630	
Communication		588	
Contracts with Government Agencies		25,896	
Travel		3,291	
Drug Treatment		865	
Office Supplies		76	
Office Equipment		72	
Total Juvenile Court			63,418

Courtroom Security

Deputy(ies)	\$	63,860	
Total Courtroom Security			63,860

Victim Assistance Programs

Other Per Diem and Fees	\$	13,141	
Total Victim Assistance Programs			13,141

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	79,950	
Assistant(s)		51,500	
Deputy(ies)		678,867	
Investigator(s)		175,714	
Salary Supplements		16,800	
Dispatchers/Radio Operators		179,003	
Secretary(ies)		60,770	
Part-time Personnel		3,148	
Overtime Pay		27,470	
In-service Training		23,393	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Communication	\$	36,192	
Dues and Memberships		2,000	
Maintenance and Repair Services - Vehicles		52,170	
Postal Charges		1,928	
Towing Services		880	
Travel		1,514	
Other Contracted Services		390	
Gasoline		117,604	
Office Supplies		2,653	
Uniforms		4,214	
Excess Risk Insurance		3,314	
Other Charges		13,667	
Communication Equipment		1,553	
Law Enforcement Equipment		9,246	
Motor Vehicles		142,289	
Office Equipment		6,060	
Other Equipment		8,239	
Total Sheriff's Department			\$ 1,700,528

Workhouse

Medical Personnel	\$	70,400	
Guards		613,538	
Maintenance Personnel		32,970	
Part-time Personnel		2,880	
Overtime Pay		17,762	
Communication		214	
Maintenance and Repair Services - Buildings		23,435	
Maintenance and Repair Services - Equipment		9,934	
Medical and Dental Services		22,390	
Other Contracted Services		6,755	
Custodial Supplies		16,025	
Drugs and Medical Supplies		23,650	
Electricity		183,447	
Food Preparation Supplies		5,835	
Food Supplies		184,900	
Other Supplies and Materials		5,719	
In Service/Staff Development		2,981	
Other Charges		4,309	
Communication Equipment		1,131	
Total Workhouse			1,228,275

Juvenile Services

Supervisor/Director	\$	34,186	
Maintenance and Repair Services - Office Equipment		733	
Office Supplies		75	
Total Juvenile Services			34,994

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

Contracts with Government Agencies	\$ 147,300	
Total Fire Prevention and Control		\$ 147,300

Rural Fire Protection

Maintenance and Repair Services - Vehicles	\$ 2,053	
Gasoline	365	
Total Rural Fire Protection		2,418

Civil Defense

Supervisor/Director	\$ 4,800	
Part-time Personnel	1,800	
Communication	3,071	
Maintenance and Repair Services - Vehicles	951	
Gasoline	257	
Office Supplies	674	
Other Charges	1,040	
Other Equipment	11,502	
Total Civil Defense		24,095

Other Emergency Management

Supervisor/Director	\$ 15,106	
Dispatchers/Radio Operators	123,521	
Part-time Personnel	1,580	
Overtime Pay	1,488	
Pensions	11,687	
Employee and Dependent Insurance	35,241	
Travel	488	
Office Equipment	125	
Total Other Emergency Management		189,236

County Coroner/Medical Examiner

Other Contracted Services	\$ 10,810	
Total County Coroner/Medical Examiner		10,810

Public Health and Welfare

Local Health Center

Communication	\$ 5,860	
Contracts with Government Agencies	24,470	
Janitorial Services	14,400	
Maintenance and Repair Services - Buildings	14,737	
Postal Charges	194	
Custodial Supplies	1,011	
Drugs and Medical Supplies	309	
Office Supplies	1,518	
Utilities	13,522	
Other Supplies and Materials	1,844	
Total Local Health Center		77,865

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Part-time Personnel	\$	37,534	
Communication		1,644	
Maintenance and Repair Services - Buildings		737	
Animal Food and Supplies		2,738	
Drugs and Medical Supplies		1,022	
Gasoline		1,795	
Utilities		6,037	
Other Charges		101	
Total Rabies and Animal Control			\$ 51,608

Ambulance/Emergency Medical Services

Assistant(s)	\$	18,760	
Supervisor/Director		20,195	
Clerical Personnel		26,780	
Attendants		799,743	
Part-time Personnel		73,683	
Overtime Pay		75,832	
In-service Training		1,870	
Communication		6,735	
Contracts with Private Agencies		73,817	
Maintenance and Repair Services - Buildings		905	
Maintenance and Repair Services - Equipment		1,610	
Maintenance and Repair Services - Vehicles		38,967	
Postal Charges		6,120	
Travel		774	
Custodial Supplies		2,949	
Drugs and Medical Supplies		95,141	
Gasoline		46,799	
Office Supplies		4,355	
Tires and Tubes		3,293	
Uniforms		4,186	
Utilities		13,582	
Refunds		1,389	
Other Charges		1,325	
Motor Vehicles		172,682	
Other Equipment		4,162	
Other Capital Outlay		80,453	
Total Ambulance/Emergency Medical Services			1,576,107

Dental Health Program

Medical Personnel	\$	109,263	
Paraprofessionals		18,805	
Clerical Personnel		34,453	
Pensions		4,054	
Employee and Dependent Insurance		14,317	
Travel		2,275	
Drugs and Medical Supplies		8,558	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program (Cont.)

Instructional Supplies and Materials	\$	4,946	
Liability Insurance		2,301	
Total Dental Health Program			\$ 198,972

Other Local Health Services

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

Sanitation Education/Information

Foremen	\$	12,625	
Laborers		1,800	
Employee and Dependent Insurance		5,951	
Maintenance and Repair Services - Vehicles		2,332	
Gasoline		1,752	
Instructional Supplies and Materials		6,605	
Other Supplies and Materials		1,013	
Other Charges		97	
Total Sanitation Education/Information			32,175

Social, Cultural, and Recreational Services

Libraries

Contributions	\$	10,500	
Other Contracted Services		94,507	
Total Libraries			105,007

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	46,321	
Social Security		2,918	
Pensions		8,187	
Employer Medicare		491	
Communication		4,077	
Dues and Memberships		315	
Rentals		19,104	
Travel		2,069	
Utilities		3,931	
Other Supplies and Materials		1,160	
Other Capital Outlay		2,673	
Total Agricultural Extension Service			91,246

Forest Service

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

Soil Conservation

Secretary(ies)	\$	23,690	
Dues and Memberships		70	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

Travel	\$	700	
Other Contracted Services		8,305	
Other Supplies and Materials		104	
Total Soil Conservation			\$ 32,869

Other Operations

Industrial Development

Contracts with Other Public Agencies	\$	5,000	
Contributions		35,000	
Total Industrial Development			40,000

Other Economic and Community Development

Other Charges	\$	23,321	
Total Other Economic and Community Development			23,321

Airport

Supervisor/Director	\$	29,038	
Communication		2,279	
Maintenance and Repair Services - Buildings		2,132	
Maintenance and Repair Services - Equipment		743	
Maintenance and Repair Services - Vehicles		14	
Other Contracted Services		20,141	
Custodial Supplies		89	
Gasoline		43,226	
Office Supplies		544	
Utilities		11,629	
Other Charges		167	
Airport Improvement		352,632	
Total Airport			462,634

Veterans' Services

Secretary(ies)	\$	9,282	
Communication		2,571	
Travel		141	
Office Supplies		72	
Office Equipment		572	
Total Veterans' Services			12,638

Contributions to Other Agencies

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

Employee Benefits

Bonus Payments	\$	8,541	
Social Security		308,764	
Pensions		368,316	
Employee and Dependent Insurance		875,749	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits (Cont.)

Disability Insurance	\$ 124,339	
Unemployment Compensation	24,752	
Employer Medicare	72,211	
Total Employee Benefits		\$ 1,782,672

Miscellaneous

Audit Services	\$ 10,084	
Contributions	24,000	
Data Processing Services	49,738	
Dues and Memberships	5,456	
Legal Notices, Recording, and Court Costs	1,652	
Other Supplies and Materials	10,196	
Liability Insurance	167,292	
Premiums on Corporate Surety Bonds	600	
Trustee's Commission	117,025	
Other Charges	6,359	
Total Miscellaneous		392,402

Principal on Debt

General Government

Principal on Notes	\$ 89,154	
Total General Government		89,154

Interest on Debt

General Government

Interest on Notes	\$ 19,995	
Total General Government		19,995

Total General Fund \$ 10,612,715

Drug Control Fund

Public Safety

Drug Enforcement

In-service Training	\$ 165	
Confidential Drug Enforcement Payments	8,000	
Maintenance and Repair Services - Vehicles	356	
Travel	921	
Instructional Supplies and Materials	4,534	
Trustee's Commission	883	
Other Charges	5,797	
Law Enforcement Equipment	20,287	
Other Equipment	5,425	
Total Drug Enforcement		\$ 46,368

Total Drug Control Fund 46,368

(Continued)

Exhibit K-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	\$ 135,508	
Total County Trustee's Office		\$ 135,508

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 198,654	
Total County Clerk's Office		198,654

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 750	
Total Chancery Court		<u>750</u>

Total Constitutional Officers - Fees Fund		\$ 334,912
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 87,106	
Secretary(ies)	65,598	
Board and Committee Members Fees	25,885	
Communication	10,224	
Data Processing Services	8,372	
Dues and Memberships	3,855	
Legal Services	3,487	
Legal Notices, Recording, and Court Costs	310	
Maintenance and Repair Services - Office Equipment	600	
Postal Charges	393	
Other Contracted Services	2,683	
Electricity	21,102	
Office Supplies	4,831	
Other Supplies and Materials	888	
Data Processing Equipment	971	
Total Administration		\$ 236,305

Highway and Bridge Maintenance

Foremen	\$ 86,695	
Laborers	768,649	
Overtime Pay	18,860	
Other Salaries and Wages	14,881	
Other Contracted Services	4,893	
Asphalt - Liquid	98,493	
Crushed Stone	88,440	
General Construction Materials	5,000	
Pipe	26,236	
Road Signs	3,110	
Wood Products	15,214	
Chemicals	13,826	
Other Supplies and Materials	1,253	
Total Highway and Bridge Maintenance		1,145,550

(Continued)



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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Materials Supervisor	\$	25,392	
Foremen		38,898	
Mechanic(s)		30,033	
Overtime Pay		2,461	
Other Salaries and Wages		621	
Equipment and Machinery Parts		216,266	
Garage Supplies		666	
Gasoline		196,795	
Lubricants		13,741	
Tires and Tubes		37,068	
Uniforms		14,206	
Other Supplies and Materials		951	
Total Operation and Maintenance of Equipment			\$ 577,098

Asphalt Plant Operations

Foremen	\$	13,094	
Laborers		11,157	
Other Contracted Services		1,084	
Asphalt - Hot Mix		286,973	
Crushed Stone		121,835	
Equipment and Machinery Parts		12,444	
Utilities		86,835	
Other Supplies and Materials		764	
State Aid Projects		30,386	
Total Asphalt Plant Operations			564,572

Other Charges

Liability Insurance	\$	48,220	
Trustee's Commission		32,445	
Total Other Charges			80,665

Employee Benefits

Social Security	\$	73,480	
Pensions		89,271	
Employee and Dependent Insurance		264,206	
Disability Insurance		89,283	
Unemployment Compensation		6,057	
Employer Medicare		17,185	
Other Fringe Benefits		1,288	
Total Employee Benefits			540,770

Capital Outlay

Communication Equipment	\$	2,183	
Highway Equipment		208,665	
Total Capital Outlay			210,848

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Principal on Debt

Highways and Streets

Principal on Notes	\$ 26,028	
Total Highways and Streets		\$ 26,028

Interest on Debt

Highways and Streets

Interest on Notes	\$ 243	
Total Highways and Streets		<u>243</u>

Total Highway/Public Works Fund			\$ 3,382,079
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General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 370,000	
Principal on Notes	40,000	
Total General Government		\$ 410,000

Education

Principal on Bonds	\$ 570,000	
Principal on Other Loans	18,228	
Total Education		588,228

Interest on Debt

General Government

Interest on Bonds	\$ 505,296	
Interest on Notes	5,333	
Total General Government		510,629

Education

Interest on Bonds	\$ 117,712	
Total Education		117,712

Other Debt Service

General Government

Trustee's Commission	\$ 13,693	
Other Debt Issuance Charges	500	
Total General Government		14,193

Education

Other Charges	\$ 2,202	
Total Education		<u>2,202</u>

Total General Debt Service Fund			1,642,964
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(Continued)

Exhibit K-7

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

General Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Other Contracted Services	\$ 381,239	
General Construction Materials	117,515	
Other Supplies and Materials	3,060	
Other Charges	<u>1,175</u>	
Total Public Health and Welfare Projects		<u>\$ 502,989</u>

Total General Capital Projects Fund \$ 502,989

Total Governmental Funds - Primary Government \$ 16,522,027

Exhibit K-8

Hardeman County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Hardeman County School Department  
For the Year Ended June 30, 2018

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,069,672	
Career Ladder Program	69,175	
Homebound Teachers	7,397	
Educational Assistants	276,675	
Other Salaries and Wages	1,020	
Certified Substitute Teachers	79,649	
Non-certified Substitute Teachers	73,453	
Social Security	602,821	
Pensions	937,859	
Medical Insurance	1,325,505	
Dental Insurance	26,592	
Employer Medicare	142,669	
Retirement - Hybrid Stabilization	879	
Other Contracted Services	78,572	
Instructional Supplies and Materials	187,979	
Textbooks - Bound	42,308	
Other Charges	7,699	
Data Processing Equipment	133,134	
Regular Instruction Equipment	21,418	
Total Regular Instruction Program		\$ 14,084,476

Alternative Instruction Program

Teachers	\$ 189,776	
Social Security	9,132	
Pensions	15,113	
Medical Insurance	21,089	
Employer Medicare	2,474	
Instructional Supplies and Materials	1,800	
Total Alternative Instruction Program		239,384

Special Education Program

Teachers	\$ 1,795,251	
Career Ladder Program	12,500	
Homebound Teachers	10,749	
Social Workers	10,663	
Educational Assistants	88,211	
Speech Pathologist	56,000	
Certified Substitute Teachers	4,550	
Non-certified Substitute Teachers	6,597	
Social Security	115,688	
Pensions	170,214	
Medical Insurance	181,515	
Employer Medicare	26,801	
Evaluation and Testing	6,065	
Other Contracted Services	208,615	
Instructional Supplies and Materials	60	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Supplies and Materials	\$	840	
Special Education Equipment		5,527	
Total Special Education Program			\$ 2,699,846

Career and Technical Education Program

Teachers	\$	809,069	
Career Ladder Program		5,000	
Educational Assistants		6,171	
Certified Substitute Teachers		2,232	
Non-certified Substitute Teachers		10,979	
Social Security		48,027	
Pensions		72,512	
Medical Insurance		98,212	
Employer Medicare		11,233	
Maintenance and Repair Services - Equipment		2,025	
Instructional Supplies and Materials		29,766	
Other Supplies and Materials		1,698	
Vocational Instruction Equipment		90,125	
Total Career and Technical Education Program			1,187,049

Support Services

Attendance

Supervisor/Director	\$	72,705	
Clerical Personnel		25,976	
Other Salaries and Wages		39,445	
Social Security		8,011	
Pensions		12,612	
Medical Insurance		14,935	
Employer Medicare		1,873	
Contracts with Private Agencies		16,668	
Travel		1,784	
Other Supplies and Materials		397	
In Service/Staff Development		340	
Attendance Equipment		2,205	
Total Attendance			196,951

Health Services

Supervisor/Director	\$	38,621	
Medical Personnel		225,758	
Other Salaries and Wages		21,785	
Social Security		16,294	
Pensions		26,298	
Medical Insurance		41,634	
Employer Medicare		3,811	
Travel		6,620	
Other Contracted Services		217	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Health Services (Cont.)

Drugs and Medical Supplies	\$	4,492	
Other Supplies and Materials		22,631	
Other Equipment		15,259	
Total Health Services			\$ 423,420

Other Student Support

Guidance Personnel	\$	546,233	
Psychological Personnel		56,470	
Social Workers		80,441	
Social Security		37,898	
Pensions		58,995	
Medical Insurance		73,606	
Employer Medicare		9,311	
Contracts with Government Agencies		60,000	
Evaluation and Testing		20,717	
Travel		1,625	
Other Supplies and Materials		411	
In Service/Staff Development		325	
Total Other Student Support			946,032

Regular Instruction Program

Supervisor/Director	\$	78,543	
Career Ladder Program		5,000	
Librarians		422,956	
Educational Assistants		47,520	
Other Salaries and Wages		360,189	
Social Security		52,578	
Pensions		83,244	
Medical Insurance		104,578	
Employer Medicare		12,297	
Contracts with Government Agencies		80,000	
Travel		10,827	
Other Contracted Services		23,084	
Library Books/Media		29,795	
Other Supplies and Materials		1,500	
In Service/Staff Development		10,981	
Other Charges		3,000	
Other Equipment		9,666	
Total Regular Instruction Program			1,335,758

Alternative Instruction Program

Clerical Personnel	\$	26,059	
Social Security		1,500	
Pensions		2,395	
Medical Insurance		4,931	
Employer Medicare		351	
Total Alternative Instruction Program			35,236

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program

Supervisor/Director	\$	156,299	
Career Ladder Program		500	
Clerical Personnel		14,226	
Other Salaries and Wages		44,556	
Social Security		11,991	
Pensions		17,837	
Medical Insurance		8,873	
Employer Medicare		3,071	
Maintenance and Repair Services - Equipment		66	
Travel		5,450	
Other Contracted Services		167,452	
Other Supplies and Materials		2,258	
In Service/Staff Development		3,690	
Other Charges		1,872	
Total Special Education Program			\$ 438,141

Career and Technical Education Program

Supervisor/Director	\$	38,885	
Social Security		2,297	
Pensions		3,531	
Medical Insurance		5,054	
Employer Medicare		537	
Travel		1,505	
Total Career and Technical Education Program			51,809

Technology

Supervisor/Director	\$	52,260	
Computer Programmer(s)		100,634	
Social Security		9,152	
Pensions		13,510	
Medical Insurance		14,874	
Employer Medicare		2,140	
Maintenance and Repair Services - Equipment		44,250	
Internet Connectivity		39,478	
Other Contracted Services		80,364	
Other Supplies and Materials		5,524	
In Service/Staff Development		7,541	
Other Equipment		38,507	
Total Technology			408,234

Other Programs

On-behalf Payments to OPEB	\$	150,934	
Total Other Programs			150,934

Board of Education

Board and Committee Members Fees	\$	13,750	
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(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Social Security	\$	772	
Medical Insurance		23,204	
Unemployment Compensation		3,968	
Employer Medicare		199	
Audit Services		30,087	
Dues and Memberships		12,958	
Legal Services		3,000	
Travel		13,762	
Other Contracted Services		2,500	
Liability Insurance		35,341	
Premiums on Corporate Surety Bonds		2,719	
Trustee's Commission		197,197	
Workers' Compensation Insurance		147,657	
In Service/Staff Development		6,215	
Other Charges		855	
Total Board of Education			\$ 494,184

Director of Schools

County Official/Administrative Officer	\$	112,042	
Career Ladder Program		1,000	
Clerical Personnel		52,204	
Social Security		9,576	
Pensions		15,062	
Medical Insurance		14,757	
Employer Medicare		2,239	
Communication		55,261	
Dues and Memberships		617	
Postal Charges		3,616	
Travel		12,706	
Other Contracted Services		42,604	
Office Supplies		3,261	
Other Supplies and Materials		2,402	
In Service/Staff Development		1,985	
Other Charges		25,176	
Administration Equipment		12,736	
Total Director of Schools			367,244

Office of the Principal

Principals	\$	644,764	
Assistant Principals		406,419	
Secretary(ies)		339,126	
Social Security		81,144	
Pensions		125,698	
Medical Insurance		152,531	
Employer Medicare		18,977	
Other Charges		6,630	
Total Office of the Principal			1,775,289

(Continued)



Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Supervisor/Director	\$	40,803	
Accountants/Bookkeepers		85,539	
Social Security		7,605	
Pensions		11,531	
Medical Insurance		11,811	
Employer Medicare		1,779	
Data Processing Services		15,976	
Dues and Memberships		920	
Travel		5,582	
Data Processing Supplies		480	
Office Supplies		2,747	
In Service/Staff Development		3,098	
Other Charges		64	
Administration Equipment		20,374	
Total Fiscal Services			\$ 208,309

Human Services/Personnel

Supervisor/Director	\$	58,809	
Social Security		3,621	
Pensions		5,405	
Employer Medicare		847	
Dues and Memberships		609	
Licenses		9,489	
Travel		3,651	
Office Supplies		343	
In Service/Staff Development		1,045	
Total Human Services/Personnel			83,819

Operation of Plant

Supervisor/Director	\$	42,825	
Social Security		2,445	
Pensions		3,889	
Medical Insurance		3,810	
Employer Medicare		572	
Janitorial Services		754,570	
Maintenance Agreements		13,681	
Disposal Fees		20,268	
Electricity		634,242	
Natural Gas		103,840	
Water and Sewer		65,223	
Boiler Insurance		8,700	
Building and Contents Insurance		154,348	
Total Operation of Plant			1,808,413

Maintenance of Plant

Supervisor/Director	\$	94,075	
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(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Maintenance Personnel	\$	224,871	
In-service Training		126	
Social Security		18,369	
Pensions		29,244	
Medical Insurance		38,968	
Employer Medicare		4,301	
Laundry Service		3,543	
Maintenance and Repair Services - Buildings		383,641	
Maintenance and Repair Services - Equipment		71,245	
Maintenance and Repair Services - Vehicles		701	
Travel		3,820	
Other Contracted Services		27,327	
General Construction Materials		35,070	
Other Supplies and Materials		934	
In Service/Staff Development		90	
Other Charges		1,055	
Maintenance Equipment		24,432	
Total Maintenance of Plant			\$ 961,812

Transportation

Supervisor/Director	\$	38,885	
Mechanic(s)		147,783	
Bus Drivers		502,809	
Clerical Personnel		29,870	
In-service Training		8,300	
Social Security		37,088	
Pensions		53,810	
Medical Insurance		26,107	
Employer Medicare		10,425	
Contracts with Parents		20,318	
Laundry Service		1,746	
Maintenance and Repair Services - Vehicles		25,709	
Medical and Dental Services		2,106	
Travel		3,239	
Diesel Fuel		186,257	
Garage Supplies		13,835	
Gasoline		39,473	
Lubricants		8,187	
Tires and Tubes		30,841	
Vehicle Parts		51,929	
Other Supplies and Materials		4,221	
Vehicle and Equipment Insurance		47,552	
Other Charges		44,629	
Transportation Equipment		351,862	
Total Transportation			1,686,981

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Early Childhood Education

Supervisor/Director	\$	117,880	
Teachers		450,955	
Clerical Personnel		16,987	
Educational Assistants		148,641	
Certified Substitute Teachers		7,685	
Non-certified Substitute Teachers		4,686	
Social Security		43,245	
Pensions		66,879	
Medical Insurance		67,450	
Employer Medicare		10,219	
Operating Lease Payments		7,321	
Travel		5,202	
Instructional Supplies and Materials		34,568	
Other Supplies and Materials		13,235	
In Service/Staff Development		1,769	
Other Charges		9,273	
Other Equipment		27,206	
Total Early Childhood Education			\$ 1,033,201

Capital Outlay

Regular Capital Outlay

Building Construction	\$	1,223,530	
Building Improvements		215,995	
Heating and Air Conditioning Equipment		23,971	
Total Regular Capital Outlay			1,463,496

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	707,142	
Total Education			707,142

Total General Purpose School Fund \$ 32,787,160

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	635,784	
Educational Assistants		50,183	
Part-time Personnel		6,158	
Other Salaries and Wages		97,525	
Certified Substitute Teachers		3,333	
Non-certified Substitute Teachers		4,065	
Social Security		46,594	
Pensions		69,241	
Medical Insurance		53,117	
Employer Medicare		11,198	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Maintenance and Repair Services - Equipment	\$	415	
Other Contracted Services		15,471	
Instructional Supplies and Materials		191,712	
Other Supplies and Materials		2,178	
In Service/Staff Development		285	
Other Charges		472	
Regular Instruction Equipment		27,240	
Total Regular Instruction Program			\$ 1,214,971

Alternative Instruction Program

Other Equipment	\$	4,758	
Total Alternative Instruction Program			4,758

Special Education Program

Educational Assistants	\$	438,915	
Social Security		25,743	
Pensions		36,698	
Medical Insurance		47,823	
Employer Medicare		6,033	
Evaluation and Testing		6,542	
Instructional Supplies and Materials		69,992	
Other Supplies and Materials		2,885	
Other Charges		5,808	
Special Education Equipment		48,109	
Total Special Education Program			688,548

Career and Technical Education Program

Educational Assistants	\$	4,580	
Social Security		238	
Pensions		158	
Medical Insurance		1,856	
Employer Medicare		56	
Instructional Supplies and Materials		6,104	
Vocational Instruction Equipment		29,297	
Total Career and Technical Education Program			42,289

Support Services

Other Student Support

Travel	\$	13,300	
Other Supplies and Materials		10,494	
In Service/Staff Development		8,073	
Total Other Student Support			31,867

Regular Instruction Program

Supervisor/Director	\$	149,930	
Teachers		3,920	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Clerical Personnel	\$	15,359	
Social Security		10,188	
Pensions		15,381	
Medical Insurance		10,243	
Employer Medicare		2,383	
Travel		12,769	
Other Contracted Services		264	
Other Supplies and Materials		46,669	
In Service/Staff Development		67,647	
Regular Instruction Equipment		1,498	
Vocational Instruction Equipment		27,052	
Total Regular Instruction Program			\$ 363,303

Special Education Program

Supervisor/Director	\$	62,661	
Social Security		3,498	
Pensions		5,690	
Medical Insurance		10,100	
Employer Medicare		818	
Maintenance and Repair Services - Equipment		538	
Travel		8,398	
Other Contracted Services		620	
Other Supplies and Materials		4,339	
In Service/Staff Development		49,265	
Other Equipment		10,312	
Total Special Education Program			156,239

Career and Technical Education Program

In Service/Staff Development	\$	2,500	
Total Career and Technical Education Program			2,500

Transportation

Bus Drivers	\$	72,962	
Other Salaries and Wages		34,944	
Social Security		6,320	
Pensions		8,614	
Employer Medicare		1,565	
Transportation Equipment		69,983	
Total Transportation			194,388

Operation of Non-Instructional Services

Community Services

Teachers	\$	249,474	
Educational Assistants		11,471	
Other Salaries and Wages		15,774	
Social Security		16,543	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Pensions	\$	24,231	
Employer Medicare		3,869	
Instructional Supplies and Materials		3,624	
In Service/Staff Development		1,023	
Other Charges		13,722	
Total Community Services			\$ 339,731

Total School Federal Projects Fund \$ 3,038,594

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	63,703	
Accountants/Bookkeepers		35,047	
Cafeteria Personnel		749,421	
Social Security		50,058	
Pensions		70,280	
Medical Insurance		68,871	
Employer Medicare		11,826	
Communication		4,442	
Data Processing Services		3,790	
Dues and Memberships		431	
Maintenance and Repair Services - Equipment		20,301	
Travel		4,348	
Permits		800	
Other Contracted Services		18,219	
Electricity		29,581	
Food Supplies		926,840	
Natural Gas		2,988	
Office Supplies		1,607	
Water and Sewer		1,119	
USDA - Commodities		239,069	
Other Supplies and Materials		83,692	
Refunds		26	
In Service/Staff Development		865	
Other Charges		2,460	
Food Service Equipment		10,112	
Total Food Service			\$ 2,399,896

Total Central Cafeteria Fund 2,399,896

Total Governmental Funds - Hardeman County School Department \$ 38,225,650

Exhibit K-9

Hardeman County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2018

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,826,577
Total Cash Receipts	<u>\$ 1,826,577</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,808,311
Trustee's Commission	18,266
Total Cash Disbursements	<u>\$ 1,826,577</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2017	<u>0</u>
Cash Balance, June 30, 2018	<u><u>\$ 0</u></u>

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## SINGLE AUDIT SECTION

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JUSTIN P. WILSON  
Comptroller

JASON E. MUMPOWER  
Chief of Staff

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

**Independent Auditor's Report**

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardeman County, Tennessee, as of and for the year ended June 30, 2018, the related notes to the financial statements, which collectively comprise Hardeman County's basic financial statements, and have issued our report thereon dated November 15, 2018.

**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: 2018-002 and 2018-004.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hardeman County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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: 2018-001 and 2018-003.

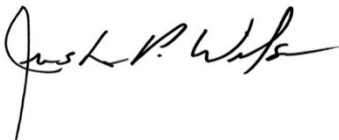
### **Hardeman County's Responses to the Findings**

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

November 15, 2018

JPW/tg



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**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**

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Hardeman County's compliance with the types of compliance requirements described in the *OMB 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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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, 2018.

### **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.

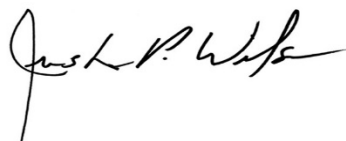
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardeman County, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Hardeman County's basic financial statements. We issued our report thereon dated November 15, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on 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

November 15, 2018

JPW/tg

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, 2018

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 (3):			
School Breakfast Program	10.553	N/A	\$ 566,934
National School Lunch Program	10.555	N/A	1,370,291 (5)
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	21,094
Passed-through State Department of Agriculture:			
Child Nutrition Cluster (3):			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	239,069 (5)
Fresh Fruit and Vegetable Program	10.582	N/A	78,685
Total U.S. Department of Agriculture			\$ 2,276,073
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	(4)	\$ 46,668 (6)
Total U.S. Department of Defense			\$ 46,668
U.S. Department of Interior:			
Passed-through City of Bolivar:			
Historic Preservation Fund Grants-In-Aid	15.904	(4)	\$ 28,020
Total U.S. Department of Interior			\$ 28,020
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(4)	\$ 13,995
Total U.S. Department of Justice			\$ 13,995
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	AERO-16-248-00	\$ 348,714
Total U.S. Department of Transportation			\$ 348,714
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,167,231
Special Education Cluster (3):			
Special Education - Grants to States	84.027	N/A	1,035,802
Special Education - Preschool Grants	84.173	N/A	43,272
Career and Technical Education - Basic Grants to States	84.048	N/A	66,973
Twenty-first Century Community Learning Centers	84.287	N/A	348,253
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	176,245
Rural Education	84.358	N/A	64,228
Improving Teacher Quality State Grants	84.367	N/A	139,458
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	137,264
Total U.S. Department of Education			\$ 3,178,726
National Archives and Records Administration:			
Passed-through Tennessee State Library and Archives:			
National Historical Publications and Records Grants	89.003	(4)	\$ 650
Total National Archives and Records Administration			\$ 650

(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	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	N/A	\$ 27,169
Preventive Health and Health Services Block Grant	93.991	(4)	213,318
Total U.S. Department of Health and Human Services			\$ 240,487
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	N/A	\$ 6,700
Homeland Security Grant Program	97.067	N/A	16,202
Total U.S. Department of Homeland Security			\$ 22,902
Total Expenditures of Federal Awards			\$ 6,156,235
		Contract Number	
<u>State Grants</u>			
Coordinated School Health - State Department of Education	N/A	(4)	\$ 100,000
Early Childhood Education - State Department of Education	N/A	(4)	1,043,058
CTE Equipment Grant - State Department of Education	N/A	(4)	84,998
Connect Tenn - State Department of Education	N/A	(4)	9,310
Safe Schools - State Department of Education	N/A	(4)	21,900
Governor's Highway Safety Grant - State Department of Transportation	N/A	(4)	4,757
Three-Star Grant - State Department of Economic and Community Development	N/A	(4)	42,500
Bill Dance Spring Lake Project Grant - State Department of Economic and Community Development	N/A	(4)	50,889
Airport Maintenance Program - State Department of Transportation	N/A	(4)	2,532
Litter Grant - State Department of Transportation	N/A	(4)	28,836
Total State Grants			\$ 1,388,780

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) Child Nutrition Cluster totaled \$2,176,294; Special Education Cluster totaled \$1,079,074.
- (4) Information not available.
- (5) Total for CFDA No. 10.555 is \$1,609,360.
- (6) During the year ended June 30, 2018, Hardeman County received excess military equipment from the U.S. Department of Military valued at \$46,668.

Hardeman County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2018

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Hardeman County, Tennessee, for the year ended June 30, 2018.

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<b><u>OFFICE OF COUNTY MAYOR</u></b>					
2017	176	2017-001	The Office had Deficiencies in Budget Operations	N/A	Not Corrected - See Explanation on Corrective Action Plan
<b><u>OFFICE OF HIGHWAY SUPERINTENDENT</u></b>					
2017	176	2017-001	The Office had Deficiencies in Budget Operations	N/A	Corrected
<b><u>OFFICE OF SHERIFF</u></b>					
2017	177	2017-002	Some Funds were not Deposited within Three Days of Collection	N/A	Corrected

***Prior-year Federal Awards Findings***

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



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**HARDEMAN COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2018**

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**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 Child Nutrition Cluster: School Breakfast Program and National School Lunch Program
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

## PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

### OFFICE OF COUNTY MAYOR

FINDING 2018-001                      **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**  
(Noncompliance Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in budget operations of the office. These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures, and management failed to provide sufficient oversight. Also, these deficiencies exist because management failed to correct the finding noted in the prior-year audit report and failed to implement their corrective action plan.

- A. Expenditures exceeded appropriations approved by the County Commission in two of 53 major appropriation categories (the legal level of control) of the General Fund and in two of six major appropriation categories of the General Debt Service Fund as reflected in the following table:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
Administration of Justice - Juvenile Court	\$ 13,058
Administration of Justice - Courtroom Security	893
General Debt Service:	
Principal on Debt - General Government	12,500
Other Debt Service - General Government	2,693

- B. Salaries exceeded appropriations in seven of 92 salary line-items of the General Fund by amounts ranging from \$93 to \$2,710. 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.”

#### RECOMMENDATION

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

#### MANAGEMENT’S RESPONSE – COUNTY MAYOR

We concur. We will cut off spending at an earlier date during this fiscal year. All department heads will be notified of this date and held responsible for purchases after the cut-off date. Hardeman County uses a zero-based budgeting system that limits excess funds budgeted per line-item. This means of budgeting has helped the county in maintaining fund balances and has prevented the county from having to borrow short-term operating funds. Corrective action was taken to tighten expenditures, but the above major categories and line-items were overlooked.

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#### FINDING 2018-002

#### **ACCRUED VACATION, HOLIDAY, AND COMPENSATORY TIME PAYMENTS TO TWO FORMER EMPLOYEES WERE MADE WITHOUT APPARENT POLICY AUTHORIZATION AND WITHOUT PROPER DOCUMENTATION**

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

During April and May 2018, two former employees of the Sheriff’s Department received \$3,535 for accrued vacation time, \$22,077 for accrued holiday time, and \$878 for accrued compensatory time for a total of \$26,490. The county’s personnel policy provides for the accrual of vacation and compensatory time; however, it does not address the accrual of holiday time. Also, due to a lack of adequate documentation on file to support these payments, as well as a lack of adequate time and leave records maintained by the Sheriff’s Department, we were unable to determine the validity of these payment amounts. This deficiency was a result of a lack of management oversight and may have resulted in unauthorized compensation.

#### RECOMMENDATION

The county should follow its personnel policy when paying individuals for their accrued vacation, holiday, and compensatory time. Adequate payroll records and supporting documentation should be maintained to support all payments to employees. Accrued leave records should be accurately maintained to ensure proper accountability for these employee benefits. Officials should determine the propriety of these payments to the former employees.

## MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur. The finding pertains to the Sheriff's Department. Management has discussed this issue with the sheriff for the past four years. The employees of the Sheriff's Department have been accruing holiday, vacation, and compensatory time for over 20 years. Management has recommended that employees be required to use this time prior to separation or retirement.

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## OFFICE OF TRUSTEE

### FINDING 2018-003

### **THE MONTHLY TRUSTEE'S REPORT WAS NOT ALWAYS FILED IN COMPLIANCE WITH STATE STATUTE**

(Noncompliance Under *Government Auditing Standards*)

The Trustee's Office did not always file the monthly trustee's report with the county mayor and the director of schools in compliance with state statute. Section 67-5-1902, *Tennessee Code Annotated*, states that on or before the tenth day in each month the trustee shall report and make settlement for all taxes collected during the preceding month. We noted several months between July 2017 and June 2018 where the monthly trustee's report was not filed with the county mayor and the director of schools until as many as 45 days after the close of the month. The failure to file the monthly trustee's report timely delays the posting of financial information by the county mayor and the director of schools, which delays the dissemination of the information to the County Commission, the Board of Education, and the public. This deficiency is due to the failure of management to comply with state statute.

## RECOMMENDATION

The trustee should file the monthly trustee's report with the county mayor and the director of schools in compliance with state statute.

## MANAGEMENT'S RESPONSE – TRUSTEE

We concur with this finding. In September 2016, we had a software change, which has been an adjustment. We are aware of the due date for the monthly trustee's report, and in the past, we did not file the report late. Our goal is to complete the report on time in the future.

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FINDING 2018-004

**AN EMPLOYEE PROCESSED TRANSACTIONS  
UTILIZING ANOTHER USER'S ACCOUNT**

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

A unique username and password for accessing the office's accounting software had not been assigned to all employees. Instead, an employee processed transactions using another user's login. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because of the shared username and password. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight. This deficiency was corrected in March 2018 after being brought to the attention of management.

RECOMMENDATION

Each employee should access the application using his or her unique username and password to ensure that transactions are properly identified to that employee.

MANAGEMENT'S RESPONSE – TRUSTEE

We concur with the finding. A new employee was hired in November 2017. I trained her with the office operations at my computer station, so she would become familiar with the receipting of revenue, property tax collection, and miscellaneous receipting. I did not have a computer at that time in order for her to have her own station. I would not have any deputy share with another deputy; however, I wanted to shadow her with the process of collection. In my opinion, you can't train unless you are hands-on in the process. In March 2018, she had her own computer station. It was not in my budget, so I had to ask for the purchase of her computer.

AUDITOR'S COMMENT

For clarification, usernames and passwords are not tied to a specific computer. Two users may use the same computer throughout the day but each has to log in using a unique username and password.

### **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, 2018.

**Hardeman County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2018**

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

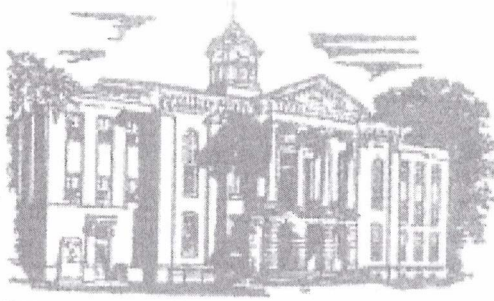
Finding Number	Title of Finding	Corrective Action Plan Page Number
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**OFFICE OF COUNTY MAYOR**

2018-001	The Office had Deficiencies in Budget Operations	176
2018-002	Accrued Vacation, Holiday, and Compensatory Time Payments to two Former Employees were made without Apparent Policy Authorization and without Proper Documentation	177

**OFFICE OF TRUSTEE**

2018-003	The Monthly Trustee's Report was not Always Filed in Compliance with State Statute	178
2018-004	An Employee Processed Transactions Utilizing Another User's Account	179



Office of:  
Jimmy Sain, Mayor

# Hardeman County

Courthouse  
100 N. Main Street  
P.O. Box 250  
Bolivar, Tennessee 38008

Phone: (731) 658-3266  
Fax: (731) 658-5721

## Corrective Action Plan

**FINDING: THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**

**Response and Corrective Action Plan Prepared by:**  
Jimmy Sain, County Mayor

**Person Responsible for Implementing the Corrective Action:**  
Ashley Gibson, Internal Auditor

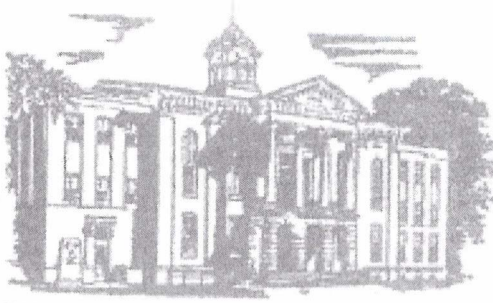
**Anticipated Completion Date of Corrective Action:**  
June 15, 2019

**Repeat Finding:**  
Yes

**Reason Corrective Action was Not Taken in the Prior Year:**  
Corrective action was taken to tighten expenditures at the end of the fiscal year, but evidently the oversight missed items that should have had budget amendments.

**Planned Corrective Action:**  
Internal Auditor Ashley Gibson has been instructed to shut off expenditures at an earlier date and discuss with each department head the seriousness of the reason for the date. Mrs. Gibson is directed to have any budget amendments prepared to be presented to the Budget Committee and/or Commission by June 15th.





Office of:  
Jimmy Sain, Mayor

# Hardeman County

Courthouse  
100 N. Main Street  
P.O. Box 250  
Bolivar, Tennessee 38008

Phone: (731) 658-3266  
Fax: (731) 658-5721

**FINDING: ACCRUED VACATION, HOLIDAY, AND COMPENSATORY TIME PAYMENTS TO FORMER EMPLOYEES WERE MADE WITHOUT APPARENT POLICY AUTHORIZATION AND WITHOUT PROPER DOCUMENTATION**

**Response and Corrective Action Plan Prepared by:**  
Jimmy Sain, County Mayor

**Person Responsible for Implementing the Corrective Action:**  
John Doolen, Sheriff

**Anticipated Completion Date of Corrective Action:**  
January 2019

**Repeat Finding:**  
No

**Reason Corrective Action was Not Taken in the Prior Year:**  
Not Applicable

**Planned Corrective Action:**

Sheriff Doolen, Chief Deputy Moore, and bookkeeper Norma Greve have been instructed how to correct this finding. A new personnel manual has been completed and will be addressed by the County Commission on January 15, 2019. The manual clearly explains compensatory time and the limits of such. In exploring the finding, it was discovered that the Sheriff's Department has been calculating compensatory time at two times the allowed rate and has allowed employees to exceed the maximum federal allowed compensatory time. All records for the employees of the Sheriff's Department are kept and managed by the Sheriff's Department. The Sheriff has been asked to reduce the accrued time for senior employees and stop the practice of allowing times to build by assigning someone to stay on top of the time as it is accrued and expending it appropriately. County payroll personnel will not pay any accrued time without proper documentation from the Sheriff's bookkeeper in the future.

Signature:



MARY W. POWELL, TRUSTEE  
P.O. Box 337  
Bolivar, TN 38008

*Corrective Action Plan*

**FINDING:** THE MONTHLY TRUSTEE'S REPORT WAS NOT ALWAYS FILED IN COMPLIANCE WITH STATE STATUTE

**Response and Corrective Action Plan Prepared by:**  
Mary W. Powell, Trustee

**Person Responsible for Implementing the Corrective Action:**  
Mary W. Powell, Trustee

**Anticipated Completion Date of Corrective Action:**  
Immediately

**Repeat Finding:**  
No

**Reason Corrective Action was Not Taken in the Prior Year:**  
Not Applicable

**Planned Corrective Action:**  
To train Sandy Hammons on all aspects of the operations in the Trustee's Office.

Signature: Mary W. Powell



MARY W. POWELL, TRUSTEE  
P.O. Box 337  
Bolivar, TN 38008

*Corrective Action Plan*

**FINDING:** AN EMPLOYEE PROCESSED TRANSACTIONS UTILIZING ANOTHER USER'S ACCOUNT

**Response and Corrective Action Plan Prepared by:**  
Mary Powell, Trustee

**Person Responsible for Implementing the Corrective Action:**  
Mary Powell, Trustee

**Anticipated Completion Date of Corrective Action:**  
March 2018

**Repeat Finding:**  
No

**Reason Corrective Action was Not Taken in the Prior Year:**  
Not Applicable

**Planned Corrective Action:**  
Already corrected. Sandy Hammons had her computer station in March 2018 and is operating on her own.

**Signature:** Mary W. Powell

## **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.