

**ANNUAL FINANCIAL REPORT**  
**HARDEMAN COUNTY, TENNESSEE**

**FOR THE YEAR ENDED JUNE 30, 2019**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT  
HARDEMAN COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

***LEE ANN WEST, CPA, CGFM  
Audit Manager***

***AMANDA MARCH, CPA, CFE  
Senior Auditor***

***VICKY BARBER, CFE  
SAVANAH MASSEY  
TWYLA PRATT  
State Auditors***

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

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# ***Summary of Audit Findings***

Annual Financial Report  
Hardeman County, Tennessee  
For the Year Ended June 30, 2019

## ***Scope***

We have audited the basic financial statements of Hardeman County as of and for the year ended June 30, 2019.

## ***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 Solid Waste and Animal Control Department had operating deficiencies.
- ◆ A deficiency was noted in the administration of the litter grant.

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### **OFFICES OF COUNTY MAYOR AND SHERIFF**

- ◆ The offices had deficiencies in purchasing procedures.

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### **OFFICE OF THE TRUSTEE**

- ◆ The office had accounting deficiencies.

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# INTRODUCTORY SECTION

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# Hardeman County Officials

## June 30, 2019

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### **Officials**

Jimmy Sain, County Mayor  
Casey Swift, Highway Superintendent  
Warner Ross, II, Director of Schools  
Mary Powell, Trustee  
Josh Pulse, Assessor of Property  
Jerry Armstrong, County Clerk  
Billy Davis, 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  
Gary Barber  
Chris Bell  
Bobby Doyle  
Mark Gilliam  
Bobby Hensley  
Justin Howell  
Chandra Lake  
Johnny Lanier

Mike Madden  
Viscen Morrow  
Jackie Sain  
Mac Vaughn  
John Vickers  
Johnny Weems  
Elvis White  
Bobby Wright

### **Board of Highway Supervisors**

Kenny Pulse, Chairman  
John Mitchell  
Matthew Knight

### **Board of Education**

Bobby Henderson, Chairman  
Kenny Adkins  
Jennifer Aylor  
Beverly Bodiford  
Patricia Carter

Jerry Crisp  
Terry King  
Richard Nelms  
Gene Ross

### **Audit Committee**

Viscen Morrow, Chairman  
Chandra Lake  
Johnny Lanier

John Vickers  
Jerry Watkins



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## FINANCIAL SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability (asset) and related ratios, 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, as listed in the table of contents, 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.

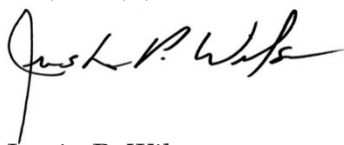
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hardeman County School Department (a discretely presented component unit), schedule 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 October 16, 2019, 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

October 16, 2019

JPW/kp

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Hardeman County, Tennessee  
Statement of Net Position  
June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Hardeman County School Department
<u>ASSETS</u>				
Cash	\$ 70,279	\$ 340	\$ 70,619	\$ 17
Equity in Pooled Cash and Investments	7,191,968	4,203,840	11,395,808	5,682,830
Accounts Receivable	3,633,903	1,011,670	4,645,573	10,001
Allowance for Uncollectibles	(2,125,000)	(657,108)	(2,782,108)	0
Due from Other Governments	762,794	0	762,794	1,359,454
Due from Other Funds	0	23,183	23,183	0
Due from Component Units	44,066	0	44,066	0
Property Taxes Receivable	4,408,517	0	4,408,517	5,904,987
Allowance for Uncollectible Property Taxes	(157,892)	0	(157,892)	(211,488)
Restricted Assets:				
Amounts Accumulated for Pension Benefits	0	0	0	52,421
Cash Shortage	0	1,900	1,900	0
Net Pension Asset - Agent Plan	268,346	12,792	281,138	197,232
Net Pension Asset - Teacher Retirement Plan	0	0	0	143,131
Net Pension Asset - Legacy Pension Plan	0	0	0	1,505,787
Capital Assets:				
Assets Not Depreciated:				
Land	1,737,550	219,838	1,957,388	358,116
Construction in Progress	0	0	0	3,568,020
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	13,497,904	1,157,216	14,655,120	10,804,865
Infrastructure	14,080,969	0	14,080,969	0
Other Capital Assets	2,580,621	342,631	2,923,252	2,139,109
Total Assets	\$ 45,994,025	\$ 6,316,302	\$ 52,310,327	\$ 31,514,482
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charge on Refunding	\$ 819,330	\$ 0	\$ 819,330	\$ 0
Pension Changes in Experience	326,116	15,546	341,662	552,170
Pension Changes in Assumptions	287,974	13,727	301,701	1,107,735
Pension Changes in Proportion	0	0	0	62,814
Pension Contributions After Measurement Date	549,471	25,009	574,480	1,958,518
OPEB Changes in Assumptions	0	0	0	92,692
OPEB Contributions After Measurement Date	0	0	0	166,477
Total Deferred Outflows of Resources	\$ 1,982,891	\$ 54,282	\$ 2,037,173	\$ 3,940,406
<u>LIABILITIES</u>				
Accounts Payable	\$ 118,007	\$ 167,727	\$ 285,734	\$ 59
Payroll Deductions Payable	14,864	254	15,118	10,843
Accrued Interest Payable	75,233	0	75,233	0
Due to Other Funds	23,183	0	23,183	0
Due to Primary Government	0	0	0	44,066
Noncurrent Liabilities:				
Due Within One Year - Debt	1,110,533	0	1,110,533	0
Due Within One Year - Other	145,294	6,877	152,171	43,189
Due in More Than One Year - Debt	21,102,750	0	21,102,750	0
Due in More Than One Year - Other	0	2,846,614	2,846,614	3,283,119
Total Liabilities	\$ 22,589,864	\$ 3,021,472	\$ 25,611,336	\$ 3,381,276

(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	\$ 4,123,544	\$ 0	\$ 4,123,544	\$ 5,523,279
Pension Changes in Experience	957,292	45,633	1,002,925	2,740,727
Pension Changes in Investment Earnings	73,177	3,488	76,665	389,591
Pension Changes in Proportion	0	0	0	77,530
OPEB Changes in Experience	0	0	0	208,930
OPEB Changes in Assumptions	0	0	0	115,255
OPEB Changes in Proportion	0	0	0	19,557
Total Deferred Inflows of Resources	<u>\$ 5,154,013</u>	<u>\$ 49,121</u>	<u>\$ 5,203,134</u>	<u>\$ 9,074,869</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 14,021,319	\$ 1,719,685	\$ 15,741,004	\$ 16,870,110
Restricted for:				
General Government	31,465	0	31,465	0
Finance	34,246	0	34,246	0
Administration of Justice	225,404	0	225,404	0
Public Safety	732,549	0	732,549	0
Public Health and Welfare	44,786	0	44,786	0
Highways/Public Works	186,874	0	186,874	0
Debt Service	752,138	0	752,138	0
Education	0	0	0	16,058
Instruction	0	0	0	5,768
Operation of Non-instructional Services	0	0	0	812,522
Pensions	268,346	12,792	281,138	1,846,150
Hybrid Retirement Stabilization Funds	0	0	0	52,421
Unrestricted	<u>3,935,912</u>	<u>1,567,514</u>	<u>5,503,426</u>	<u>3,395,714</u>
Total Net Position	<u>\$ 20,233,039</u>	<u>\$ 3,299,991</u>	<u>\$ 23,533,030</u>	<u>\$ 22,998,743</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, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Hardeman County School Department
					Total Governmental Activities	Business- type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 2,071,524	\$ 334,466	\$ 411,849	\$ 18,807	\$ (1,306,402)	\$ 0	\$ (1,306,402)	\$ 0
Finance	891,312	692,697	4,581	0	(194,034)	0	(194,034)	0
Administration of Justice	1,174,895	809,365	5,040	0	(360,490)	0	(360,490)	0
Public Safety	4,665,333	777,524	136,765	25,003	(3,726,041)	0	(3,726,041)	0
Public Health and Welfare Social, Cultural, and Recreational Services	2,360,296	1,432,745	230,440	0	(697,111)	0	(697,111)	0
Agriculture and Natural Resources	181,081	0	141,750	0	(39,331)	0	(39,331)	0
Highways/Public Works	113,930	0	0	0	(113,930)	0	(113,930)	0
Interest on Long-term Debt	4,094,332	20	2,769,324	281,486	(1,043,502)	0	(1,043,502)	0
Total Governmental Activities	618,982	0	25,093	0	(593,889)	0	(593,889)	0
	<u>\$ 16,171,685</u>	<u>\$ 4,046,817</u>	<u>\$ 3,724,842</u>	<u>\$ 325,296</u>	<u>\$ (8,074,730)</u>	<u>\$ 0</u>	<u>\$ (8,074,730)</u>	<u>\$ 0</u>
Business-type Activities:								
Solid Waste Disposal	\$ 1,278,072	\$ 1,437,913	\$ 10,489	\$ 0	\$ 0	\$ 170,330	\$ 170,330	\$ 0
Total Business-type Activities	<u>\$ 1,278,072</u>	<u>\$ 1,437,913</u>	<u>\$ 10,489</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 170,330</u>	<u>\$ 170,330</u>	<u>\$ 0</u>
Total Primary Government	<u>\$ 17,449,757</u>	<u>\$ 5,484,730</u>	<u>\$ 3,735,331</u>	<u>\$ 325,296</u>	<u>\$ (8,074,730)</u>	<u>\$ 170,330</u>	<u>\$ (7,904,400)</u>	<u>\$ 0</u>
Component Unit:								
Hardeman County School Department	\$ 35,478,568	\$ 286,408	\$ 4,736,226	\$ 75,000	\$ 0	\$ 0	\$ 0	\$ (30,380,934)
Total Component Unit	<u>\$ 35,478,568</u>	<u>\$ 286,408</u>	<u>\$ 4,736,226</u>	<u>\$ 75,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (30,380,934)</u>

(Continued)



Exhibit B

Hardeman County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Hardeman County School Department	
					Total Governmental Activities	Business- type Activities		Total
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 4,178,215	\$ 0	\$ 4,178,215	\$ 5,801,703
Property Taxes Levied for Debt Service					317,855	0	317,855	0
Local Option Sales Taxes					206,543	0	206,543	2,420,630
Wheel Tax					1,569,306	0	1,569,306	0
Litigation Tax					183,999	0	183,999	0
Business Tax					209,218	0	209,218	0
Wholesale Beer Tax					76,245	0	76,245	0
Other Local Taxes					24,367	0	24,367	2,234
Grants and Contributions Not Restricted for Specific Programs					1,975,593	0	1,975,593	24,249,200
Unrestricted Investment Income					185,822	28,117	213,939	0
Miscellaneous					15,622	68	15,690	85,522
<b>Total General Revenues</b>					<b>\$ 8,942,785</b>	<b>\$ 28,185</b>	<b>\$ 8,970,970</b>	<b>\$ 32,559,289</b>
Change in Net Position					\$ 868,055	\$ 198,515	\$ 1,066,570	\$ 2,178,355
Net Position, July 1, 2018					19,364,984	3,101,476	22,466,460	20,820,388
Net Position, June 30, 2019					<b>\$ 20,233,039</b>	<b>\$ 3,299,991</b>	<b>\$ 23,533,030</b>	<b>\$ 22,998,743</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, 2019

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Funds Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 70,279	\$ 70,279
Equity in Pooled Cash and Investments	4,576,845	1,748,339	613,689	253,095	7,191,968
Accounts Receivable	3,633,723	0	0	180	3,633,903
Allowance for Uncollectibles	(2,125,000)	0	0	0	(2,125,000)
Due from Other Governments	284,058	478,736	0	0	762,794
Due from Other Funds	2,055	0	0	0	2,055
Property Taxes Receivable	4,084,956	0	323,561	0	4,408,517
Allowance for Uncollectible Property Taxes	(146,304)	0	(11,588)	0	(157,892)
Total Assets	\$ 10,310,333	\$ 2,227,075	\$ 925,662	\$ 323,554	\$ 13,786,624
<u>LIABILITIES</u>					
Accounts Payable	\$ 111,903	\$ 0	\$ 0	\$ 6,104	\$ 118,007
Payroll Deductions Payable	11,691	3,173	0	0	14,864
Due to Other Funds	23,183	0	0	2,055	25,238
Total Liabilities	\$ 146,777	\$ 3,173	\$ 0	\$ 8,159	\$ 158,109
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 3,820,898	\$ 0	\$ 302,646	\$ 0	\$ 4,123,544
Deferred Delinquent Property Taxes	101,514	0	8,041	0	109,555
Other Deferred/Unavailable Revenue	1,645,956	240,000	0	0	1,885,956
Total Deferred Inflows of Resources	\$ 5,568,368	\$ 240,000	\$ 310,687	\$ 0	\$ 6,119,055

(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	\$ 31,465	\$ 0	\$ 0	\$ 0	\$ 31,465
Restricted for Finance	34,246	0	0	0	34,246
Restricted for Administration of Justice	225,404	0	0	0	225,404
Restricted for Public Safety	485,558	0	0	246,991	732,549
Restricted for Public Health and Welfare	44,786	0	0	0	44,786
Committed:					
Committed for Finance	0	0	0	68,404	68,404
Committed for Highways/Public Works	0	1,983,902	0	0	1,983,902
Committed for Debt Service	0	0	614,975	0	614,975
Assigned:					
Assigned for General Government	741	0	0	0	741
Assigned for Public Safety	5,126	0	0	0	5,126
Assigned for Public Health and Welfare	12,915	0	0	0	12,915
Unassigned	3,754,947	0	0	0	3,754,947
Total Fund Balances	\$ 4,595,188	\$ 1,983,902	\$ 614,975	\$ 315,395	\$ 7,509,460
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,310,333	\$ 2,227,075	\$ 925,662	\$ 323,554	\$ 13,786,624

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, 2019

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 7,509,460	
(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: buildings and improvements net of accumulated depreciation	13,497,904		
Add: infrastructure net of accumulated depreciation	14,080,969		
Add: other capital assets net of accumulated depreciation	<u>2,580,621</u>	31,897,044	
(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	\$ (662,420)		
Less: other loan payable	(44,066)		
Less: bonds payable	(21,200,000)		
Add: debt to be contributed by the School Department	44,066		
Add: deferred amount on refunding	819,330		
Less: other deferred revenue - premium on debt	(306,797)		
Less: compensated absences payable	(145,294)		
Less: accrued interest on bonds and notes	<u>(75,233)</u>	(21,570,414)	
(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	\$ 1,163,561		
Less: deferred inflows of resources related to pensions	<u>(1,030,469)</u>	133,092	
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			268,346
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>1,995,511</u>
Net position of governmental activities (Exhibit A)			<u>\$ 20,233,039</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, 2019

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 4,928,194	\$ 784,653	\$ 1,103,391	\$ 0	\$ 6,816,238
Licenses and Permits	43,890	20	0	0	43,910
Fines, Forfeitures, and Penalties	306,461	0	0	153,920	460,381
Charges for Current Services	1,349,185	0	0	358,430	1,707,615
Other Local Revenues	472,954	80,205	0	0	553,159
Fees Received From County Officials	900,143	0	0	0	900,143
State of Tennessee	2,058,053	2,981,436	0	0	5,039,489
Federal Government	116,261	0	0	0	116,261
Other Governments and Citizens Groups	306,459	0	705,743	0	1,012,202
Total Revenues	<u>\$ 10,481,600</u>	<u>\$ 3,846,314</u>	<u>\$ 1,809,134</u>	<u>\$ 512,350</u>	<u>\$ 16,649,398</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 983,148	\$ 0	\$ 0	\$ 0	\$ 983,148
Finance	293,919	0	0	367,838	661,757
Administration of Justice	691,531	0	0	2,608	694,139
Public Safety	3,336,811	0	0	48,485	3,385,296
Public Health and Welfare	1,774,412	0	0	0	1,774,412
Social, Cultural, and Recreational Services	96,814	0	0	0	96,814
Agriculture and Natural Resources	117,699	0	0	0	117,699
Other Operations	2,779,529	0	0	0	2,779,529
Highways	0	2,918,535	0	0	2,918,535
Debt Service:					
Principal on Debt	0	0	1,083,960	0	1,083,960
Interest on Debt	0	0	623,771	0	623,771
Other Debt Service	0	0	16,972	0	16,972

(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	\$ 390,537	\$ 390,537
Total Expenditures	\$ 10,073,863	\$ 2,918,535	\$ 1,724,703	\$ 809,468	\$ 15,526,569
<u>Excess (Deficiency) of Revenues</u>					
Over Expenditures	\$ 407,737	\$ 927,779	\$ 84,431	\$ (297,118)	\$ 1,122,829
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 53,765	\$ 35,920	\$ 0	\$ 0	\$ 89,685
Transfers In	0	0	311,733	12,604	324,337
Transfers Out	(324,337)	0	0	0	(324,337)
Total Other Financing Sources (Uses)	\$ (270,572)	\$ 35,920	\$ 311,733	\$ 12,604	\$ 89,685
<u>Net Change in Fund Balances</u>					
Fund Balance, July 1, 2018	\$ 4,458,023	\$ 1,020,203	\$ 218,811	\$ 599,909	\$ 6,296,946
Fund Balance, June 30, 2019	\$ 4,595,188	\$ 1,983,902	\$ 614,975	\$ 315,395	\$ 7,509,460

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, 2019

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 1,212,514
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 822,078	
Less: current-year depreciation expense	<u>(2,883,459)</u>	(2,061,381)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.</p>		
Add: assets donated and capitalized	\$ 25,003	
Less: proceeds received from the disposal of capital assets	<u>(52,282)</u>	(27,279)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$ 1,995,511	
Less: deferred delinquent property taxes and other deferred June 30, 2018	<u>(1,584,755)</u>	410,756
<p>(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.</p>		
Add: principal payments on bonds	\$ 965,000	
Add: principal payments on notes	100,732	
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	(86,288)	
Add: change in premium on debt proceeds	<u>25,093</u>	1,004,537
<p>(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.</p>		
Change in accrued interest payable	\$ 4,789	
Change in net pension asset	45,926	
Change in deferred outflows related to pensions	(29,871)	
Change in deferred inflows related to pensions	263,476	
Change in compensated absences payable	<u>44,588</u>	328,908
Change in net position of governmental activities (Exhibit B)		<u>\$ 868,055</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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,928,194	\$ 0	\$ 0	\$ 4,928,194	\$ 4,923,000	\$ 4,923,000	\$ 5,194
Licenses and Permits	43,890	0	0	43,890	42,700	42,700	1,190
Fines, Forfeitures, and Penalties	306,461	0	0	306,461	261,700	261,700	44,761
Charges for Current Services	1,349,185	0	0	1,349,185	1,643,000	1,643,000	(293,815)
Other Local Revenues	472,954	0	0	472,954	308,650	408,650	64,304
Fees Received From County Officials	900,143	0	0	900,143	1,215,000	940,000	(39,857)
State of Tennessee	2,058,053	0	0	2,058,053	2,298,800	2,298,800	(240,747)
Federal Government	116,261	0	0	116,261	67,950	67,950	48,311
Other Governments and Citizens Groups	306,459	0	0	306,459	241,000	241,000	65,459
<b>Total Revenues</b>	<b>\$ 10,481,600</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 10,481,600</b>	<b>\$ 11,001,800</b>	<b>\$ 10,826,800</b>	<b>\$ (345,200)</b>
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 27,991	\$ 0	\$ 0	\$ 27,991	\$ 26,000	\$ 30,250	\$ 2,259
Board of Equalization	800	0	0	800	1,000	1,000	200
Beer Board	900	0	0	900	875	900	0
Budget and Finance Committee	750	0	0	750	1,500	1,500	750
Other Boards and Committees	3,500	0	0	3,500	3,500	3,500	0
County Mayor/Executive	155,152	(22)	0	155,130	159,967	159,967	4,837
County Attorney	40,047	0	0	40,047	28,150	40,166	119
Election Commission	192,528	(252)	0	192,276	200,550	200,550	8,274
Register of Deeds	159,896	(569)	341	159,668	159,874	165,854	6,186
Development	76,071	0	0	76,071	73,847	80,047	3,976
County Buildings	279,850	(32,589)	400	247,661	507,872	507,872	260,211
Other General Administration	38,657	0	0	38,657	20,000	38,657	0
Preservation of Records	7,006	0	0	7,006	7,900	11,750	4,744
<u>Finance</u>							
Accounting and Budgeting	16,884	0	0	16,884	16,892	16,892	8
Purchasing	3,600	0	0	3,600	3,600	3,600	0
Property Assessor's Office	114,502	0	0	114,502	118,719	118,719	4,217

(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 7/1/2018	Add: Encumbrances 6/30/2019	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	\$ 113,330	\$ 0	\$ 0	\$ 113,330	\$ 117,564	\$ 117,564	\$ 4,234
County Trustee's Office	17,981	0	0	17,981	184,259	67,301	49,320
County Clerk's Office	27,622	0	0	27,622	239,969	86,677	59,055
<u>Administration of Justice</u>							
Circuit Court	281,627	0	0	281,627	313,898	315,363	33,736
General Sessions Court	119,718	0	0	119,718	127,902	127,902	8,184
Chancery Court	177,970	0	0	177,970	183,406	183,406	5,436
Juvenile Court	46,791	0	0	46,791	45,202	47,672	881
Courtroom Security	65,425	0	0	65,425	64,531	65,857	432
Victim Assistance Programs	0	0	0	0	9,000	9,000	9,000
<u>Public Safety</u>							
Sheriff's Department	1,507,129	(19,700)	1,342	1,488,771	1,456,994	1,523,151	34,380
Workhouse	1,221,755	(350)	3,784	1,225,189	1,310,688	1,312,073	86,884
Juvenile Services	24,379	0	0	24,379	36,680	36,680	12,301
Fire Prevention and Control	112,043	0	0	112,043	130,000	130,000	17,957
Rural Fire Protection	423	0	0	423	5,500	5,500	5,077
Civil Defense	13,265	0	0	13,265	29,650	29,650	16,385
Other Emergency Management	441,492	0	0	441,492	700,749	700,749	259,257
County Coroner/Medical Examiner	16,325	0	0	16,325	25,000	25,000	8,675
<u>Public Health and Welfare</u>							
Local Health Center	61,996	(1,700)	9,968	70,264	80,120	80,120	9,856
Rabies and Animal Control	65,001	0	329	65,330	76,150	90,650	25,320
Ambulance/Emergency Medical Services	1,476,314	(27,165)	2,618	1,451,767	1,376,103	1,475,499	23,732
Dental Health Program	145,501	0	0	145,501	249,622	436,872	291,371
Other Local Health Services	542	0	0	542	2,816	2,816	2,274
Sanitation Education/Information	25,058	0	0	25,058	46,400	46,400	21,342
Other Public Health and Welfare	0	0	0	0	26,397	26,397	26,397
<u>Social, Cultural, and Recreational Services</u>							
Libraries	96,814	0	0	96,814	101,314	101,314	4,500

(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 7/1/2018	Add: Encumbrances 6/30/2019	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	\$ 92,149	\$ 0	\$ 0	\$ 92,149	\$ 93,802	\$ 93,802	\$ 1,653
Forest Service	0	0	0	0	2,000	2,000	2,000
Soil Conservation	25,550	0	0	25,550	34,982	34,982	9,432
<u>Other Operations</u>							
Industrial Development	40,000	0	0	40,000	40,750	40,750	750
Other Economic and Community Development	239,825	0	0	239,825	2,500	240,875	1,050
Airport	227,397	(385)	0	227,012	123,963	228,047	1,035
Veterans' Services	12,887	0	0	12,887	13,032	13,032	145
Contributions to Other Agencies	9,878	0	0	9,878	22,051	22,051	12,173
Employee Benefits	1,764,340	0	0	1,764,340	1,814,000	1,814,000	49,660
Miscellaneous	485,202	0	0	485,202	408,686	500,994	15,792
Total Expenditures	\$ 10,073,863	\$ (82,732)	\$ 18,782	\$ 10,009,913	\$ 10,825,926	\$ 11,415,370	\$ 1,405,457
Excess (Deficiency) of Revenues Over Expenditures	\$ 407,737	\$ 82,732	\$ (18,782)	\$ 471,687	\$ 175,874	\$ (588,570)	\$ 1,060,257
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 53,765	\$ 0	\$ 0	\$ 53,765	\$ 10,000	\$ 10,000	\$ 43,765
Transfers Out	(324,337)	0	0	(324,337)	0	(324,337)	0
Total Other Financing Sources	\$ (270,572)	\$ 0	\$ 0	\$ (270,572)	\$ 10,000	\$ (314,337)	\$ 43,765
Net Change in Fund Balance	\$ 137,165	\$ 82,732	\$ (18,782)	\$ 201,115	\$ 185,874	\$ (902,907)	\$ 1,104,022
Fund Balance, July 1, 2018	4,458,023	(82,732)	0	4,375,291	3,285,867	3,285,867	1,089,424
Fund Balance, June 30, 2019	\$ 4,595,188	\$ 0	\$ (18,782)	\$ 4,576,406	\$ 3,471,741	\$ 2,382,960	\$ 2,193,446

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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 784,653	\$ 825,000	\$ 825,000	\$ (40,347)
Licenses and Permits	20	200	200	(180)
Charges for Current Services	0	120	120	(120)
Other Local Revenues	80,205	11,500	28,800	51,405
State of Tennessee	2,981,436	4,727,039	4,727,039	(1,745,603)
Total Revenues	<u>\$ 3,846,314</u>	<u>\$ 5,563,859</u>	<u>\$ 5,581,159</u>	<u>\$ (1,734,845)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 216,313	\$ 251,409	\$ 264,909	\$ 48,596
Highway and Bridge Maintenance	1,228,702	1,514,918	1,514,918	286,216
Operation and Maintenance of Equipment	483,071	622,610	622,610	139,539
Asphalt Plant Operations	286,322	2,203,464	2,181,464	1,895,142
Other Charges	91,896	95,100	104,100	12,204
Employee Benefits	536,396	615,777	623,777	87,381
Capital Outlay	75,835	807,000	807,000	731,165
Total Expenditures	<u>\$ 2,918,535</u>	<u>\$ 6,110,278</u>	<u>\$ 6,118,778</u>	<u>\$ 3,200,243</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 927,779</u>	<u>\$ (546,419)</u>	<u>\$ (537,619)</u>	<u>\$ 1,465,398</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 35,920	\$ 3,000	\$ 3,000	\$ 32,920
Total Other Financing Sources	<u>\$ 35,920</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 32,920</u>
Net Change in Fund Balance	\$ 963,699	\$ (543,419)	\$ (534,619)	\$ 1,498,318
Fund Balance, July 1, 2018	1,020,203	778,083	778,083	242,120
Fund Balance, June 30, 2019	<u>\$ 1,983,902</u>	<u>\$ 234,664</u>	<u>\$ 243,464</u>	<u>\$ 1,740,438</u>

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

Exhibit D-1

Hardeman County, Tennessee  
Statement of Net Position  
Proprietary Fund  
June 30, 2019

	Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 340
Equity in Pooled Cash and Investments	4,203,840
Accounts Receivable	1,011,670
Allowance for Uncollectibles	(657,108)
Due from Other Funds	23,183
Cash Shortage	1,900
Total Current Assets	<u>\$ 4,583,825</u>
Noncurrent Assets:	
Net Pension Asset - Agent Plan	\$ 12,792
Capital Assets:	
Assets Not Depreciated:	
Land	219,838
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	1,157,216
Machinery and Equipment	342,631
Total Noncurrent Assets	<u>\$ 1,732,477</u>
Total Assets	<u>\$ 6,316,302</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension Changes in Experience	\$ 15,546
Pension Changes in Assumptions	13,727
Pension Contributions After Measurement Date	25,009
Total Deferred Outflows of Resources	<u>\$ 54,282</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 167,727
Payroll Deductions Payable	254
Accrued Leave - Current	6,877
Total Current Liabilities	<u>\$ 174,858</u>
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 2,846,614
Total Noncurrent Liabilities	<u>\$ 2,846,614</u>
Total Liabilities	<u>\$ 3,021,472</u>

(Continued)

Exhibit D-1

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

	Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension Changes in Experience	\$ 45,633
Pension Changes in Investment Earnings	3,488
Total Deferred Inflows of Resources	<u>\$ 49,121</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 1,719,685
Restricted for Pensions	12,792
Unrestricted	<u>1,567,514</u>
Net Position	<u>\$ 3,299,991</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, 2019

	Business-type Activities
	Major
	Enterprise Fund
	Solid Waste Disposal Fund
<u>Operating Revenues</u>	
Residential Waste Collection Charge	\$ 1,098,162
Solid Waste Disposal Fee	323,502
Service Charges	16,249
Total Operating Revenues	<u>\$ 1,437,913</u>
<u>Operating Expenses</u>	
County Official/Administrative Officer	\$ 43,030
Accountants/Bookkeepers	8,442
Laborers	187,259
Clerical Personnel	51,669
Part-time Personnel	109,999
Bonus Payments	200
Social Security	24,720
Pensions	11,054
Employee and Dependent Insurance	45,822
Disability Insurance	31,293
Unemployment Compensation	2,884
Employer Medicare	5,781
Audit Services	1,156
Communication	6,126
Consultant	34,396
Contracts with Private Agencies	210,648
Data Processing Services	9,435
Legal Notices, Recording and Court Costs	230
Maintenance and Repair Services - Buildings	694
Maintenance and Repair Services - Equipment	56,534
Maintenance and Repair Services - Vehicles	6,587
Postal Charges	489
Rentals	2,432
Travel	2,141
Disposal Fees	15,374
Other Contracted Services	6,200
Custodial Supplies	607
Data Processing Supplies	723
Food Supplies	85
Gasoline	44,408
Lubricants	9,708

(Continued)

Exhibit D-2

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

	Business-type Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>Operating Expenses (Cont.)</u>	
Office Supplies	\$ 1,989
Uniforms	2,924
Utilities	58,649
Gravel and Chert	8,583
Fencing	430
Other Supplies and Materials	2,221
Liability Insurance	10,842
Refunds	1,344
Depreciation	119,285
Surcharge	15,720
Landfill Closure/Postclosure Care Costs	77,176
Other Charges	15,369
Office Equipment	1,405
Solid Waste Equipment	9,347
Other Capital Outlay	22,662
Total Operating Expenses	<u>\$ 1,278,072</u>
Operating Income	<u>\$ 159,841</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 28,117
Miscellaneous Refunds	68
Other State Revenues	10,489
Total Nonoperating Revenues (Expenses)	<u>\$ 38,674</u>
Change in Net Position	\$ 198,515
Net Position, July 1, 2018	<u>3,101,476</u>
Net Position, June 30, 2019	<u><u>\$ 3,299,991</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, 2019

	Business-type Activities
	Major Enterprise Fund
	Solid Waste Disposal Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 1,436,329
Payments for Waste Disposal and Maintenance	(950,653)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 485,676</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Other State Revenues	\$ 10,489
Miscellaneous Refunds	68
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 10,557</u>
<u>Cash Flows from Investing Activities</u>	
Investment Income	\$ 28,117
Net Cash Provided By (Used In) Investing Activities	<u>\$ 28,117</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	\$ (256,221)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (256,221)</u>
Increase (Decrease) in Cash	\$ 268,129
Cash, July 1, 2018	<u>3,936,051</u>
Cash, June 30, 2019	<u><u>\$ 4,204,180</u></u>

(Continued)



Exhibit D-3

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

	Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income	\$ 159,841
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	119,285
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(12,128)
(Increase) in Due from Other Funds	(2,624)
Decrease in Due from Component	1,745
(Increase) in Net Pension Asset	(1,061)
Decrease in Deferred Outflows of Resources Related to Pensions	6,231
Increase in Accounts Payable	153,602
(Decrease) in Payroll Deductions Payable	(467)
(Decrease) in Due to State of Tennessee	(15)
Increase in Accrued Leave	3,216
Increase in Accrued Liability for Landfill Closure/Postclosure Costs	77,176
(Decrease) in Deferred Inflows of Resources Related to Pensions	<u>(19,125)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 485,676</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>4,203,840</u>
Cash, June 30, 2019	<u>\$ 4,204,180</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, 2019

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,137,919
Due from Other Governments	<u>322,888</u>
Total Assets	<u>\$ 1,460,807</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 322,888
Due to Litigants, Heirs, and Others	<u>1,137,919</u>
Total Liabilities	<u>\$ 1,460,807</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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**HARDEMAN COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**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, 2019.

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 types:

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

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

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 1.88 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. Restricted Assets**

Restricted assets consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Hardeman County School Department's Teacher Retirement Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the school system in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of the Hardeman County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Hardeman County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the School Department.

**4. 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

**5. 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, pension changes in experience and assumptions, pension changes in proportionate share of contributions, employer contributions made to the pension and OPEB plans after the measurement date, and OPEB changes in assumptions.

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 and OPEB changes in proportionate share of contributions, OPEB changes in experience and 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.

**6. 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.

**7. Long-term Debt and 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.

**8. 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 \$2,275,808 in restricted net position, of which \$446,637 is restricted by enabling legislation.

As of June 30, 2019, Hardeman County had \$4,264,066 in outstanding debt for capital purposes for the discretely presented Hardeman County School Department. This debt is a liability of Hardeman County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Hardeman County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

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

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

## **E. Pension Plans**

### **Primary Government**

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

**Discretely Presented Hardeman County School Department**

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

**F. Other Postemployment Benefit (OPEB) Plan**

**Discretely Presented Hardeman County School Department**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Hardeman County School Department. For this purpose, the School Department recognizes benefit payments when due and payable in accordance with benefit terms. The School Department's OPEB plan is not administered through a trust.

**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, 2019, Hardeman County and the Hardeman County School Department reported the following outstanding encumbrances in budgeted funds as follows:

<u>Fund</u>	<u>Amount</u>
Primary Government:	
General	\$ 18,782
Total	<u>\$ 18,782</u>
Discretely Presented School Department:	
General Purpose School	\$ 26,240
Total	<u>\$ 26,240</u>

**B. Cash Shortage – Prior Year**

On February 4, 2015, the Comptroller’s Division of 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. 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, 2019.

**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, 2019, 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	1 to 86	N/A	\$ 1,991,066

**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, 2019, Hardeman County's investment in the State Treasurer's Investment Pool was unrated.

### **TCRS Stabilization Trust**

**Legal Provisions.** The Hardeman County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The School Department has placed funds into the irrevocable trust as authorized by 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 trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the School Department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Hardeman County School Department may not impose any restrictions on investments placed by the trust on their behalf.

**Investment Balances.** Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value or amortized, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2019, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within

the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined using amortized cost, which approximates fair value.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary

information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter’s NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2019, the Hardeman County School Department had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 16,251
Developed Market International Equity	N/A	N/A	7,339
Emerging Market International Equity	N/A	N/A	2,097
U.S. Fixed Income	N/A	N/A	10,484
Real Estate	N/A	N/A	5,242
Short-term Securities	N/A	N/A	524
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	<u>10,484</u>
Total			<u><u>\$ 52,421</u></u>

Investment by fair value level	Fair Value 6-30-19	Fair Value Measurements Using			Amortized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Equity	\$ 16,251	\$ 16,251	0	\$ 0	0
Developed Market					
International Equity	7,339	7,339	0	0	0
Emerging Market					
International Equity	2,097	2,097	0	0	0
U.S. Fixed Income	10,484	0	10,484	0	0
Real Estate	5,242	0	0	5,242	0
Short-term Securities	524	0	524	0	0
Private Equity and Strategic Lending	10,484	0	0	0	10,484
<b>Total</b>	<b>\$ 52,421</b>	<b>\$ 25,687</b>	<b>\$ 11,008</b>	<b>\$ 5,242</b>	<b>\$ 10,484</b>

**Risks and Uncertainties.** The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Hardeman County School Department does not have the ability to limit trust 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. The Hardeman County School Department does not have the ability to limit the credit ratings of individual investments made by the trust.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Hardeman County School Department places no limit on the amount the county may invest in one issuer.

**Custodial Credit Risk.** Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Hardeman County School Department to pay retirement benefits of the School Department employees.

For further information concerning the School Department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2019/ag18092.pdf>

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2019, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 1,737,550	\$ 0	\$ 0	\$ 1,737,550
Construction in Progress	810,860	0	(810,860)	0
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 2,548,410</b>	<b>\$ 0</b>	<b>\$ (810,860)</b>	<b>\$ 1,737,550</b>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 26,878,638	\$ 991,486	\$ 0	\$ 27,870,124
Infrastructure	28,638,935	311,628	0	28,950,563
Other Capital Assets	8,782,536	354,827	(263,663)	8,873,700
<b>Total Capital Assets Depreciated</b>	<b>\$ 64,300,109</b>	<b>\$ 1,657,941</b>	<b>\$ (263,663)</b>	<b>\$ 65,694,387</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 13,443,153	\$ 929,067	\$ 0	\$ 14,372,220
Infrastructure	13,502,420	1,367,174	0	14,869,594
Other Capital Assets	5,917,242	587,218	(211,381)	6,293,079
<b>Total Accumulated Depreciation</b>	<b>\$ 32,862,815</b>	<b>\$ 2,883,459</b>	<b>\$ (211,381)</b>	<b>\$ 35,534,893</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 31,437,294</b>	<b>\$ (1,225,518)</b>	<b>\$ (52,282)</b>	<b>\$ 30,159,494</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 33,985,704</b>	<b>\$ (1,225,518)</b>	<b>\$ (863,142)</b>	<b>\$ 31,897,044</b>

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

**Governmental Activities:**

General Government	\$ 195,273
Finance	2,707
Administration of Justice	187,398
Public Safety	708,130
Public Health and Welfare	170,952
Social, Cultural, and Recreational Services	0
Highways/Public Works	<u>1,618,999</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 2,883,459</u></u>

**Business-type Activities:**

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 219,838	\$ 0	\$ 0	\$ 219,838
Total Capital Assets Not Depreciated	<u>\$ 219,838</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 219,838</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 2,482,217	\$ 0	\$ 0	\$ 2,482,217
Machinery and Equipment	843,977	256,221	(328,789)	771,409
Total Capital Assets Depreciated	<u>\$ 3,326,194</u>	<u>\$ 256,221</u>	<u>\$ (328,789)</u>	<u>\$ 3,253,626</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,236,420	\$ 88,581	\$ 0	\$ 1,325,001
Machinery and Equipment	726,863	30,704	(328,789)	428,778
Total Accumulated Depreciation	<u>\$ 1,963,283</u>	<u>\$ 119,285</u>	<u>\$ (328,789)</u>	<u>\$ 1,753,779</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,362,911</u>	<u>\$ 136,936</u>	<u>\$ 0</u>	<u>\$ 1,499,847</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,582,749</u>	<u>\$ 136,936</u>	<u>\$ 0</u>	<u>\$ 1,719,685</u>

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



**Business-type Activities:**

Solid Waste Disposal	<u>\$ 119,285</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$ 119,285</u></u>

**Discretely Presented Hardeman County School Department**

**Governmental Activities:**

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 358,116	\$ 0	\$ 0	\$ 358,116
Construction in Progress	1,223,530	3,342,694	(998,204)	3,568,020
Total Capital Assets Not Depreciated	<u>\$ 1,581,646</u>	<u>\$ 3,342,694</u>	<u>\$ (998,204)</u>	<u>\$ 3,926,136</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 31,741,313	\$ 1,787,345	\$ 0	\$ 33,528,658
Other Capital Assets	9,500,718	319,674	(34,430)	9,785,962
Total Capital Assets Depreciated	<u>\$ 41,242,031</u>	<u>\$ 2,107,019</u>	<u>\$ (34,430)</u>	<u>\$ 43,314,620</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 21,729,708	\$ 994,085	\$ 0	\$ 22,723,793
Other Capital Assets	7,176,936	504,347	(34,430)	7,646,853
Total Accumulated Depreciation	<u>\$ 28,906,644</u>	<u>\$ 1,498,432</u>	<u>\$ (34,430)</u>	<u>\$ 30,370,646</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,335,387</u>	<u>\$ 608,587</u>	<u>\$ 0</u>	<u>\$ 12,943,974</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,917,033</u>	<u>\$ 3,951,281</u>	<u>\$ (998,204)</u>	<u>\$ 16,870,110</u>

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

**Governmental Activities:**

Instruction	\$ 647,761
Support Services	754,676
Operation of Non-instructional Services	<u>95,995</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,498,432</u>

**C. Construction Commitments**

At June 30, 2019, the School Department had uncompleted construction contracts of approximately \$668,154 for gym renovations. Funding has been received for these future expenditures.

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

The composition of interfund balances as of June 30, 2019, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 2,055
Solid Waste Disposal	General	23,183
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	140,007
Nonmajor governmental	General Purpose School	8,760

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.

A portion of the receivable in the General Purpose School Fund totaling \$61,693 was in transit from a nonmajor governmental fund at June 30, 2019. Also, a portion of the receivable in the nonmajor governmental funds was in transit from the General Purpose School Fund totaling \$5,458 at June 30, 2019.

**Due to/from Primary Government and Component Unit:**

Receivable Fund	Payable Fund	Amount
Primary Government: Governmental Activities	Component Unit: School Department: Governmental Activities	\$ 40,066

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.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2019, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In		Purpose
	General Debt Service	Nonmajor Governmental Funds	
General Fund	\$ 311,733	\$ 0	Debt retirement
"		12,604	Capital outlay
<b>Total</b>	<b>\$ 311,733</b>	<b>\$ 12,604</b>	

**Discretely Presented Hardeman County School Department**

Transfers Out	Transfers In		Purpose
	General Purpose School Fund	Nonmajor Governmental Fund	
General Purpose School Fund	\$ 0	\$ 53,085	Program costs
"	0	4,100,000	Capital outlay
Nonmajor governmental fund	140,007	0	Indirect costs
<b>Total</b>	<b>\$ 140,007</b>	<b>\$ 4,153,085</b>	

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

**E. Long-term Debt**

**Primary Government**

**General Obligation Bonds, Notes, and Other Loan**

General Obligation Bonds - Hardeman County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds were issued for original terms of up to 26 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements - Hardeman County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes, and other loans outstanding were issued for original terms of up to 12 years for notes and up to nine years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes, and other loans included in long-term debt as of June 30, 2019, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and the other loan outstanding as of June 30, 2019, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-19
General Obligation Bonds	2 to 3	%	4-1-30	\$ 2,815,000	\$ 1,945,000
General Obligation Bonds - Refunding	2 to 5		6-1-43	21,800,000	19,255,000
Direct Borrowing and Direct Placement:					
Capital Outlay Notes	2.59 to 4.45		10-21-27	1,190,000	662,420
Other Loan	0		11-1-21	127,611	44,066

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, 2019, 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, 2019, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2025-2029	3,555,000	2,214,875	5,769,875
2030-2034	3,435,000	1,774,912	5,209,912
2035-2039	4,470,000	1,249,463	5,719,463
2040-2043	4,500,000	399,702	4,899,702
Total	\$ 21,200,000	\$ 8,340,978	\$ 29,540,978

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
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
2025-2028	294,377	19,326	313,703
Total	\$ 662,420	\$ 85,192	\$ 747,612

Year Ending June 30	Other Loan - Direct Placement Principal
2020	\$ 18,228
2021	18,228
2022	<u>7,610</u>
Total	<u>\$ 44,066</u>

There is \$614,975 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$778, based on the 2010 federal census. Total debt per capita, including bonds, notes, the other loan and unamortized debt premiums, totaled \$815, 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 Debt</u>	<u>Outstanding 6-30-19</u>
<u>Other Loan Payable - Direct Placement</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Efficient School Initiative	\$ 44,066

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2019, was as follows:

Governmental Activities:

	Bonds	Notes - Direct Placement	Other Loans- Direct Placement
Balance, July 1, 2018	\$ 22,165,000	\$ 763,152	\$ 62,294
Reductions	(965,000)	(100,732)	(18,228)
Balance, June 30, 2019	<u>\$ 21,200,000</u>	<u>\$ 662,420</u>	<u>\$ 44,066</u>
Balance Due Within One Year	<u>\$ 990,000</u>	<u>\$ 102,305</u>	<u>\$ 18,228</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities, - Debt, June 30, 2019	\$ 21,906,486
Less: Balance Due Within One Year - Debt	(1,110,533)
Add: Unamortized Premium on Debt	<u>306,797</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 21,102,750</u>

**F. Long-term Obligations**

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2019, was as follows:

	<u>Compensated Absences</u>
Balance, July 1, 2018	\$ 189,882
Additions	230,692
Reductions	<u>(275,280)</u>
Balance, June 30, 2019	<u>\$ 145,294</u>
Balance Due Within One Year	<u>\$ 145,294</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2019	\$ 145,294
Less: Balance Due Within One Year - Other	<u>(145,294)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u><u>\$ 0</u></u>

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

**Hardeman County Solid Waste Disposal (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, 2019, was as follows:

Business-type Activities:

	Landfill Closure/ Postclosure Care Costs	Compensated Absences
Balance, July 1, 2018	\$ 2,769,438	\$ 3,661
Additions	77,176	10,998
Reductions	0	(7,782)
Balance, June 30, 2019	<u><u>\$ 2,846,614</u></u>	<u><u>\$ 6,877</u></u>
Balance Due Within One Year	<u><u>\$ 0</u></u>	<u><u>\$ 6,877</u></u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2019	\$ 2,853,491
Less: Balance Due Within One Year - Other	<u>(6,877)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u><u>\$ 2,846,614</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, 2019, was as follows:



Governmental Activities:

	Compensated Absences	Net OPEB Liability
Balance, July 1, 2018	\$ 150,696	\$ 3,205,827
Additions	97,761	371,066
Reductions	(80,610)	(418,432)
Balance, June 30, 2019	<u>\$ 167,847</u>	<u>\$ 3,158,461</u>
Balance Due Within One Year	<u>\$ 43,189</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2019	\$ 3,326,308
Less: Balance Due Within One Year - Other	<u>(43,189)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 3,283,119</u>

Compensated absences and the net OPEB liability will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hardeman County School Department. These payments are made by the state to the Local Education Group Insurance Plan. 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, 2019, were \$103,172. 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 Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement

No. 83, *Certain Asset Retirement Obligations*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* became effective for the year ended June 30, 2019. In addition, Hardeman County early implemented the provisions of GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes accounting and reporting requirements for certain asset retirement obligations (AROs) associated with tangible capital assets. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, and expense/expenditures. In addition, this standard establishes note disclosure requirements for AROs.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements* addresses note disclosure requirements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should report when disclosing information related to debt. These required disclosures include direct borrowings and direct placements, unused lines of credit, assets pledged as collateral for debt, terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period* amends paragraphs 5 through 22 of GASB Statement No. 62. This standard establishes that interest cost incurred before the end of a construction period should be recognized as an expense/expenditure. The changes adopted to conform with this standard are to be applied prospectively.

**C. Contingent Liabilities**

The county and School Department are involved in several pending lawsuits. Management estimates that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

**D. Changes in Administration**

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.

**E. Landfill Closure/Postclosure Care Costs**

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,846,614 reported as landfill closure and postclosure care liability at June 30, 2019, represents the cumulative amount reported to date based on the use of 96 percent of the estimated capacity of the extension landfill site (\$1,294,003) and for the original landfill site closed in 1999 (\$1,552,611) and represents estimates of the cost to perform all closure and postclosure care in 2019. The county will recognize the remaining estimated costs of closure and postclosure care of \$53,917 on the operating landfill as the remaining estimated capacity is filled. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. Joint Venture**

The Bolivar/Hardeman County Library is jointly owned by Hardeman County and the City of Bolivar and is operated by an appointed board. The board comprises seven members, four of whom are appointed by the Hardeman County Mayor. The remaining three members are appointed by the Bolivar City Mayor. Hardeman County has control over budgeting and financing the joint venture only to the extent of representation by the four board members appointed. Hardeman County contributed \$87,814 to the operations of the library during the year ended June 30, 2019.

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

Administrative Office:

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

**G. Retirement Commitments**

**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 58.77 percent, the non-certified employees of the discretely presented School Department comprised 41.23 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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

*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, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	240
Inactive Employees Entitled to But Not Yet Receiving Benefits	350
Active Employees	358
Total	948

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are noncontributory. 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, 2019, the employer contribution for Hardeman County was \$969,173 based on a rate of 10.15 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, 2018, 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, 2018, 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 3.44% 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, 2018, 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	
			100	%
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.

*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 (Asset) (a)-(b)
Balance, July 1, 2017	\$ 32,303,812	\$ 32,709,408	\$ (405,596)
Changes for the Year:			
Service Cost	\$ 772,435	\$ 0	\$ 772,435
Interest	2,346,767	0	2,346,767
Differences Between Expected and Actual Experience	306,954	0	306,954
Changes in Assumptions	0	0	0
Contributions-Employer	0	844,019	(844,019)
Contributions-Employees	0	0	0
Net Investment Income	0	2,689,958	(2,689,958)
Benefit Payments, Including Refunds of Employee Contributions	(1,414,098)	(1,414,098)	0
Administrative Expense	0	(35,047)	35,047
Other Changes	0	0	0
Net Changes	\$ 2,012,058	\$ 2,084,832	\$ (72,774)
Balance, June 30, 2018	\$ 34,315,870	\$ 34,794,240	\$ (478,370)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	58.77%	\$ 20,167,437	\$ 20,448,575	\$ (281,138)
School Department	41.23%	14,148,433	14,345,665	(197,232)
Total		\$ 34,315,870	\$ 34,794,240	\$ (478,370)

*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 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability      \$ 3,913,459    \$ (478,370)    \$ (4,138,991)

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

*Pension Expense.* For the year ended June 30, 2019, Hardeman County recognized pension expense of \$467,200.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, 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	\$ 581,354	\$ 1,706,525
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	130,449
Changes in Assumptions	513,359	0
Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	969,173	N/A
Total	<u>\$ 2,063,886</u>	<u>\$ 1,836,974</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2018,” 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	\$ 1,163,561	\$ 1,030,469
Business-type Activities	54,282	49,121
School Department	846,043	757,384
Total	<u>\$ 2,063,886</u>	<u>\$ 1,836,974</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
2020	\$ 118,621
2021	(472,364)
2022	(366,227)
2023	(22,291)
2024	0
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 58.77 percent and the non-certified employees of the

discretely presented School Department comprised 41.23 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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

*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, 2019, to the Teacher Retirement Plan were \$53,549, which is 1.94 percent of covered payroll. In addition, employer contributions of \$49,775, which is 1.8 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, 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, 2019, the School Department reported a liability (asset) of (\$143,131) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, 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, 2018, the School Department's proportion was .315594 percent. The proportion as of June 30, 2017, was .333895 percent.

*Pension Expense.* For the year ended June 30, 2019, the School Department recognized pension expense of \$49,183.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, 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	\$ 8,107	\$ 5,701
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	8,085
Changes in Assumptions	6,752	0
Changes in Proportion of Net Pension Liability (Asset)	6,546	3,202
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018 (1)	53,549	N/A
Total	<u>\$ 74,954</u>	<u>\$ 16,988</u>

The School Department's employer contributions of \$53,549, 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, 2020. 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
2020	\$ (746)
2021	(1,002)
2022	(2,151)
2023	(42)
2024	1,035
Thereafter	7,323

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, 2018, 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 3.44% 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, 2018, 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 investment 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 weighing 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.

*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%
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Net Pension Liability      \$      22,128      \$      (143,131)      \$      (264,887)

*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/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies](http://www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies).

*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, 2019, to the Teacher Legacy Pension Plan were \$1,510,276, which is 10.46 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, 2019, the School Department reported a liability (asset) of (\$1,505,787) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, 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, 2018, the School Department's proportion was .433697 percent. The proportion measured at June 30, 2017, was .427912 percent.

*Pension Expense (Negative Pension Expense).* For the year ended June 30, 2019, the School Department recognized (negative) pension expense of (\$435,947).

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, 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	\$ 304,371	\$ 2,031,426
Changes in Assumptions	889,325	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	327,722
Changes in Proportion of Net Pension Liability (Asset)	56,268	74,328
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	<u>1,510,276</u>	N/A
Total	<u>\$ 2,760,240</u>	<u>\$ 2,433,476</u>

The School Department's employer contributions of \$1,510,276 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, 2020. 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
2020	\$ 305,499
2021	(485,787)
2022	(860,067)
2023	(143,157)
2024	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, 2018, 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 3.44% 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, 2018, 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	
			100	%
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.

*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%
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Net Pension Liability    \$ 11,607,554    \$ (1,505,787)    \$ (12,355,250)

*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 \$139,728 and teachers contributed \$62,937 to this deferred compensation pension plan.

**H. 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 meet the criteria of paragraph 4 of GASB Statement No. 75.

**OPEB Provided Through State Administered Public Entity Risk Pools**

The School Department provides healthcare benefits to its retirees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified retirees 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 for the plan was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and other inputs.* The total OPEB liability in the June 30, 2018 actuarial valuation of the 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 increases used in the July 1, 2108 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.62%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.75% for the 2019 calendar year, and gradually decreasing over a 32-year period to an ultimate trend rate of 3.53% with .32% added to approximate the effect of the excise tax
Retirees Share of Benefit Related Cost	Discussed below

The discount rate was 3.62 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, 2018, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2018, Pension Actuarial Valuation of the 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 2.0 percent load for males and a -3.0 percent 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 percent load.

*Changes in Assumptions.* The discount rate changed from 3.56 percent as of the beginning of the measurement period to 3.62 percent as of the measurement date of June 30, 2018. The healthcare cost trend rate changed from 5.40 percent as of the beginning of the measurement period to 6.75 percent as of the measurement date of June 30, 2018.

### **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 1, 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. During the year, Hardeman County provided a direct subsidy for eligible retirees' premiums based on years of service. Retirees with 25 or more years of service receive 45 percent; 20 but less than 25 years, 35 percent, and 15 but less than 20 years, 25 percent toward the cost of the insurance plan selected by the retiree. Also, the state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees' premiums based on years of service. Retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; 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, 2018, the following employees were covered by the benefit terms:

	<u>School Department</u>
Retirees and Beneficiaries	34
Inactive, nonretired members	0
Active Members Eligible for Future Benefits	385
Active Members Not Eligible for Future Benefits	55
Total	<u><u>474</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 \$166,477 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	Share of Collective Liability		Total OPEB Liability
	Hardeman County School Department 63.9817%	State of TN 36.0183%	
Balance July 1, 2017	\$ 3,205,827	\$ 1,783,763	\$ 4,989,590
Changes for the Year:			
Service Cost	\$ 152,421	\$ 85,805	\$ 238,226
Interest	115,986	65,294	181,280
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	(231,396)	(130,264)	(361,660)
Changes in Proportion	(13,402)	13,402	0
Changes in Assumption and Other Inputs	102,659	57,792	160,451
Benefit Payments	(173,634)	(97,746)	(271,380)
Net Changes	\$ (47,366)	\$ (5,717)	\$ (53,083)
Balance June 30, 2018	\$ 3,158,461	\$ 1,778,046	\$ 4,936,507

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 employer's 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 \$239,029 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 63.9817% and the State of Tennessee's share was 36.0183%.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2019, the School Department recognized OPEB expense of \$376,877, including the state's share of the expense. At June 30, 2019, 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	\$ 208,930
Changes of Assumptions/Inputs	92,692	115,255
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	0	19,557
Benefits Paid After the Measurement Date of June 30, 2018	<u>166,477</u>	<u>0</u>
Total	<u>\$ 259,169</u>	<u>\$ 343,742</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:

<u>Year Ending June 30</u>	<u>School Department</u>
2020	\$ 29,378
2021	29,378
2022	29,378
2023	29,378
2024	29,378
Thereafter	104,160

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	Current Discount Rate	1% Increase
	2.62%	3.62%	4.62%

Proportionate Share of the Collective Total OPEB Liability	\$ 3,377,173	\$ 3,158,461	\$ 2,949,489
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*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.

<u>Healthcare Cost Trend Rate</u>	1% Decrease	Current Rate	1% Increase
	5.75 to 2.85%	6.75 to 3.85%	7.75 to 4.85%

Proportionate Share of the Collective Total OPEB Liability	\$ 2,831,053	\$ 3,158,461	\$ 3,541,411
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## **I. Purchasing Laws**

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

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

**J. Subsequent Event**

On October 15, 2019, Warner Ross, Jr., Director of Schools, took a leave of absence for military deployment. Robert Doyle has been appointed to serve as interim director of schools in his absence.

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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	2018
<b>Total Pension Liability</b>					
Service Cost	\$ 720,165	\$ 745,213	\$ 769,187	\$ 743,695	\$ 772,435
Interest	1,984,478	2,264,265	2,227,861	2,303,730	2,346,767
Differences Between Actual and Expected Experience	2,014,756	(2,342,360)	(700,148)	(863,492)	306,954
Changes in Assumptions	0	0	0	770,039	0
Benefit Payments, Including Refunds of Employee Contributions	(948,864)	(1,079,052)	(1,273,914)	(1,245,724)	(1,414,098)
Net Change in Total Pension Liability	\$ 3,770,535	\$ (411,934)	\$ 1,022,986	\$ 1,708,248	\$ 2,012,058
Total Pension Liability, Beginning	26,213,977	29,984,512	29,572,578	30,595,564	32,303,812
Total Pension Liability, Ending (a)	\$ 29,984,512	\$ 29,572,578	\$ 30,595,564	\$ 32,303,812	\$ 34,315,870
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 767,506	\$ 772,148	\$ 767,538	\$ 766,716	\$ 844,019
Contributions - Employee	0	394	0	14,061	0
Net Investment Income	4,154,524	889,770	778,962	3,356,358	2,689,958
Benefit Payments, Including Refunds of Employee Contributions	(948,864)	(1,079,052)	(1,273,914)	(1,245,724)	(1,414,098)
Administrative Expense	(13,867)	(18,785)	(27,551)	(30,536)	(35,047)
Net Change in Plan Fiduciary Net Position	\$ 3,959,299	\$ 564,475	\$ 245,035	\$ 2,860,875	\$ 2,084,832
Plan Fiduciary Net Position, Beginning	25,079,724	29,039,023	29,603,498	29,848,533	32,709,408
Plan Fiduciary Net Position, Ending (b)	\$ 29,039,023	\$ 29,603,498	\$ 29,848,533	\$ 32,709,408	\$ 34,794,240
Net Pension Liability (Asset), Ending (a - b)	\$ 945,489	\$ (30,920)	\$ 747,031	\$ (405,596)	\$ (478,370)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.85%	100.10%	97.56%	101.26%	101.39%
Covered Payroll	\$ 8,623,652	\$ 8,666,079	\$ 8,619,206	\$ 8,607,854	\$ 9,184,089
Net Pension Liability (Asset) as a Percentage of Covered Payroll	10.96%	0.36%	8.67%	(4.71)%	(5.21)%

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and 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	2019
Actuarially Determined Contribution	\$ 767,506	\$ 772,148	\$ 767,538	\$ 766,716	\$ 844,019	\$ 969,173
Less Contributions in Relation to the Actuarially Determined Contribution	(767,506)	(772,148)	(767,538)	(766,716)	(844,019)	(969,173)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 8,623,652	\$ 8,666,079	\$ 8,619,206	\$ 8,607,854	\$ 9,184,089	\$ 9,619,443
Contributions as a Percentage of Covered Payroll	8.90%	8.91%	8.90%	8.91%	9.19%	10.15%

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

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and 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	2019
Contractually Required Contribution	\$ 33,360	\$ 53,252	\$ 87,659	\$ 44,974	\$ 53,549
Less Contributions in Relation to the Contractually Required Contribution	(33,360)	(53,252)	(87,659)	(110,316)	(53,549)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (65,342)	\$ 0
Covered Payroll	\$ 833,981	\$ 1,331,303	\$ 2,121,651	\$ 2,757,924	\$ 2,760,269
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.13%	4.00%	1.94%

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	2019
Contractually Required Contribution	\$ 1,524,099	\$ 1,509,819	\$ 1,463,697	\$ 1,385,918	\$ 1,360,556	\$ 1,510,276
Less Contributions in Relation to the Contractually Required Contribution	(1,524,099)	(1,509,819)	(1,463,697)	(1,385,918)	(1,360,556)	(1,510,276)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 17,163,279	\$ 16,701,599	\$ 16,191,323	\$ 15,400,814	\$ 14,984,072	\$ 14,438,667
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.00%	9.08%	10.46%

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability (Asset)	0.393109%	0.302566%	0.333895%	0.315594%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (16,148)	\$ (31,498)	\$ (88,093)	\$ (143,131)
Covered Payroll	\$ 833,981	\$ 1,331,303	\$ 2,121,651	\$ 2,757,924
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.15)%	(5.19)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%

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>2014</u>	<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%	0.427912%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (71,056)	\$ 182,757	\$ 2,803,117	\$ (141,899)	\$ (1,505,787)
Covered Payroll	\$ 17,163,279	\$ 16,701,599	\$ 16,191,323	\$ 15,400,814	\$ 14,984,072
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)%	(10.05)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%

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

Exhibit F-7

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

	2017	2018
<b>Total OPEB Liability</b>		
Service Cost	\$ 256,757	\$ 238,226
Interest	151,532	181,280
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(361,660)
Changes in Assumptions or Other Inputs	(226,325)	160,451
Benefit Payments	(250,134)	(271,380)
Net Change in Total OPEB Liability	\$ (68,170)	\$ (53,083)
Total OPEB Liability, Beginning	5,057,760	4,989,590
Total OPEB Liability, Ending	<u>\$ 4,989,590</u>	<u>\$ 4,936,507</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 1,783,763	\$ 1,778,046
Employer Proportionate Share of the Total OPEB Liability	3,205,827	3,158,461
Covered Employee Payroll	\$ 21,528,041	\$ 21,087,541
Net OPEB Liability as a Percentage of Covered Employee Payroll	14.89%	14.98%

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%
2019	3.62%

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, 2019**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for fiscal year 2019 were calculated based on the June 30, 2017, 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	2.5%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation Averaging 4%
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	2.25%

*Changes in Assumptions:* In 2017, the following assumptions were changed: (1) decreased the inflation rate from 3.0 to 2.5 percent; (2) decreased the investment rate from 7.5 to 7.25 percent; (3) decreased the cost-of-living adjustment from 2.5 to 2.25 percent; (4) decreased the salary growth rate graded ranges from an average of 4.25 to 4.0 percent; and (5) modified the mortality assumptions.

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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, 2019

	<u>Special Revenue Funds</u>		
	Drug Control	Constitu - tional Officers - Fees	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 70,279	\$ 70,279
Equity in Pooled Cash and Investments	253,095	0	253,095
Accounts Receivable	0	180	180
Total Assets	<u>\$ 253,095</u>	<u>\$ 70,459</u>	<u>\$ 323,554</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 6,104	\$ 0	\$ 6,104
Due to Other Funds	0	2,055	2,055
Total Liabilities	<u>\$ 6,104</u>	<u>\$ 2,055</u>	<u>\$ 8,159</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Public Safety	\$ 246,991	\$ 0	\$ 246,991
Committed:			
Committed for Finance	0	68,404	68,404
Total Fund Balances	<u>\$ 246,991</u>	<u>\$ 68,404</u>	<u>\$ 315,395</u>
Total Liabilities and Fund Balances	<u>\$ 253,095</u>	<u>\$ 70,459</u>	<u>\$ 323,554</u>

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, 2019

	<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>Revenues</u>					
Fines, Forfeitures, and Penalties	\$ 153,920	\$ 0	\$ 153,920	\$ 0	\$ 153,920
Charges for Current Services	0	358,430	358,430	0	358,430
Total Revenues	\$ 153,920	\$ 358,430	\$ 512,350	\$ 0	\$ 512,350
<u>Expenditures</u>					
Current:					
Finance	\$ 0	\$ 367,838	\$ 367,838	\$ 0	\$ 367,838
Administration of Justice	0	2,608	2,608	0	2,608
Public Safety	48,485	0	48,485	0	48,485
Capital Projects	0	0	0	390,537	390,537
Total Expenditures	\$ 48,485	\$ 370,446	\$ 418,931	\$ 390,537	\$ 809,468
Excess (Deficiency) of Revenues Over Expenditures	\$ 105,435	\$ (12,016)	\$ 93,419	\$ (390,537)	\$ (297,118)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 0	\$ 12,604	\$ 12,604
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 12,604	\$ 12,604
Net Change in Fund Balances	\$ 105,435	\$ (12,016)	\$ 93,419	\$ (377,933)	\$ (284,514)
Fund Balance, July 1, 2018	141,556	80,420	221,976	377,933	599,909
Fund Balance, June 30, 2019	\$ 246,991	\$ 68,404	\$ 315,395	\$ 0	\$ 315,395

Exhibit G-3

Hardeman County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 153,920	\$ 65,000	\$ 65,000	\$ 88,920
Total Revenues	\$ 153,920	\$ 65,000	\$ 65,000	\$ 88,920
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 48,485	\$ 30,450	\$ 58,929	\$ 10,444
Total Expenditures	\$ 48,485	\$ 30,450	\$ 58,929	\$ 10,444
Excess (Deficiency) of Revenues Over Expenditures	\$ 105,435	\$ 34,550	\$ 6,071	\$ 99,364
Net Change in Fund Balance	\$ 105,435	\$ 34,550	\$ 6,071	\$ 99,364
Fund Balance, July 1, 2018	141,556	137,316	137,316	4,240
Fund Balance, June 30, 2019	\$ 246,991	\$ 171,866	\$ 143,387	\$ 103,604

# **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, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,103,391	\$ 1,044,900	\$ 1,044,900	\$ 58,491
Other Governments and Citizens Groups	705,743	0	705,743	0
<b>Total Revenues</b>	<b>\$ 1,809,134</b>	<b>\$ 1,044,900</b>	<b>\$ 1,750,643</b>	<b>\$ 58,491</b>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 485,732	\$ 426,780	\$ 487,485	\$ 1,753
Education	598,228	580,000	598,228	0
<u>Interest on Debt</u>				
General Government	517,459	508,856	526,577	9,118
Education	106,312	109,412	109,412	3,100
<u>Other Debt Service</u>				
General Government	15,769	13,000	18,000	2,231
Education	1,203	1,250	1,250	47
<b>Total Expenditures</b>	<b>\$ 1,724,703</b>	<b>\$ 1,639,298</b>	<b>\$ 1,740,952</b>	<b>\$ 16,249</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 84,431	\$ (594,398)	\$ 9,691	\$ 74,740
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 311,733	\$ 690,000	\$ 314,218	\$ (2,485)
<b>Total Other Financing Sources</b>	<b>\$ 311,733</b>	<b>\$ 690,000</b>	<b>\$ 314,218</b>	<b>\$ (2,485)</b>
Net Change in Fund Balance	\$ 396,164	\$ 95,602	\$ 323,909	\$ 72,255
Fund Balance, July 1, 2018	218,811	55,358	55,358	163,453
<b>Fund Balance, June 30, 2019</b>	<b>\$ 614,975</b>	<b>\$ 150,960</b>	<b>\$ 379,267</b>	<b>\$ 235,708</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, 2019

	<u>Agency Funds</u>		
	Cities -	Constitu-	
	Sales	tional	
	Tax	Officers -	
		Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,137,919	\$ 1,137,919
Due from Other Governments	322,888	0	322,888
Total Assets	<u>\$ 322,888</u>	<u>\$ 1,137,919</u>	<u>\$ 1,460,807</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 322,888	\$ 0	\$ 322,888
Due to Litigants, Heirs, and Others	0	1,137,919	1,137,919
Total Liabilities	<u>\$ 322,888</u>	<u>\$ 1,137,919</u>	<u>\$ 1,460,807</u>

Exhibit I-2

Hardeman County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2019

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,855,862	\$ 1,855,862	\$ 0
Due from Other Governments	316,507	322,888	316,507	322,888
Total Assets	\$ 316,507	\$ 2,178,750	\$ 2,172,369	\$ 322,888
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 316,507	\$ 2,178,750	\$ 2,172,369	\$ 322,888
Total Liabilities	\$ 316,507	\$ 2,178,750	\$ 2,172,369	\$ 322,888
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,290,618	\$ 6,504,725	\$ 6,657,424	\$ 1,137,919
Total Assets	\$ 1,290,618	\$ 6,504,725	\$ 6,657,424	\$ 1,137,919
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,290,618	\$ 6,504,725	\$ 6,657,424	\$ 1,137,919
Total Liabilities	\$ 1,290,618	\$ 6,504,725	\$ 6,657,424	\$ 1,137,919
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,290,618	\$ 6,504,725	\$ 6,657,424	\$ 1,137,919
Equity in Pooled Cash and Investments	0	1,855,862	1,855,862	0
Due from Other Governments	316,507	322,888	316,507	322,888
Total Assets	\$ 1,607,125	\$ 8,683,475	\$ 8,829,793	\$ 1,460,807
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 316,507	\$ 2,178,750	\$ 2,172,369	\$ 322,888
Due to Litigants, Heirs, and Others	1,290,618	6,504,725	6,657,424	1,137,919
Total Liabilities	\$ 1,607,125	\$ 8,683,475	\$ 8,829,793	\$ 1,460,807



# 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, two Special Revenue Funds, and a Capital Projects Fund.

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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.

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

Exhibit J-1

Hardeman County, Tennessee  
Statement of Activities  
Discretely Presented Hardeman County School Department  
For the Year Ended June 30, 2019

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	\$ 21,412,399	\$ 0	\$ 2,208,534	\$ 75,000	\$ (19,128,865)
Support Services	10,392,353	94,556	118,703	0	(10,179,094)
Operation of Non-instructional Services	3,673,816	191,852	2,408,989	0	(1,072,975)
<b>Total Governmental Activities</b>	<b>\$ 35,478,568</b>	<b>\$ 286,408</b>	<b>\$ 4,736,226</b>	<b>\$ 75,000</b>	<b>\$ (30,380,934)</b>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 5,801,703
Local Option Sales Taxes					2,420,630
Other Local Taxes					2,234
Grants and Contributions Not Restricted for Specific Programs					24,249,200
Miscellaneous					85,522
<b>Total General Revenues</b>					<b>\$ 32,559,289</b>
Change in Net Position					\$ 2,178,355
Net Position, July 1, 2018					20,820,388
Net Position, June 30, 2019					<b>\$ 22,998,743</b>

Exhibit J-2

Hardeman County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Hardeman County School Department  
June 30, 2019

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Purpose</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>	<u>mental</u>	<u>Funds</u>
		<u>Funds</u>	
<u>ASSETS</u>			
Cash	\$ 0	\$ 17	\$ 17
Equity in Pooled Cash and Investments	3,854,552	1,761,127	5,615,679
Accounts Receivable	3,249	6,752	10,001
Due from Other Governments	747,901	611,553	1,359,454
Due from Other Funds	140,007	8,760	148,767
Property Taxes Receivable	5,904,987	0	5,904,987
Allowance for Uncollectible Property Taxes	(211,488)	0	(211,488)
Restricted Assets	52,421	0	52,421
Total Assets	<u>\$ 10,491,629</u>	<u>\$ 2,388,209</u>	<u>\$ 12,879,838</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 59	\$ 0	\$ 59
Payroll Deductions Payable	10,843	0	10,843
Due to Other Funds	3,302	78,314	81,616
Total Liabilities	<u>\$ 14,204</u>	<u>\$ 78,314</u>	<u>\$ 92,518</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 5,523,279	\$ 0	\$ 5,523,279
Deferred Delinquent Property Taxes	146,744	0	146,744
Other Deferred/Unavailable Revenue	211,232	0	211,232
Total Deferred Inflows of Resources	<u>\$ 5,881,255</u>	<u>\$ 0</u>	<u>\$ 5,881,255</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 15,225	\$ 833	\$ 16,058
Restricted for Instruction	5,768	0	5,768
Restricted for Operation of Non-instructional Services	0	831,820	831,820
Restricted for Hybrid Retirement Stabilization Funds	52,421	0	52,421
Committed:			
Committed for Education	553,009	0	553,009
Committed for Capital Projects	0	727,242	727,242
Assigned:			
Assigned for Education	26,240	750,000	776,240
Unassigned	3,943,507	0	3,943,507
Total Fund Balances	<u>\$ 4,596,170</u>	<u>\$ 2,309,895</u>	<u>\$ 6,906,065</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,491,629</u>	<u>\$ 2,388,209</u>	<u>\$ 12,879,838</u>

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, 2019

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)		\$ 6,906,065
(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	3,568,020	
Add: buildings and improvements net of accumulated depreciation	10,804,865	
Add: other capital assets net of accumulated depreciation	<u>2,139,109</u>	16,870,110
(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	\$ (44,066)	
Less: net OPEB liability	(3,158,461)	
Less: compensated absences payable	<u>(167,847)</u>	(3,370,374)
(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	\$ 3,681,237	
Less: deferred inflows of resources related to pensions	(3,207,848)	
Add: deferred outflows of resources related to OPEB	259,169	
Less: deferred inflows of resources related to OPEB	<u>(343,742)</u>	388,816
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 197,232	
Add: net pension asset - teacher retirement plan	143,131	
Add: net pension asset - teacher legacy plan	<u>1,505,787</u>	1,846,150
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>357,976</u>
Net position of governmental activities (Exhibit A)		<u>\$ 22,998,743</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, 2019

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 8,235,868	\$ 0	\$ 8,235,868
Licenses and Permits	2,480	0	2,480
Charges for Current Services	57,267	191,852	249,119
Other Local Revenues	336,358	14,197	350,555
State of Tennessee	23,427,934	32,218	23,460,152
Federal Government	39,432	5,385,700	5,425,132
Total Revenues	<u>\$ 32,099,339</u>	<u>\$ 5,623,967</u>	<u>\$ 37,723,306</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 18,001,541	\$ 2,080,293	\$ 20,081,834
Support Services	11,474,581	776,979	12,251,560
Operation of Non-Instructional Services	1,062,632	2,684,465	3,747,097
Capital Outlay	460,231	3,372,758	3,832,989
Debt Service:			
Other Debt Service	705,743	0	705,743
Total Expenditures	<u>\$ 31,704,728</u>	<u>\$ 8,914,495</u>	<u>\$ 40,619,223</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 394,611</u>	<u>\$ (3,290,528)</u>	<u>\$ (2,895,917)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 99,566	\$ 0	\$ 99,566
Transfers In	140,007	4,153,085	4,293,092
Transfers Out	(4,153,085)	(140,007)	(4,293,092)
Total Other Financing Sources (Uses)	<u>\$ (3,913,512)</u>	<u>\$ 4,013,078</u>	<u>\$ 99,566</u>
Net Change in Fund Balances	\$ (3,518,901)	\$ 722,550	\$ (2,796,351)
Fund Balance, July 1, 2018	8,115,071	1,587,345	9,702,416
Fund Balance, June 30, 2019	<u>\$ 4,596,170</u>	<u>\$ 2,309,895</u>	<u>\$ 6,906,065</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, 2019

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ (2,796,351)
(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	\$ 4,451,509	
Less: current-year depreciation expense	<u>(1,498,432)</u>	2,953,077
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2019	\$ 357,976	
Less: deferred delinquent property taxes and other deferred June 30, 2018	<u>(424,359)</u>	(66,383)
(3) 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
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in net OPEB liability	\$ 47,366	
Change in deferred outflows related to OPEB	93,247	
Change in deferred inflows related to OPEB	(213,166)	
Change in net pension asset - agent plan	25,787	
Change in net pension asset - teacher retirement plan	55,038	
Change in net pension asset - teacher legacy pension plan	1,363,888	
Change in deferred outflows related to pensions	(97,208)	
Change in deferred inflows related to pensions	811,983	
Change in compensated absences payable	<u>(17,151)</u>	<u>2,069,784</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,178,355</u>

Exhibit J-6

Hardeman County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Hardeman County School Department  
June 30, 2019

	Special Revenue Funds			Capital Projects	Total
	School Federal Projects	Central Cafeteria	Total	Fund Education Capital Projects	Nonmajor Governmental Funds
<u>ASSETS</u>					
Cash	\$ 0	\$ 17	\$ 17	\$ 0	\$ 17
Equity in Pooled Cash and Investments	127,082	906,803	1,033,885	727,242	1,761,127
Accounts Receivable	6,752	0	6,752	0	6,752
Due from Other Governments	611,553	0	611,553	0	611,553
Due from Other Funds	8,760	0	8,760	0	8,760
Total Assets	\$ 754,147	\$ 906,820	\$ 1,660,967	\$ 727,242	\$ 2,388,209
<u>LIABILITIES</u>					
Due to Other Funds	\$ 3,314	\$ 75,000	\$ 78,314	\$ 0	\$ 78,314
Total Liabilities	\$ 3,314	\$ 75,000	\$ 78,314	\$ 0	\$ 78,314
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Education	\$ 833	\$ 0	\$ 833	\$ 0	\$ 833
Restricted for Operation of Non-instructional Services	0	831,820	831,820	0	831,820
Committed:					
Committed for Capital Projects	0	0	0	727,242	727,242
Assigned:					
Assigned for Education	750,000	0	750,000	0	750,000
Total Fund Balances	\$ 750,833	\$ 831,820	\$ 1,582,653	\$ 727,242	\$ 2,309,895
Total Liabilities and Fund Balances	\$ 754,147	\$ 906,820	\$ 1,660,967	\$ 727,242	\$ 2,388,209

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, 2019

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 191,852	\$ 191,852	\$ 0	\$ 191,852
Other Local Revenues	0	14,197	14,197	0	14,197
State of Tennessee	0	32,218	32,218	0	32,218
Federal Government	3,126,266	2,259,434	5,385,700	0	5,385,700
Total Revenues	\$ 3,126,266	\$ 2,497,701	\$ 5,623,967	\$ 0	\$ 5,623,967
<u>Expenditures</u>					
Current:					
Instruction	\$ 2,080,293	\$ 0	\$ 2,080,293	\$ 0	\$ 2,080,293
Support Services	776,979	0	776,979	0	776,979
Operation of Non-Instructional Services	266,407	2,418,058	2,684,465	0	2,684,465
Capital Outlay	0	0	0	3,372,758	3,372,758
Total Expenditures	\$ 3,123,679	\$ 2,418,058	\$ 5,541,737	\$ 3,372,758	\$ 8,914,495
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,587	\$ 79,643	\$ 82,230	\$ (3,372,758)	\$ (3,290,528)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 53,085	\$ 0	\$ 53,085	\$ 4,100,000	\$ 4,153,085
Transfers Out	(65,007)	(75,000)	(140,007)	0	(140,007)
Total Other Financing Sources (Uses)	\$ (11,922)	\$ (75,000)	\$ (86,922)	\$ 4,100,000	\$ 4,013,078

(Continued)



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 (Cont.)

	Special Revenue Funds			Capital Projects Fund	Total
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Nonmajor Governmental Funds
Net Change in Fund Balances	\$ (9,335)	\$ 4,643	\$ (4,692)	\$ 727,242	\$ 722,550
Fund Balance, July 1, 2018	760,168	827,177	1,587,345	0	1,587,345
Fund Balance, June 30, 2019	\$ 750,833	\$ 831,820	\$ 1,582,653	\$ 727,242	\$ 2,309,895

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,235,868	\$ 0	\$ 0	\$ 8,235,868	\$ 7,924,676	\$ 7,924,676	\$ 311,192
Licenses and Permits	2,480	0	0	2,480	2,000	2,000	480
Charges for Current Services	57,267	0	0	57,267	35,160	48,660	8,607
Other Local Revenues	336,358	0	0	336,358	92,128	301,128	35,230
State of Tennessee	23,427,934	0	0	23,427,934	23,096,924	23,450,401	(22,467)
Federal Government	39,432	0	0	39,432	30,000	40,000	(568)
<b>Total Revenues</b>	<b>\$ 32,099,339</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 32,099,339</b>	<b>\$ 31,180,888</b>	<b>\$ 31,766,865</b>	<b>\$ 332,474</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 14,062,505	\$ 0	\$ 1,050	\$ 14,063,555	\$ 14,249,070	\$ 14,296,184	\$ 232,629
Alternative Instruction Program	186,372	0	0	186,372	220,495	220,495	34,123
Special Education Program	2,557,609	(4,995)	0	2,552,614	2,626,862	2,664,632	112,018
Career and Technical Education Program	1,195,055	0	4,500	1,199,555	1,173,577	1,248,577	49,022
<u>Support Services</u>							
Attendance	213,628	0	0	213,628	202,760	216,275	2,647
Health Services	412,528	0	0	412,528	427,457	426,957	14,429
Other Student Support	1,022,172	0	0	1,022,172	1,019,042	1,092,154	69,982
Regular Instruction Program	1,416,506	0	1,760	1,418,266	1,515,532	1,612,609	194,343
Alternative Instruction Program	35,931	0	0	35,931	35,932	35,932	1
Special Education Program	447,958	(1,118)	0	446,840	441,459	449,511	2,671
Career and Technical Education Program	51,877	0	0	51,877	52,188	52,188	311
Technology	338,612	(23,678)	790	315,724	403,755	403,755	88,031
Other Programs	103,172	0	0	103,172	0	105,458	2,286
Board of Education	493,234	(1,183)	6,214	498,265	553,655	559,755	61,490
Director of Schools	404,247	(160)	1,115	405,202	402,134	415,634	10,432
Office of the Principal	1,819,460	0	0	1,819,460	1,832,225	1,832,225	12,765
Fiscal Services	166,150	(539)	1,123	166,734	167,617	167,617	883
Human Services/Personnel	91,652	0	0	91,652	91,675	91,675	23

(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 7/1/2018	Add: Encumbrances 6/30/2019	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	\$ 1,883,187	\$ 0	\$ 0	\$ 1,883,187	\$ 1,871,644	\$ 1,952,688	\$ 69,501
Maintenance of Plant	1,024,391	0	9,594	1,033,985	930,367	1,105,132	71,147
Transportation	1,549,876	0	94	1,549,970	1,595,607	1,623,607	73,637
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	1,062,632	(9,855)	0	1,052,777	1,034,665	1,053,384	607
<u>Capital Outlay</u>							
Regular Capital Outlay	460,231	(460,231)	0	0	25,000	25,000	25,000
<u>Principal on Debt</u>							
Education	0	0	0	0	598,228	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	106,315	0	0
<u>Other Debt Service</u>							
Education	705,743	0	0	705,743	750	705,743	0
Total Expenditures	\$ 31,704,728	\$ (501,759)	\$ 26,240	\$ 31,229,209	\$ 31,578,011	\$ 32,357,187	\$ 1,127,978
Excess (Deficiency) of Revenues Over Expenditures							
	\$ 394,611	\$ 501,759	\$ (26,240)	\$ 870,130	\$ (397,123)	\$ (590,322)	\$ 1,460,452
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 99,566	\$ 0	\$ 0	\$ 99,566	\$ 0	\$ 64,705	\$ 34,861
Transfers In	140,007	0	0	140,007	36,000	36,000	104,007
Transfers Out	(4,153,085)	0	0	(4,153,085)	(6,926)	(4,153,106)	21
Total Other Financing Sources	\$ (3,913,512)	\$ 0	\$ 0	\$ (3,913,512)	\$ 29,074	\$ (4,052,401)	\$ 138,889
Net Change in Fund Balance							
Fund Balance, July 1, 2018	\$ (3,518,901)	\$ 501,759	\$ (26,240)	\$ (3,043,382)	\$ (368,049)	\$ (4,642,723)	\$ 1,599,341
	8,115,071	(501,759)	0	7,613,312	7,691,958	7,691,958	(78,646)
Fund Balance, June 30, 2019	\$ 4,596,170	\$ 0	\$ (26,240)	\$ 4,569,930	\$ 7,323,909	\$ 3,049,235	\$ 1,520,695

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 3,126,266	\$ 0	\$ 3,126,266	\$ 3,250,700	\$ 3,791,380	\$ (665,114)
Total Revenues	<u>\$ 3,126,266</u>	<u>\$ 0</u>	<u>\$ 3,126,266</u>	<u>\$ 3,250,700</u>	<u>\$ 3,791,380</u>	<u>\$ (665,114)</u>
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 1,153,899	\$ (1,076)	\$ 1,152,823	\$ 1,231,250	\$ 1,343,943	\$ 191,120
Special Education Program	876,136	0	876,136	799,398	1,143,227	267,091
Career and Technical Education Program	50,258	0	50,258	44,984	50,258	0
<u>Support Services</u>						
Other Student Support	32,840	(186)	32,654	47,652	44,895	12,241
Regular Instruction Program	355,721	(10,168)	345,553	466,541	500,972	155,419
Special Education Program	256,085	0	256,085	218,679	278,916	22,831
Career and Technical Education Program	883	0	883	2,500	883	0
Transportation	131,450	0	131,450	144,900	153,623	22,173
<u>Operation of Non-Instructional Services</u>						
Community Services	266,407	0	266,407	268,877	269,678	3,271
Total Expenditures	<u>\$ 3,123,679</u>	<u>\$ (11,430)</u>	<u>\$ 3,112,249</u>	<u>\$ 3,224,781</u>	<u>\$ 3,786,395</u>	<u>\$ 674,146</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,587</u>	<u>\$ 11,430</u>	<u>\$ 14,017</u>	<u>\$ 25,919</u>	<u>\$ 4,985</u>	<u>\$ 9,032</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 53,085	\$ 0	\$ 53,085	\$ 21,998	\$ 74,853	\$ (21,768)
Transfers Out	(65,007)	0	(65,007)	(47,915)	(79,839)	14,832
Total Other Financing Sources	<u>\$ (11,922)</u>	<u>\$ 0</u>	<u>\$ (11,922)</u>	<u>\$ (25,917)</u>	<u>\$ (4,986)</u>	<u>\$ (6,936)</u>

(Continued)

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 (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ (9,335)	\$ 11,430	\$ 2,095	\$ 2	\$ (1)	\$ 2,096
Fund Balance, July 1, 2018	760,168	(11,430)	748,738	775,116	775,116	(26,378)
Fund Balance, June 30, 2019	\$ 750,833	\$ 0	\$ 750,833	\$ 775,118	\$ 775,115	\$ (24,282)

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 191,852	\$ 0	\$ 191,852	\$ 194,255	\$ 194,255	\$ (2,403)
Other Local Revenues	14,197	0	14,197	4,500	4,500	9,697
State of Tennessee	32,218	0	32,218	22,000	22,000	10,218
Federal Government	2,259,434	0	2,259,434	2,502,628	2,553,978	(294,544)
<b>Total Revenues</b>	<b>\$ 2,497,701</b>	<b>\$ 0</b>	<b>\$ 2,497,701</b>	<b>\$ 2,723,383</b>	<b>\$ 2,774,733</b>	<b>\$ (277,032)</b>
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 2,418,058	\$ (21,094)	\$ 2,396,964	\$ 2,545,105	\$ 2,521,455	\$ 124,491
<b>Total Expenditures</b>	<b>\$ 2,418,058</b>	<b>\$ (21,094)</b>	<b>\$ 2,396,964</b>	<b>\$ 2,545,105</b>	<b>\$ 2,521,455</b>	<b>\$ 124,491</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 79,643</b>	<b>\$ 21,094</b>	<b>\$ 100,737</b>	<b>\$ 178,278</b>	<b>\$ 253,278</b>	<b>\$ (152,541)</b>
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (75,000)	\$ 0	\$ (75,000)	\$ 0	\$ (75,000)	\$ 0
<b>Total Other Financing Sources</b>	<b>\$ (75,000)</b>	<b>\$ 0</b>	<b>\$ (75,000)</b>	<b>\$ 0</b>	<b>\$ (75,000)</b>	<b>\$ 0</b>
<b>Net Change in Fund Balance</b>	<b>\$ 4,643</b>	<b>\$ 21,094</b>	<b>\$ 25,737</b>	<b>\$ 178,278</b>	<b>\$ 178,278</b>	<b>\$ (152,541)</b>
Fund Balance, July 1, 2018	827,177	(21,094)	806,083	806,294	806,294	(211)
<b>Fund Balance, June 30, 2019</b>	<b>\$ 831,820</b>	<b>\$ 0</b>	<b>\$ 831,820</b>	<b>\$ 984,572</b>	<b>\$ 984,572</b>	<b>\$ (152,752)</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, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-18	Paid and/or Matured During Period	Outstanding 6-30-19
<u>NOTES PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Airport Hangars	\$ 390,000	4.45	12-27-07	6-1-20	\$ 80,000	\$ 40,000	\$ 40,000
Capital Outlay Note, Series 2015	800,000	2.59	10-21-15	10-21-27	683,152	60,732	622,420
Total Notes Payable					<u>\$ 763,152</u>	<u>\$ 100,732</u>	<u>\$ 662,420</u>
<u>OTHER LOAN PAYABLE</u>							
<u>Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund</u>							
Energy Efficient School Initiative	\$ 127,611	(1) 0	4-20-12	11-1-21	\$ 62,294	\$ 18,228	\$ 44,066
Total Other Loan Payable					<u>\$ 62,294</u>	<u>\$ 18,228</u>	<u>\$ 44,066</u>
<u>BONDS PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
General Obligation School Bonds, Series 2013	\$ 2,815,000	2 to 3	6-12-13	4-1-30	\$ 2,095,000	\$ 150,000	\$ 1,945,000
General Obligation Refunding Bonds, Series 2015	3,940,000	2	4-1-15	4-1-24	2,705,000	430,000	2,275,000
General Obligation Refunding Bonds, Series 2016	8,820,000	2 to 2.75	8-22-16	6-1-35	8,615,000	365,000	8,250,000
General Obligation Refunding Bonds, Series 2017	9,040,000	3.25 to 5	6-9-17	6-1-43	8,750,000	20,000	8,730,000
Total Bonds Payable					<u>\$ 22,165,000</u>	<u>\$ 965,000</u>	<u>\$ 21,200,000</u>

(1) Total amount approved was \$500,000, of which \$372,389 remains available for draws as of June 30, 2019.



Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 662,420	\$ 85,192	\$ 747,612

Year Ending June 30	Other Loan		
	Principal	Interest	Total
2020	\$ 18,228	\$ 0	\$ 18,228
2021	18,228	0	18,228
2022	7,610	0	7,610
Total	\$ 44,066	\$ 0	\$ 44,066

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 21,200,000	\$ 8,340,978	\$ 29,540,978

Exhibit K-3

Hardeman County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Hardeman County School Department  
For the Year Ended June 30, 2019

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt retirement	\$ 311,733
"	General Capital Projects	Capital outlay	<u>12,604</u>
Total Transfers Primary Government			<u>\$ 324,337</u>
<u>DISCRETELY PRESENTED HARDEMAN COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	School to Work program cost share	\$ 44,313
"	"	Gear Up program cost share	8,772
"	Education Capital Projects	Capital outlay	4,100,000
School Federal Projects	General Purpose School	Indirect costs	65,007
Central Cafeteria	"	"	<u>75,000</u>
Total Transfers Discretely Presented Hardeman County School Department			<u>\$ 4,293,092</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, 2019

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	\$ 92,358 (1)	\$ 400,000	Tennessee Risk Management Trust
Highway Superintendent:				
David Sipes (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i>	17,063	400,000	"
Casey Swift (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	69,730	400,000	"
Director of Schools	State Board of Education and County Board of Education	113,071 (2)	400,000	"
Trustee	Section 8-24-102, <i>TCA</i>	76,069	400,000	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	76,069	400,000 (5)	"
County Clerk	Section 8-24-102, <i>TCA</i>	76,069	400,000	"
Circuit, General Sessions, and Juvenile Courts Clerk				
Linda Fulghum (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i>	12,678	400,000	"
Billy Davis (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	63,391	400,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	76,069 (3)	400,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	76,069	400,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	84,276 (4)	400,000	"
Employee Blanket Bonds:				
Employee Fidelity - County Departments			400,000	"
Employee Fidelity - School Department			400,000	"

- (1) Includes a purchasing agent supplement of \$3,600 and a committee member fee of \$900.  
(2) Includes a chief executive officer training supplement of \$1,000.  
(3) Does not include special commissioner fees of \$2,608.  
(4) Includes a law enforcement training supplement of \$600.  
(5) Does not include bond with Auto-Owners Mutual Insurance Company of \$50,000.

Exhibit K-5

Hardeman County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2019

	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	\$ 3,696,643	\$ 0	\$ 0	\$ 0	\$ 292,811	\$ 3,989,454
Trustee's Collections - Prior Year	148,566	0	0	0	11,755	160,321
Trustee's Collections - Bankruptcy	2,719	0	0	0	215	2,934
Circuit Clerk/Clerk and Master Collections - Prior Years	89,128	0	0	0	7,060	96,188
Interest and Penalty	25,457	0	0	0	1,992	27,449
Payments in-Lieu-of Taxes - Other	226,867	0	0	0	4,905	231,772
<u>County Local Option Taxes</u>						
Local Option Sales Tax	207,427	0	0	0	0	207,427
Hotel/Motel Tax	24,367	0	0	0	0	24,367
Wheel Tax	0	0	0	784,653	784,653	1,569,306
Litigation Tax - General	102,929	0	0	0	0	102,929
Litigation Tax - Jail, Workhouse, or Courthouse	81,070	0	0	0	0	81,070
Business Tax	209,218	0	0	0	0	209,218
<u>Statutory Local Taxes</u>						
Bank Excise Tax	37,558	0	0	0	0	37,558
Wholesale Beer Tax	76,245	0	0	0	0	76,245
<b>Total Local Taxes</b>	<b>\$ 4,928,194</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 784,653</b>	<b>\$ 1,103,391</b>	<b>\$ 6,816,238</b>
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 1,513	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,513
Cable TV Franchise	7,378	0	0	0	0	7,378
<u>Permits</u>						
Beer Permits	1,599	0	0	0	0	1,599
Building Permits	6,650	0	0	0	0	6,650

(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	\$ 26,750	\$ 0	\$ 0	\$ 20	\$ 0	\$ 26,770
Total Licenses and Permits	\$ 43,890	\$ 0	\$ 0	\$ 20	\$ 0	\$ 43,910
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 55,515	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,515
Officers Costs	12,273	0	0	0	0	12,273
Drug Control Fines	23,441	22,745	0	0	0	46,186
Jail Fees	2,069	0	0	0	0	2,069
DUI Treatment Fines	3,557	0	0	0	0	3,557
Data Entry Fee - Circuit Court	1,664	0	0	0	0	1,664
Courtroom Security Fee	2,720	0	0	0	0	2,720
Victims Assistance Assessments	3,316	0	0	0	0	3,316
<u>Criminal Court</u>						
DUI Treatment Fines	428	0	0	0	0	428
<u>General Sessions Court</u>						
Fines	31,114	0	0	0	0	31,114
Fines for Littering	24	0	0	0	0	24
Officers Costs	47,982	0	0	0	0	47,982
Game and Fish Fines	278	0	0	0	0	278
Drug Control Fines	4,832	8,623	0	0	0	13,455
Drug Court Fees	4,448	0	0	0	0	4,448
Jail Fees	5,015	0	0	0	0	5,015
DUI Treatment Fines	3,111	1,647	0	0	0	4,758
Data Entry Fee - General Sessions Court	11,164	0	0	0	0	11,164

(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	\$ 71,493	\$ 0	\$ 0	\$ 0	\$ 0	71,493
Victims Assistance Assessments	10,312	0	0	0	0	10,312
<u>Juvenile Court</u>						
Fines	166	0	0	0	0	166
Officers Costs	418	0	0	0	0	418
Data Entry Fee - Juvenile Court	1,257	0	0	0	0	1,257
Courtroom Security Fee	2	0	0	0	0	2
<u>Chancery Court</u>						
Officers Costs	2,066	0	0	0	0	2,066
Data Entry Fee - Chancery Court	4,128	0	0	0	0	4,128
Courtroom Security Fee	3,668	0	0	0	0	3,668
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	120,905	0	0	0	120,905
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 306,461</b>	<b>\$ 153,920</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>460,381</b>
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 1,244,334	\$ 0	\$ 0	\$ 0	\$ 0	1,244,334
Work Release Charges for Board	4,104	0	0	0	0	4,104
<u>Fees</u>						
Airport Fees	16,585	0	0	0	0	16,585
Copy Fees	80	0	0	0	0	80
Greenbelt Late Application Fee	500	0	0	0	0	500
Telephone Commissions	59,909	0	0	0	0	59,909
Constitutional Officers' Fees and Commissions	0	0	358,430	0	0	358,430

(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	\$ 7,092	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,092
Data Processing Fee - Sheriff	4,083	0	0	0	0	4,083
Sexual Offender Registration Fee - Sheriff	5,400	0	0	0	0	5,400
Data Processing Fee - County Clerk	6,068	0	0	0	0	6,068
Vehicle Insurance Coverage and Reinstatement Fees	1,030	0	0	0	0	1,030
<b>Total Charges for Current Services</b>	<b>\$ 1,349,185</b>	<b>\$ 0</b>	<b>\$ 358,430</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,707,615</b>
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 185,822	\$ 0	\$ 0	\$ 0	\$ 0	\$ 185,822
Lease/Rentals	18,090	0	0	0	0	18,090
Commissary Sales	41,738	0	0	0	0	41,738
Sale of Gasoline	62,188	0	0	0	0	62,188
Sale of Maps	203	0	0	0	0	203
Miscellaneous Refunds	38,199	0	0	29,705	0	67,904
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	50,500	0	50,500
Sale of Property	18,807	0	0	0	0	18,807
<u>Other Local Revenues</u>						
Other Local Revenues	107,907	0	0	0	0	107,907
<b>Total Other Local Revenues</b>	<b>\$ 472,954</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 80,205</b>	<b>\$ 0</b>	<b>\$ 553,159</b>
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 84,340	\$ 0	\$ 0	\$ 0	\$ 0	\$ 84,340
Trustee	239,126	0	0	0	0	239,126

(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	\$ 90,606	\$ 0	\$ 0	\$ 0	\$ 0	\$ 90,606
General Sessions Court Clerk	231,543	0	0	0	0	231,543
Clerk and Master	124,933	0	0	0	0	124,933
Juvenile Court Clerk	21,908	0	0	0	0	21,908
Register	80,312	0	0	0	0	80,312
Sheriff	27,375	0	0	0	0	27,375
<b>Total Fees Received From County Officials</b>	<b>\$ 900,143</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 900,143</b>
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 5,040	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,040
Airport Maintenance Program	679	0	0	0	0	679
<u>Health and Welfare Grants</u>						
Health Department Programs	205,385	0	0	0	0	205,385
Other Health and Welfare Grants	6,899	0	0	0	0	6,899
<u>Public Works Grants</u>						
State Aid Program	0	0	0	281,486	0	281,486
Litter Program	18,156	0	0	0	0	18,156
<u>Other State Revenues</u>						
Income Tax	7,888	0	0	0	0	7,888
Beer Tax	17,959	0	0	0	0	17,959
Vehicle Certificate of Title Fees	3,000	0	0	0	0	3,000
Alcoholic Beverage Tax	85,918	0	0	0	0	85,918
State Revenue Sharing - T.V.A.	899,025	0	0	0	0	899,025
State Revenue Sharing - Telecommunications	33,162	0	0	0	0	33,162

(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>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Contracted Prisoner Boarding	\$ 438,360	\$ 0	\$ 0	\$ 0	\$ 0	438,360
Gasoline and Motor Fuel Tax	0	0	0	2,680,285	0	2,680,285
Petroleum Special Tax	0	0	0	19,665	0	19,665
Registrar's Salary Supplement	15,164	0	0	0	0	15,164
Other State Grants	301,837	0	0	0	0	301,837
Other State Revenues	19,581	0	0	0	0	19,581
Total State of Tennessee	\$ 2,058,053	\$ 0	\$ 0	\$ 2,981,436	\$ 0	5,039,489
<u>Federal Government</u>						
<u>Federal Through State</u>						
Community Development	\$ 5,744	\$ 0	\$ 0	\$ 0	\$ 0	5,744
Civil Defense Reimbursement	6,700	0	0	0	0	6,700
Homeland Security Grants	3,453	0	0	0	0	3,453
Other Federal through State	10,464	0	0	0	0	10,464
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	89,900	0	0	0	0	89,900
Total Federal Government	\$ 116,261	\$ 0	\$ 0	\$ 0	\$ 0	116,261
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 94,426	\$ 0	\$ 0	\$ 0	\$ 705,743	800,169
Contracted Services	206,643	0	0	0	0	206,643
<u>Other</u>						
Other	5,390	0	0	0	0	5,390
Total Other Governments and Citizens Groups	\$ 306,459	\$ 0	\$ 0	\$ 0	\$ 705,743	1,012,202
Total	\$ 10,481,600	\$ 153,920	\$ 358,430	\$ 3,846,314	\$ 1,809,134	16,649,398

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, 2019

	<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	\$ 5,343,685	\$ 0	\$ 0	\$ 5,343,685
Trustee's Collections - Prior Year	214,759	0	0	214,759
Trustee's Collections - Bankruptcy	3,901	0	0	3,901
Circuit Clerk/Clerk and Master Collections - Prior Years	128,839	0	0	128,839
Interest and Penalty	37,146	0	0	37,146
Payments in-Lieu-of Taxes - Other	89,512	0	0	89,512
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,415,792	0	0	2,415,792
Mixed Drink Tax	1,930	0	0	1,930
Other County Local Option Taxes	304	0	0	304
Total Local Taxes	<u>\$ 8,235,868</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,235,868</u>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,480	\$ 0	\$ 0	\$ 2,480
Total Licenses and Permits	<u>\$ 2,480</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,480</u>
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Other Employee Benefit Charges/Contributions	\$ 1,352	\$ 0	\$ 0	\$ 1,352
<u>Fees</u>				
Vending Machine Collections	13,790	0	0	13,790
<u>Education Charges</u>				
Lunch Payments - Adults	0	0	39,996	39,996

(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	\$ 1,519	\$ 1,519
A la Carte Sales	0	0	150,337	150,337
Receipts from Individual Schools	16,325	0	0	16,325
Other Charges for Services	25,800	0	0	25,800
Total Charges for Current Services	<u>\$ 57,267</u>	<u>\$ 0</u>	<u>\$ 191,852</u>	<u>\$ 249,119</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 2,646	\$ 0	\$ 4,424	\$ 7,070
Lease/Rentals	37,289	0	0	37,289
E-Rate Funding	12,051	0	0	12,051
Retirees' Insurance Payments	32,230	0	0	32,230
Miscellaneous Refunds	33,871	0	9,773	43,644
Expenditure Credits	1,127	0	0	1,127
<u>Nonrecurring Items</u>				
Sale of Equipment	2,000	0	0	2,000
Contributions and Gifts	209,266	0	0	209,266
<u>Other Local Revenues</u>				
Other Local Revenues	5,878	0	0	5,878
Total Other Local Revenues	<u>\$ 336,358</u>	<u>\$ 0</u>	<u>\$ 14,197</u>	<u>\$ 350,555</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 103,172	\$ 0	\$ 0	\$ 103,172

(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	\$ 21,715,000	\$ 0	\$ 0	\$ 21,715,000
Early Childhood Education	1,053,382	0	0	1,053,382
School Food Service	0	0	22,218	22,218
Driver Education	13,141	0	0	13,141
Other State Education Funds	213,210	0	0	213,210
Career Ladder Program	97,914	0	0	97,914
Vocational Equipment	75,000	0	0	75,000
<u>Other State Revenues</u>				
Other State Grants	153,988	0	10,000	163,988
Other State Revenues	3,127	0	0	3,127
Total State of Tennessee	<u>\$ 23,427,934</u>	<u>\$ 0</u>	<u>\$ 32,218</u>	<u>\$ 23,460,152</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,377,862	\$ 1,377,862
USDA - Commodities	0	0	240,400	240,400
Breakfast	0	0	572,553	572,553
USDA - Other	0	0	68,619	68,619
Vocational Education - Basic Grants to States	0	72,102	0	72,102
Title I Grants to Local Education Agencies	0	1,269,072	0	1,269,072
Special Education - Grants to States	29,511	1,032,314	0	1,061,825
Special Education Preschool Grants	0	42,302	0	42,302
Safe and Drug-free Schools - State Grants	0	190,193	0	190,193
Rural Education	0	25,692	0	25,692

(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>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
21st Century Community Learning Centers	\$ 0	\$ 82,673	\$ 0	\$ 82,673
Eisenhower Professional Development State Grants	0	37,632	0	37,632
Other Federal through State	9,921	374,286	0	384,207
Total Federal Government	<u>\$ 39,432</u>	<u>\$ 3,126,266</u>	<u>\$ 2,259,434</u>	<u>\$ 5,425,132</u>
Total	<u>\$ 32,099,339</u>	<u>\$ 3,126,266</u>	<u>\$ 2,497,701</u>	<u>\$ 37,723,306</u>

## Exhibit K-7

Hardeman County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2019

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	17,900	
Other Charges		<u>10,091</u>	
Total County Commission	\$		27,991

Board of Equalization

Board and Committee Members Fees	\$	<u>800</u>	
Total Board of Equalization			800

Beer Board

Board and Committee Members Fees	\$	<u>900</u>	
Total Beer Board			900

Budget and Finance Committee

Board and Committee Members Fees	\$	<u>750</u>	
Total Budget and Finance Committee			750

Other Boards and Committees

Board and Committee Members Fees	\$	<u>3,500</u>	
Total Other Boards and Committees			3,500

County Mayor/Executive

County Official/Administrative Officer	\$	87,858	
Secretary(ies)		46,430	
Part-time Personnel		1,170	
Educational Incentive - Other County Employees		1,600	
Communication		4,768	
Maintenance and Repair Services - Office Equipment		820	
Postal Charges		1,824	
Travel		1,909	
Office Supplies		4,973	
Other Supplies and Materials		220	
Other Charges		955	
Office Equipment		<u>2,625</u>	
Total County Mayor/Executive			155,152

County Attorney

County Official/Administrative Officer	\$	18,000	
Legal Services		22,016	
Travel		<u>31</u>	
Total County Attorney			40,047

Election Commission

County Official/Administrative Officer	\$	68,462	
Clerical Personnel		21,657	
Overtime Pay		518	
Other Salaries and Wages		3,604	
Board and Committee Members Fees		<u>4,400</u>	

(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.)

Election Workers	\$	39,706	
Communication		1,896	
Dues and Memberships		1,500	
Legal Notices, Recording, and Court Costs		1,994	
Maintenance and Repair Services - Office Equipment		341	
Postal Charges		1,656	
Printing, Stationery, and Forms		4,590	
Rentals		15,856	
Travel		2,630	
Other Contracted Services		16,577	
Custodial Supplies		181	
Office Supplies		2,289	
Utilities		4,221	
Office Equipment		450	
Total Election Commission			\$ 192,528

Register of Deeds

County Official/Administrative Officer	\$	76,069	
Deputy(ies)		55,929	
Part-time Personnel		3,847	
Educational Incentive - Other County Employees		3,300	
Communication		2,560	
Data Processing Services		11,971	
Dues and Memberships		135	
Maintenance Agreements		1,234	
Postal Charges		193	
Travel		1,960	
Office Supplies		2,698	
Total Register of Deeds			159,896

Development

County Official/Administrative Officer	\$	34,455	
Communication		1,878	
Contracts with Government Agencies		13,626	
Rentals		672	
Remittance of Revenue Collected		24,765	
Office Supplies		565	
Other Charges		110	
Total Development			76,071

County Buildings

Supervisor/Director	\$	591	
Custodial Personnel		34,296	
Communication		2,108	
Maintenance and Repair Services - Buildings		17,742	
Maintenance and Repair Services - Equipment		5,424	
Maintenance and Repair Services - Vehicles		126	

(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	\$	4,200	
Custodial Supplies		1,478	
Gasoline		1,628	
Uniforms		873	
Utilities		52,574	
Other Supplies and Materials		198	
Other Charges		536	
Building Improvements		141,749	
Furniture and Fixtures		1,827	
Motor Vehicles		14,500	
Total County Buildings			\$ 279,850

Other General Administration

Land	\$	38,657	
Total Other General Administration			38,657

Preservation of Records

Communication	\$	1,388	
Office Supplies		3,886	
Utilities		1,732	
Total Preservation of Records			7,006

Finance

Accounting and Budgeting

Accountants/Bookkeepers	\$	16,884	
Total Accounting and Budgeting			16,884

Purchasing

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

Property Assessor's Office

County Official/Administrative Officer	\$	76,069	
Educational Incentive - Other County Employees		1,600	
Communication		2,470	
Data Processing Services		15,184	
Dues and Memberships		1,700	
Postal Charges		291	
Travel		1,795	
Other Contracted Services		12,288	
Office Supplies		1,113	
Other Supplies and Materials		973	
Other Charges		81	
Office Equipment		938	
Total Property Assessor's Office			114,502

(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)	\$	101,366	
Other Salaries and Wages		4,216	
Advertising		120	
Data Processing Services		3,903	
Maintenance and Repair Services - Vehicles		183	
Postal Charges		1,586	
Travel		114	
Gasoline		1,356	
Other Supplies and Materials		486	
Total Reappraisal Program			\$ 113,330

County Trustee's Office

Communication	\$	2,581	
Postal Charges		7,616	
Other Contracted Services		3,677	
Office Supplies		3,251	
Office Equipment		856	
Total County Trustee's Office			17,981

County Clerk's Office

Educational Incentive - Other County Employees	\$	3,300	
Communication		3,490	
Maintenance and Repair Services - Office Equipment		8,834	
Postal Charges		5,797	
Office Supplies		1,452	
Other Supplies and Materials		2,154	
Office Equipment		2,595	
Total County Clerk's Office			27,622

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	76,069	
Deputy(ies)		59,166	
Clerical Personnel		103,710	
Part-time Personnel		14,506	
Educational Incentive - Other County Employees		3,100	
Jury and Witness Expense		6,655	
Maintenance and Repair Services - Office Equipment		175	
Postal Charges		4,884	
Travel		1,432	
Office Supplies		6,325	
Data Processing Equipment		1,465	
Office Equipment		4,140	
Total Circuit Court			281,627

General Sessions Court

Judge(s)	\$	112,776	
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(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.)

Secretary(ies)	\$	6,249	
Dues and Memberships		425	
Travel		268	
Total General Sessions Court			\$ 119,718

Chancery Court

County Official/Administrative Officer	\$	76,069	
Deputy(ies)		80,199	
Educational Incentive - Other County Employees		4,900	
Communication		1,985	
Dues and Memberships		95	
Legal Notices, Recording, and Court Costs		2,772	
Postal Charges		5,530	
Travel		2,012	
Office Supplies		3,202	
Office Equipment		1,206	
Total Chancery Court			177,970

Juvenile Court

Other Salaries and Wages	\$	33,430	
Communication		535	
Contracts with Government Agencies		4,900	
Travel		3,760	
Drug Treatment		563	
Other Contracted Services		3,495	
Office Supplies		108	
Total Juvenile Court			46,791

Courtroom Security

Deputy(ies)	\$	65,425	
Total Courtroom Security			65,425

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	83,676	
Assistant(s)		52,763	
Deputy(ies)		688,804	
Investigator(s)		170,679	
Salary Supplements		15,000	
Secretary(ies)		62,260	
Part-time Personnel		12,908	
Overtime Pay		31,115	
In-service Training		11,804	
Communication		30,793	
Dues and Memberships		2,000	
Legal Services		10,756	
Maintenance and Repair Services - Vehicles		42,943	

(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.)

Postal Charges	\$	1,396	
Towing Services		1,750	
Travel		5,034	
Other Contracted Services		2,436	
Gasoline		134,637	
Office Supplies		4,381	
Uniforms		5,798	
Excess Risk Insurance		950	
Other Charges		5,497	
Communication Equipment		15,685	
Law Enforcement Equipment		20,170	
Motor Vehicles		90,825	
Office Equipment		2,240	
Other Equipment		829	
Total Sheriff's Department			\$ 1,507,129

Workhouse

Medical Personnel	\$	71,331	
Guards		632,122	
Maintenance Personnel		33,778	
Part-time Personnel		7,482	
Overtime Pay		10,834	
Communication		829	
Maintenance and Repair Services - Buildings		17,896	
Maintenance and Repair Services - Equipment		9,836	
Medical and Dental Services		7,464	
Other Contracted Services		6,000	
Custodial Supplies		19,788	
Drugs and Medical Supplies		12,681	
Electricity		195,727	
Food Preparation Supplies		1,494	
Food Supplies		176,326	
Other Supplies and Materials		5,340	
In Service/Staff Development		3,494	
Other Charges		5,978	
Communication Equipment		3,355	
Total Workhouse			1,221,755

Juvenile Services

Supervisor/Director	\$	23,451	
Maintenance and Repair Services - Office Equipment		677	
Postal Charges		134	
Office Supplies		117	
Total Juvenile Services			24,379

Fire Prevention and Control

Contracts with Government Agencies	\$	112,043	
Total Fire Prevention and Control			112,043

(Continued)

## Exhibit K-7

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

General Fund (Cont.)Public Safety (Cont.)Rural Fire Protection

Maintenance and Repair Services - Vehicles	\$	283	
Gasoline		140	
Total Rural Fire Protection			\$ 423

Civil Defense

Supervisor/Director	\$	4,800	
Part-time Personnel		1,800	
Communication		2,378	
Maintenance and Repair Services - Vehicles		504	
Gasoline		112	
Other Charges		150	
Other Equipment		3,521	
Total Civil Defense			13,265

Other Emergency Management

Supervisor/Director	\$	36,581	
Dispatchers/Radio Operators		280,970	
Part-time Personnel		1,805	
Overtime Pay		5,904	
Pensions		29,301	
Employee and Dependent Insurance		86,455	
Travel		310	
Office Supplies		116	
Other Charges		35	
Office Equipment		15	
Total Other Emergency Management			441,492

County Coroner/Medical Examiner

Other Contracted Services	\$	16,325	
Total County Coroner/Medical Examiner			16,325

Public Health and WelfareLocal Health Center

Communication	\$	4,033	
Contracts with Government Agencies		14,502	
Janitorial Services		14,400	
Maintenance and Repair Services - Buildings		12,762	
Postal Charges		194	
Custodial Supplies		247	
Drugs and Medical Supplies		334	
Office Supplies		1,630	
Utilities		12,647	
Other Supplies and Materials		1,247	
Total Local Health Center			61,996

Rabies and Animal Control

Part-time Personnel	\$	26,057	
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(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 (Cont.)

Communication	\$	1,190	
Maintenance and Repair Services - Buildings		8,847	
Maintenance and Repair Services - Vehicles		632	
Travel		688	
Animal Food and Supplies		1,823	
Drugs and Medical Supplies		516	
Gasoline		2,050	
Uniforms		411	
Utilities		5,808	
Other Supplies and Materials		488	
Other Charges		1,991	
Motor Vehicles		14,500	
Total Rabies and Animal Control			\$ 65,001

Ambulance/Emergency Medical Services

Assistant(s)	\$	35,161	
Supervisor/Director		18,441	
Clerical Personnel		27,437	
Attendants		733,547	
Part-time Personnel		68,492	
Overtime Pay		115,726	
In-service Training		1,000	
Communication		6,529	
Contracts with Private Agencies		124,924	
Maintenance and Repair Services - Buildings		2,165	
Maintenance and Repair Services - Equipment		620	
Maintenance and Repair Services - Vehicles		34,881	
Postal Charges		303	
Custodial Supplies		4,574	
Drugs and Medical Supplies		81,311	
Gasoline		53,538	
Office Supplies		5,280	
Tires and Tubes		4,453	
Uniforms		4,240	
Utilities		19,730	
Other Supplies and Materials		135	
Refunds		383	
Other Charges		3,846	
Motor Vehicles		6,511	
Other Equipment		9,538	
Other Capital Outlay		113,549	
Total Ambulance/Emergency Medical Services			1,476,314

Dental Health Program

Medical Personnel	\$	93,853	
Clerical Personnel		32,144	
Pensions		2,641	

(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.)

Employee and Dependent Insurance	\$	6,814	
Travel		1,844	
Drugs and Medical Supplies		5,870	
Liability Insurance		2,335	
Total Dental Health Program			\$ 145,501

Other Local Health Services

Supervisor/Director	\$	542	
Total Other Local Health Services			542

Sanitation Education/Information

Foremen	\$	8,305	
Laborers		1,800	
Maintenance and Repair Services - Vehicles		999	
Gasoline		1,700	
Instructional Supplies and Materials		11,464	
Other Supplies and Materials		684	
Other Charges		106	
Total Sanitation Education/Information			25,058

Social, Cultural, and Recreational ServicesLibraries

Contributions	\$	9,000	
Other Contracted Services		87,814	
Total Libraries			96,814

Agriculture and Natural ResourcesAgricultural Extension Service

Salary Supplements	\$	50,714	
Social Security		3,295	
Pensions		8,061	
Employer Medicare		501	
Communication		4,084	
Dues and Memberships		405	
Rentals		19,104	
Travel		1,868	
Utilities		4,032	
Other Supplies and Materials		85	
Total Agricultural Extension Service			92,149

Soil Conservation

Secretary(ies)	\$	20,068	
Other Contracted Services		5,482	
Total Soil Conservation			25,550

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations

Industrial Development

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

Other Economic and Community Development

Remittance of Revenue Collected	\$	238,375	
Other Charges		1,450	
Total Other Economic and Community Development			239,825

Airport

Supervisor/Director	\$	31,245	
Part-time Personnel		4,316	
Communication		2,167	
Maintenance and Repair Services - Buildings		5,651	
Maintenance and Repair Services - Equipment		5,439	
Other Contracted Services		16,288	
Custodial Supplies		447	
Gasoline		66,469	
Utilities		11,497	
Other Charges		793	
Airport Improvement		16,131	
Other Capital Outlay		66,954	
Total Airport			227,397

Veterans' Services

Secretary(ies)	\$	9,282	
Communication		2,881	
Travel		90	
Office Supplies		35	
Office Equipment		599	
Total Veterans' Services			12,887

Contributions to Other Agencies

Dues and Memberships	\$	9,878	
Total Contributions to Other Agencies			9,878

Employee Benefits

Bonus Payments	\$	6,000	
Social Security		312,114	
Pensions		401,532	
Employee and Dependent Insurance		841,482	
Disability Insurance		125,083	
Unemployment Compensation		5,134	
Employer Medicare		72,995	
Total Employee Benefits			1,764,340

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Audit Services	\$	9,200	
Contributions		26,000	
Data Processing Services		46,551	
Dues and Memberships		5,626	
Legal Notices, Recording, and Court Costs		1,702	
Other Supplies and Materials		8,112	
Liability Insurance		171,754	
Premiums on Corporate Surety Bonds		4,312	
Trustee's Commission		118,643	
Other Charges		93,302	
Total Miscellaneous			\$ 485,202

Total General Fund \$ 10,073,863

Drug Control Fund

Public Safety

Drug Enforcement

In-service Training	\$	325	
Confidential Drug Enforcement Payments		10,000	
Travel		989	
Instructional Supplies and Materials		9,506	
Trustee's Commission		1,514	
Other Charges		14,262	
Law Enforcement Equipment		2,925	
Motor Vehicles		5,979	
Other Equipment		2,985	
Total Drug Enforcement			\$ 48,485

Total Drug Control Fund 48,485

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	159,769	
Total County Trustee's Office			\$ 159,769

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	208,069	
Total County Clerk's Office			208,069

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	2,608	
Total Chancery Court			2,608

Total Constitutional Officers - Fees Fund 370,446

(Continued)



Exhibit K-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	86,793	
Secretary(ies)		48,066	
Board and Committee Members Fees		5,655	
Communication		6,171	
Data Processing Services		9,009	
Dues and Memberships		4,496	
Legal Services		3,427	
Legal Notices, Recording, and Court Costs		205	
Maintenance and Repair Services - Office Equipment		231	
Postal Charges		609	
Travel		1,184	
Other Contracted Services		3,225	
Electricity		19,315	
Office Supplies		5,601	
Other Supplies and Materials		793	
Data Processing Equipment		21,533	
Total Administration			\$ 216,313

Highway and Bridge Maintenance

Foremen	\$	244,745	
Laborers		741,013	
Overtime Pay		12,949	
Other Salaries and Wages		16,269	
Other Contracted Services		2,980	
Asphalt - Liquid		87,145	
Crushed Stone		60,417	
General Construction Materials		1,901	
Pipe		34,936	
Road Signs		12,934	
Wood Products		2,981	
Chemicals		9,599	
Other Supplies and Materials		833	
Total Highway and Bridge Maintenance			1,228,702

Operation and Maintenance of Equipment

Materials Supervisor	\$	27,395	
Foremen		44,740	
Mechanic(s)		35,351	
Overtime Pay		2,305	
Other Salaries and Wages		1,244	
Equipment and Machinery Parts		158,799	
Garage Supplies		705	
Gasoline		155,693	
Lubricants		7,759	
Tires and Tubes		34,998	
Uniforms		13,087	
Other Supplies and Materials		995	
Total Operation and Maintenance of Equipment			483,071

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Asphalt Plant Operations

Foremen	\$	14,286	
Other Contracted Services		2,000	
Asphalt - Hot Mix		140,748	
Crushed Stone		71,344	
Equipment and Machinery Parts		2,984	
Utilities		46,211	
Other Supplies and Materials		1,096	
State Aid Projects		7,653	
Total Asphalt Plant Operations			\$ 286,322

Other Charges

Liability Insurance	\$	56,483	
Trustee's Commission		35,413	
Total Other Charges			91,896

Employee Benefits

Social Security	\$	78,940	
Pensions		111,748	
Employee and Dependent Insurance		232,796	
Disability Insurance		87,859	
Unemployment Compensation		5,539	
Employer Medicare		18,462	
Other Fringe Benefits		1,052	
Total Employee Benefits			536,396

Capital Outlay

Bridge Construction	\$	7,875	
Building Improvements		525	
Communication Equipment		185	
Highway Equipment		67,250	
Total Capital Outlay			75,835

Total Highway/Public Works Fund \$ 2,918,535

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	385,000	
Principal on Notes		100,732	
Total General Government			\$ 485,732

Education

Principal on Bonds	\$	580,000	
Principal on Other Loans		18,228	
Total Education			598,228

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 496,218	
Interest on Notes	21,241	
Total General Government		\$ 517,459

Education

Interest on Bonds	\$ 106,312	
Total Education		106,312

Other Debt Service

General Government

Trustee's Commission	\$ 14,769	
Other Debt Service	1,000	
Total General Government		15,769

Education

Other Charges	\$ 1,203	
Total Education		1,203

Total General Debt Service Fund \$ 1,724,703

General Capital Projects Fund

Capital Projects

Public Health and Welfare Projects

Other Contracted Services	\$ 296,889	
General Construction Materials	34,558	
Other Supplies and Materials	55,461	
Other Charges	3,629	
Total Public Health and Welfare Projects		\$ 390,537

Total General Capital Projects Fund 390,537

Total Governmental Funds - Primary Government \$ 15,526,569

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, 2019

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 9,674,808	
Career Ladder Program	80,995	
Homebound Teachers	2,821	
Educational Assistants	266,770	
Other Salaries and Wages	1,020	
Certified Substitute Teachers	132,592	
Non-certified Substitute Teachers	64,943	
Social Security	578,730	
Pensions	985,055	
Medical Insurance	1,317,816	
Dental Insurance	28,345	
Employer Medicare	136,870	
Other Contracted Services	76,988	
Instructional Supplies and Materials	142,026	
Textbooks - Bound	255,699	
Other Charges	660	
Data Processing Equipment	262,782	
Motor Vehicles	45,294	
Regular Instruction Equipment	8,291	
Total Regular Instruction Program		\$ 14,062,505

Alternative Instruction Program

Teachers	\$ 144,106	
Social Security	7,683	
Pensions	14,524	
Medical Insurance	16,390	
Employer Medicare	1,873	
Instructional Supplies and Materials	1,796	
Total Alternative Instruction Program		186,372

Special Education Program

Teachers	\$ 1,668,798	
Homebound Teachers	6,064	
Educational Assistants	46,602	
Speech Pathologist	263,253	
Certified Substitute Teachers	4,801	
Non-certified Substitute Teachers	6,044	
Social Security	115,125	
Pensions	180,933	
Medical Insurance	201,592	
Employer Medicare	27,263	
Evaluation and Testing	777	
Other Contracted Services	27,990	
Instructional Supplies and Materials	109	
Special Education Equipment	8,258	
Total Special Education Program		2,557,609

(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.)

Career and Technical Education Program

Teachers	\$	825,115	
Educational Assistants		7,875	
Certified Substitute Teachers		422	
Non-certified Substitute Teachers		7,645	
Social Security		48,245	
Pensions		78,942	
Medical Insurance		99,338	
Employer Medicare		11,283	
Maintenance and Repair Services - Equipment		2,419	
Instructional Supplies and Materials		28,285	
Other Supplies and Materials		6,486	
Vocational Instruction Equipment		79,000	
Total Career and Technical Education Program			\$ 1,195,055

Support Services

Attendance

Supervisor/Director	\$	72,726	
Clerical Personnel		25,974	
Other Salaries and Wages		48,908	
Social Security		8,495	
Pensions		15,208	
Medical Insurance		15,464	
Employer Medicare		1,987	
Contracts with Private Agencies		20,147	
Travel		1,936	
Other Supplies and Materials		787	
In Service/Staff Development		510	
Attendance Equipment		1,486	
Total Attendance			213,628

Health Services

Supervisor/Director	\$	32,667	
Medical Personnel		221,736	
Other Salaries and Wages		21,213	
Social Security		15,578	
Pensions		26,955	
Medical Insurance		35,236	
Employer Medicare		3,643	
Travel		10,236	
Other Contracted Services		2,793	
Drugs and Medical Supplies		2,792	
Other Supplies and Materials		6,563	
In Service/Staff Development		418	
Health Equipment		6,820	
Other Equipment		25,878	
Total Health Services			412,528

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

Guidance Personnel	\$	580,897	
Psychological Personnel		56,773	
Social Workers		90,862	
Social Security		40,509	
Pensions		71,894	
Medical Insurance		79,917	
Employer Medicare		9,928	
Contracts with Government Agencies		82,120	
Evaluation and Testing		8,854	
Other Supplies and Materials		418	
Total Other Student Support			\$ 1,022,172

Regular Instruction Program

Supervisor/Director	\$	146,708	
Librarians		361,564	
Educational Assistants		47,194	
Other Salaries and Wages		390,126	
Social Security		53,766	
Pensions		98,309	
Medical Insurance		124,825	
Employer Medicare		12,574	
Contracts with Government Agencies		80,000	
Travel		13,331	
Other Contracted Services		42,718	
Library Books/Media		29,997	
In Service/Staff Development		5,977	
Other Charges		1,748	
Other Equipment		7,669	
Total Regular Instruction Program			1,416,506

Alternative Instruction Program

Clerical Personnel	\$	26,057	
Social Security		1,492	
Pensions		2,645	
Medical Insurance		5,388	
Employer Medicare		349	
Total Alternative Instruction Program			35,931

Special Education Program

Supervisor/Director	\$	179,946	
Psychological Personnel		41,959	
Other Salaries and Wages		43,292	
Social Security		12,322	
Pensions		19,760	
Medical Insurance		16,132	
Employer Medicare		3,731	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Travel	\$	6,524	
Other Contracted Services		117,016	
Other Supplies and Materials		403	
In Service/Staff Development		3,970	
Other Charges		2,903	
Total Special Education Program			\$ 447,958

Career and Technical Education Program

Supervisor/Director	\$	38,892	
Social Security		2,259	
Pensions		4,068	
Medical Insurance		5,476	
Employer Medicare		528	
Travel		230	
Other Supplies and Materials		324	
Other Charges		100	
Total Career and Technical Education Program			51,877

Technology

Supervisor/Director	\$	52,283	
Computer Programmer(s)		100,036	
Social Security		9,122	
Pensions		15,460	
Medical Insurance		15,902	
Employer Medicare		2,133	
Communication		12,562	
Maintenance and Repair Services - Equipment		26,545	
Internet Connectivity		39,631	
Travel		3,306	
Other Contracted Services		42,693	
Other Supplies and Materials		5,439	
In Service/Staff Development		4,999	
Data Processing Equipment		8,501	
Total Technology			338,612

Other Programs

On-behalf Payments to OPEB	\$	103,172	
Total Other Programs			103,172

Board of Education

Board and Committee Members Fees	\$	17,650	
Social Security		995	
Medical Insurance		23,294	
Unemployment Compensation		5,673	
Employer Medicare		256	
Audit Services		30,975	

(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.)

Dues and Memberships	\$	9,287	
Legal Services		3,000	
Travel		14,379	
Other Contracted Services		4,683	
Liability Insurance		35,522	
Premiums on Corporate Surety Bonds		2,732	
Trustee's Commission		198,488	
Workers' Compensation Insurance		135,205	
In Service/Staff Development		6,140	
Other Charges		4,955	
Total Board of Education			\$ 493,234

Director of Schools

County Official/Administrative Officer	\$	112,071	
Career Ladder Program		1,000	
Clerical Personnel		52,196	
Social Security		9,504	
Pensions		17,139	
Life Insurance		8,764	
Medical Insurance		16,291	
Employer Medicare		2,223	
Communication		58,573	
Dues and Memberships		526	
Maintenance and Repair Services - Equipment		774	
Postal Charges		3,998	
Travel		16,740	
Other Contracted Services		47,455	
Office Supplies		984	
Other Supplies and Materials		360	
In Service/Staff Development		3,528	
Other Charges		41,870	
Administration Equipment		10,251	
Total Director of Schools			404,247

Office of the Principal

Principals	\$	650,721	
Assistant Principals		414,566	
Secretary(ies)		326,402	
Social Security		79,944	
Pensions		143,171	
Medical Insurance		180,662	
Employer Medicare		18,714	
Other Charges		5,280	
Total Office of the Principal			1,819,460

(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	\$	40,798	
Accountants/Bookkeepers		67,444	
Social Security		6,460	
Pensions		10,986	
Medical Insurance		11,275	
Employer Medicare		1,511	
Data Processing Services		17,071	
Dues and Memberships		944	
Travel		4,379	
Data Processing Supplies		1,692	
Office Supplies		1,300	
In Service/Staff Development		2,290	
Total Fiscal Services			\$ 166,150

Human Services/Personnel

Supervisor/Director	\$	57,605	
Social Security		3,546	
Pensions		5,847	
Employer Medicare		829	
Dues and Memberships		100	
Licenses		19,310	
Travel		3,334	
Office Supplies		536	
In Service/Staff Development		545	
Total Human Services/Personnel			91,652

Operation of Plant

Supervisor/Director	\$	42,834	
Social Security		2,402	
Pensions		4,480	
Medical Insurance		3,712	
Employer Medicare		562	
Janitorial Services		759,661	
Maintenance Agreements		14,409	
Disposal Fees		20,268	
Electricity		660,703	
Natural Gas		131,992	
Water and Sewer		77,123	
Boiler Insurance		8,744	
Building and Contents Insurance		156,297	
Total Operation of Plant			1,883,187

Maintenance of Plant

Supervisor/Director	\$	94,092	
Maintenance Personnel		220,696	
In-service Training		154	

(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.)

Social Security	\$	18,113	
Pensions		31,866	
Medical Insurance		36,425	
Employer Medicare		4,269	
Laundry Service		4,749	
Maintenance and Repair Services - Buildings		369,736	
Maintenance and Repair Services - Equipment		63,119	
Maintenance and Repair Services - Vehicles		357	
Travel		2,069	
Other Contracted Services		37,775	
General Construction Materials		15,358	
Tires and Tubes		504	
Other Supplies and Materials		912	
Other Charges		920	
Administration Equipment		109,968	
Maintenance Equipment		13,309	
Total Maintenance of Plant			\$ 1,024,391

Transportation

Supervisor/Director	\$	38,892	
Mechanic(s)		144,003	
Bus Drivers		501,262	
Clerical Personnel		29,872	
In-service Training		8,786	
Social Security		35,795	
Pensions		59,130	
Medical Insurance		28,556	
Employer Medicare		10,337	
Contracts with Parents		7,309	
Laundry Service		1,779	
Maintenance and Repair Services - Vehicles		54,576	
Medical and Dental Services		4,128	
Travel		3,443	
Diesel Fuel		183,311	
Garage Supplies		11,785	
Gasoline		38,344	
Lubricants		7,110	
Tires and Tubes		25,274	
Vehicle Parts		55,084	
Other Supplies and Materials		9,593	
Vehicle and Equipment Insurance		47,801	
Other Charges		68,471	
Transportation Equipment		175,235	
Total Transportation			1,549,876

(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	\$	119,857	
Teachers		462,297	
Clerical Personnel		16,981	
Educational Assistants		153,804	
Certified Substitute Teachers		6,993	
Non-certified Substitute Teachers		4,167	
Social Security		44,270	
Pensions		76,843	
Medical Insurance		72,028	
Employer Medicare		10,407	
Operating Lease Payments		7,427	
Travel		4,746	
Instructional Supplies and Materials		48,252	
Other Supplies and Materials		10,065	
In Service/Staff Development		3,871	
Other Charges		15,122	
Other Equipment		5,502	
Total Early Childhood Education			\$ 1,062,632

Capital Outlay

Regular Capital Outlay

Building Construction	\$	460,231	
Total Regular Capital Outlay			460,231

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	705,743	
Total Education			705,743

Total General Purpose School Fund \$ 31,704,728

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	377,351	
Educational Assistants		50,222	
Part-time Personnel		3,825	
Other Salaries and Wages		124,680	
Certified Substitute Teachers		8,500	
Non-certified Substitute Teachers		6,309	
Social Security		32,176	
Pensions		46,136	
Medical Insurance		25,036	
Employer Medicare		8,144	
Other Contracted Services		15,569	
Instructional Supplies and Materials		343,075	

(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.)

Other Supplies and Materials	\$	45,339	
In Service/Staff Development		581	
Regular Instruction Equipment		66,956	
Total Regular Instruction Program			\$ 1,153,899

Special Education Program

Supervisor/Director	\$	59,587	
Teachers		101,235	
Educational Assistants		435,793	
Other Salaries and Wages		10,951	
Social Security		35,731	
Pensions		55,111	
Medical Insurance		58,268	
Employer Medicare		8,375	
Instructional Supplies and Materials		65,044	
Other Supplies and Materials		7,733	
Other Charges		4,162	
Special Education Equipment		34,146	
Total Special Education Program			876,136

Career and Technical Education Program

Other Contracted Services	\$	249	
Instructional Supplies and Materials		10,143	
Vocational Instruction Equipment		39,866	
Total Career and Technical Education Program			50,258

Support Services

Other Student Support

Travel	\$	14,400	
Other Supplies and Materials		12,704	
In Service/Staff Development		5,736	
Total Other Student Support			32,840

Regular Instruction Program

Supervisor/Director	\$	146,720	
Teachers		2,459	
Clerical Personnel		28,546	
Social Security		10,634	
Pensions		18,502	
Medical Insurance		16,975	
Employer Medicare		2,487	
Travel		16,155	
Other Contracted Services		559	
Other Supplies and Materials		40,474	
In Service/Staff Development		60,604	
Regular Instruction Equipment		1,438	
Vocational Instruction Equipment		10,168	
Total Regular Instruction Program			355,721

(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.)

Special Education Program

Supervisor/Director	\$	62,670	
Other Salaries and Wages		70,359	
Social Security		5,325	
Pensions		10,007	
Medical Insurance		16,600	
Employer Medicare		1,728	
Maintenance and Repair Services - Equipment		1,442	
Travel		10,300	
Other Supplies and Materials		5,929	
In Service/Staff Development		71,080	
Other Charges		253	
Other Equipment		392	
Total Special Education Program			\$ 256,085

Career and Technical Education Program

In Service/Staff Development	\$	883	
Total Career and Technical Education Program			883

Transportation

Bus Drivers	\$	75,090	
Other Salaries and Wages		33,261	
Social Security		6,311	
Pensions		9,862	
Employer Medicare		1,571	
Diesel Fuel		5,355	
Total Transportation			131,450

Operation of Non-Instructional Services

Community Services

Teachers	\$	191,369	
Educational Assistants		11,021	
Other Salaries and Wages		8,560	
Social Security		12,862	
Pensions		21,086	
Employer Medicare		3,008	
Instructional Supplies and Materials		3,063	
In Service/Staff Development		2,235	
Other Charges		13,203	
Total Community Services			<u>266,407</u>

Total School Federal Projects Fund \$ 3,123,679

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	63,712	
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(Continued)

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Accountants/Bookkeepers	\$	33,844	
Cafeteria Personnel		764,195	
Social Security		48,910	
Pensions		80,000	
Life Insurance		1,114	
Medical Insurance		74,084	
Employer Medicare		11,943	
Communication		4,353	
Data Processing Services		3,880	
Dues and Memberships		490	
Maintenance and Repair Services - Equipment		18,791	
Travel		5,944	
Permits		800	
Other Contracted Services		19,697	
Electricity		32,084	
Food Supplies		893,816	
Natural Gas		3,031	
Office Supplies		3,003	
Water and Sewer		1,570	
USDA - Commodities		240,400	
Other Supplies and Materials		79,642	
Refunds		11	
In Service/Staff Development		1,105	
Other Charges		1,284	
Food Service Equipment		30,355	
Total Food Service			\$ 2,418,058
Total Central Cafeteria Fund			\$ 2,418,058

Education Capital Projects Fund

Capital Outlay

Regular Capital Outlay

Building Construction	\$	3,372,758	
Total Regular Capital Outlay			\$ 3,372,758
Total Education Capital Projects Fund			3,372,758

Total Governmental Funds - Hardeman County School Department \$ 40,619,223

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, 2019

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,855,862
Total Cash Receipts	<u>\$ 1,855,862</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,837,303
Trustee's Commission	18,559
Total Cash Disbursements	<u>\$ 1,855,862</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2018	<u>0</u>
Cash Balance, June 30, 2019	<u><u>\$ 0</u></u>

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## SINGLE AUDIT SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**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, 2019, the related notes to the financial statements, which collectively comprise Hardeman County's basic financial statements as listed in the table of contents, and have issued our report thereon dated October 16, 2019.

**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: 2019-003 and 2019-004 (B, C).

### **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: 2019-001, 2019-002, and 2019-004 (A).

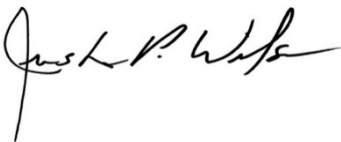
### **Hardeman County's Responses to the Findings**

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

October 16, 2019

JPW/kp



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

**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, 2019. 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, 2019.

### **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.

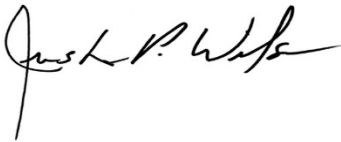
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2019, and the related notes to the financial statements, which collectively comprise Hardeman County's basic financial statements. We issued our report thereon dated October 16, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

October 16, 2019

JPW/kp

Hardeman County, Tennessee, and the Hardeman County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2)  
For the Year Ended June 30, 2019

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	\$ 572,553
National School Lunch Program	10.555	N/A	1,377,862 (5)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster (3):			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	240,400 (5)
Fresh Fruit and Vegetable Program	10.582	N/A	68,619
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-19-59462-01	20,261
Total U.S. Department of Agriculture			<u>\$ 2,279,695</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	(4)	\$ 5,002 (6)
Total U.S. Department of Defense			<u>\$ 5,002</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(4)	\$ 5,040
Total U.S. Department of Justice			<u>\$ 5,040</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,268,227
Special Education Cluster (3):			
Special Education - Grants to States	84.027	N/A	1,060,284
Special Education - Preschool Grants	84.173	N/A	42,301
Career and Technical Education - Basic Grants to States	84.048	N/A	72,102
Twenty-first Century Community Learning Centers	84.287	N/A	272,866
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	145,000
Rural Education	84.358	N/A	25,692
Supporting Effective Instruction State Grant	84.367	N/A	37,631
Student Support and Academic Enrichment Program	84.424	N/A	42,727
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	208,040
Total U.S. Department of Education			<u>\$ 3,174,870</u>
Delta Regional Authority:			
Direct Program:			
Delta Regional Development	90.200	N/A	\$ 89,900
Total Delta Regional Authority			<u>\$ 89,900</u>

Continued

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Family Planning Services	93.217	GG-19-59462-01	10,409
CCDF Cluster:			
Child Care and Development Block Grant	93.575	N/A	\$ 2,804
HIV Prevention Activities - Health Department Based	93.940	GG-19-59462-01	2,944
Preventative Health Services - Sexually Transmitted Diseases Control Grants	93.977	GG-19-59462-01	2,053
Maternal and Child Health Services Block Grant to the States	93.994	GG-19-59462-01	7,592
Total U.S. Department of Health and Human Services			<u>\$ 25,802</u>
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	3,453
Total U.S. Department of Homeland Security			<u>\$ 10,153</u>
Total Expenditures of Federal Awards			<u>\$ 5,590,462</u>
		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)	1,053,382
CTE Equipment Grant - State Department of Education	N/A	(4)	75,000
Safe Schools - State Department of Education	N/A	(4)	44,020
School Safety - State Department of Education	N/A	(4)	109,968
Kindergarten Entry Inventory (KEI) - State Department of Education	N/A	(4)	4,500
Read to Be Ready - State Department of Education	N/A	(4)	9,921
Governor's Highway Safety Grant - State Department of Transportation	N/A	(4)	7,745
Three-Star Grant - State Department of Economic and Community Development	N/A	(4)	6,899
Bill Dance Spring Lake Project Grant - State Department of Economic and Community Development	N/A	(4)	5,744
Airport Maintenance Program - State Department of Transportation	N/A	(4)	679
Courtroom Security Grant - Administrative Office of the Court	N/A	(4)	3,867
Archives Development Grant - State Department of Library and Archives	N/A	(4)	3,850
Health Department Grant - State Department of Health	N/A	GG-19-59462-01	162,126
Kilgore Industrial Development Grant - State Department of Economic and Community Development	N/A	(4)	238,375
Local Park and Recreation Fund - State Department of Environment and Conservation	N/A	(4)	48,000
Litter Grant - State Department of Transportation	N/A	(4)	18,156
2019 Alternate Breakfast Grant - State Department of Education	N/A	(4)	10,000
Total State Grants			<u>\$ 1,902,232</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Hardeman County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) Child Nutrition Cluster totaled \$2,190,815; Special Education Cluster totaled \$1,102,585, CCDF cluster totaled \$2,804.
- (4) Information not available.
- (5) Total for CFDA No. 10.555 is \$1,618,262.
- (6) During the year ended June 30, 2019, Hardeman County received excess military equipment from the U.S. Department of Military valued at \$5,002.

Continued

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

SCHOOL-WIDE PROGRAM		Amount
The following amounts were consolidated for School-wide Program:		
<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Provided to School-wide Program</u>
Title I	84.010	\$ 1,268,227
Special Education Cluster	84.027	1,102,585
Career and Technical Education - Basic Grants to States	84.048	72,102
Rural Education	84.358	25,692
Supporting Effective Instruction State Grant	84.367	37,631
Student Support and Academic Enrichment Program	84.424	<u>42,721</u>
Total amounts consolidated for School-wide Program		<u>\$ 2,548,958</u>



Hardeman County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2019

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, 2019.

***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>					
2018	170	2018-001	The Office had Deficiencies in Budget Operations	N/A	Corrected
2018	171	2018-002	Accrued Vacation, Holiday, and Compensatory Time Payments to Two Former Employees were Made Without Apparent Policy Authorization and Without Proper Documentation	N/A	Corrected
<b><u>OFFICE OF TRUSTEE</u></b>					
2018	172	2018-003	The Monthly Trustee's Report was not Always Filed in Compliance with State Statute	N/A	Not Corrected - See Explanation on Corrective Action Plan
2018	173	2018-004	An Employee Processed Transactions Utilizing Another User's Account	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, 2019**

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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
  - \* CFDA Number: 84.010 Title I Grants to Local Educational Agencies
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 2019-001      **THE SOLID WASTE AND ANIMAL CONTROL DEPARTMENT HAD OPERATING DEFICIENCIES**  
(Noncompliance Under *Government Auditing Standards*)

Our examination of the Solid Waste and Animal Control Department disclosed deficiencies in the operations of the department. These deficiencies can be attributed to a lack of management oversight and a lack of understanding of state statutes, county policy, internal controls, and sound business practices.

- A. As part of our audit procedures for obtaining reasonable assurance that funds were deposited within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*, we judgmentally selected receipts for the months of August, September, and December 2018 and January 2019 to trace to deposits. During this period, 73 of 109 receipts were held from four to 13 days before being deposited to the department's bank account. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.
- B. The county has established a written policy concerning the collection and write-off of customer accounts for the Solid Waste and Animal Control Department. This policy states. "The Hardeman County Solid Waste Committee will oversee the charging off of any debt that is deemed uncollectible and owed to the Landfill that is over two years old..." The county currently has \$994,805 of uncollectible debt over two years old. Sound business practices provide for management oversight of the collection and write-off process. By failing to adhere to its policy, the county is not applying consistent treatment to all customers.
- C. Duties were not segregated adequately among the official and employee in the Solid Waste and Animal Control Department. The employee responsible for maintaining accounting records was also involved in receipting, depositing, and/or disbursing funds. Sound business practices dictate that management is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's

decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

#### RECOMMENDATION

All collections should be deposited within three days of collection as required by state statutes. The county should comply with its written policy regarding the write-off of customer accounts and should make every effort to collect delinquent accounts. Management should segregate duties to the extent possible using available resources.

#### MANAGEMENT'S RESPONSE – COUNTY MAYOR

I concur. All funds received should be deposited within three days. The Hardeman County Solid Waste Board is the authority over any write-offs. The board has many obstacles to overcome in collecting old debt due to a prior theft. Segregation of duties in this office is a challenge due to having only one employee.

#### FINDING 2019-002

#### **A DEFICIENCY WAS NOTED IN THE ADMINISTRATION OF THE LITTER GRANT**

(Noncompliance Under *Government Auditing Standards*)

During the year, a SkyCop surveillance camera was purchased totaling \$7,975. The camera was included on a litter grant reimbursement request and classified as Education – Instructional Supplies. The grant contract allowed \$11,600 to be expended on educational expenses that would include student education, public education, media education, business education, and government education. The Litter Grant Program Roadside Litter Pick-up Education Plan for 2018-2019 submitted by the county mayor lists the following: articles, radio spots, and billboards to encourage citizens to properly dispose of litter; mobile banners encouraging litter-free county roads; free public convenience trash bags for vehicles; and anti-litter programs at local elementary schools. The surveillance camera would not be considered student, public, media, business, or government education. Furthermore, it was not included in the education plan submitted by the county mayor.

#### RECOMMENDATION

Litter grant funds should only be expended for purposes that comply with the grant criteria.

#### MANAGEMENT'S RESPONSE – COUNTY MAYOR

I DO NOT CONCUR. Hardeman County purchased a SkyCop camera system for the policing of litter on our roadways. We are going to advertise the camera system and the legal fines incurred by littering as a deterrent. Small game cameras were approved two years ago by the litter grant administrator and worked with some success in confined spaces. Prior to purchasing the SkyCop system, the purchase **was approved** by the TDOT Litter Program

administrator. The SkyCop has been very successful to date as a deterrent and educational tool against littering.

### AUDITOR'S COMMENT

We spoke to the administrator of the litter grant at TDOT and confirmed that the SkyCop camera would not be considered an educational expense. Furthermore, we were advised that a camera system could be filed against the grant as a direct cost; however, the system purchased by the county would be ineligible for reimbursement because the purchase exceeded \$4,999.99. Items purchased over this amount are not eligible to be reimbursed by the litter grant. The county mayor submitted his response to the audit finding on October 2, 2019, maintaining that the purchase had been approved; however, on September 19, 2019, litter grant administrators notified the county that the camera was an ineligible expense since it exceeded \$4,999.99 and would not be reimbursed.

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### OFFICES OF COUNTY MAYOR AND SHERIFF

#### FINDING 2019-003

#### **THE OFFICES HAD DEFICIENCIES IN PURCHASING PROCEDURES**

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

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 42 disbursements totaling \$189,663 from a population of 3,012 vendor checks totaling \$7,927,046. Our examination revealed the following deficiencies, which are the result of a lack of management oversight, a lack of understanding of internal controls and sound business practices.

- A. In nine of 12 applicable instances, purchase orders were not issued. Six of those instances involved purchases of the Sheriff's Department. Purchase orders are necessary to control who has purchasing authority for the county and to document purchase commitments. The failure to issue purchase orders increases the risks of unauthorized purchases.
- B. In five of 42 applicable instances, invoices were paid late, resulting in service charges. Four of those instances involved purchases of the Sheriff's Department. Sound business practices dictate that invoices should be paid when payments are due to avoid unnecessary service charges.

### RECOMMENDATION

Purchase orders should be issued for all applicable purchases before purchases are made to strengthen internal controls over purchasing procedures and to document purchasing commitments. All disbursements should be made in a timely fashion to avoid late charges.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

I concur. This office makes every effort to maintain and control purchases with requisitions and purchase orders. Once purchases have been made by elected officials, the vendor must be paid. There are no means of discipline for the elected officials.

MANAGEMENT’S RESPONSE – SHERIFF

To avoid further purchasing infractions, all expenditure requests will be reviewed by the administrative captain and the chief deputy.

---

OFFICE OF TRUSTEE

FINDING 2019-004

**THE OFFICE HAD ACCOUNTING DEFICIENCIES**

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

The following deficiencies were noted during our examination of the office’s accounting records. These deficiencies can be attributed to a lack of understanding of internal controls, generally accepting accounting principles, state statutes, and sound business practices. Also, these deficiencies are the result of management’s failure to correct the finding noted in the prior-year audit report and the failure to implement their corrective action plan.

- A. The 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 2018 and June 2019, where the monthly trustee’s report was not filed with the county mayor and the director of schools until as many as 25 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 and the Board of Education.
- B. The trustee maintains control over three separate payroll clearing bank accounts for the county mayor, Highway Department, and the School Department that were not reflected on the general ledger. Since these accounts were not posted on the general ledger, the trustee could not adequately reconcile general ledger operations with bank account activities and bank balances. This deficiency could result in a loss of control over assets.
- C. Bank statements for four of the trustee’s bank accounts posted to the accounting records were not reconciled with the general ledger accurately during the period from July 2018 through June 2019. Sound business practices

dictate that bank statements should be reconciled with the general ledger monthly to ensure errors are identified and corrected promptly. The failure to regularly reconcile the bank accounts with accounting records is a significant deficiency that increases the risks that errors will not be discovered and corrected in a timely manner. The June 30, 2019, bank balances were determined by substantive testing and alternative auditing procedures.

#### RECOMMENDATION

The trustee should file the monthly trustee's report with the county mayor and director of schools in compliance with state statute. All bank activity should be reflected on the general ledger, bank accounts should be reconciled with the general ledger monthly, and errors should be identified and corrected promptly.

#### MANAGEMENT'S RESPONSE – TRUSTEE

We concur with the finding. We changed to Nexgen in September 2016. The conversion has been a challenge in so many ways. It's a completely different mindset and is just now coming together.

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

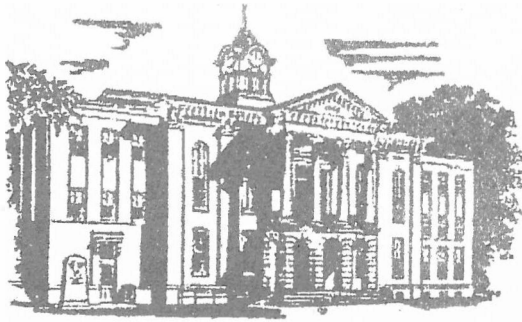
There were no findings and questioned costs related to federal awards for the year ended June 30, 2019.



**Hardeman County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2019**

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
<b><u>OFFICE OF COUNTY MAYOR</u></b>		
2019-001	The Solid Waste and Animal Control Department had Operating Deficiencies	186
2019-002	A Deficiency was Noted in the Administration of the Litter Grant	186
	Auditor Comment	187
<b><u>OFFICES OF COUNTY MAYOR AND SHERIFF</u></b>		
2019-003	The Office had Deficiencies in Purchasing Procedures - County Mayor	186
2019-003	The Office had Deficiencies in Purchasing Procedures - Sheriff	189
<b><u>OFFICE OF TRUSTEE</u></b>		
2019-004	The Office had Accounting Deficiencies	188



# Hardeman County

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

Phone: (731) 658-3266

Fax: (731) 658-5721

Office of:  
*Jimmy Sain, Mayor*

## Corrective Action Plan for Audit Findings

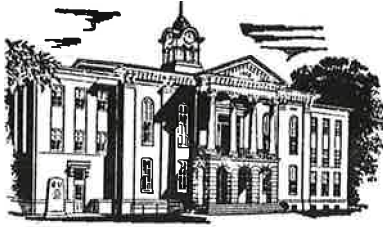
- FINDING THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES
- PERSON RESPONSIBLE FOR COMPLETING CORRECTIVE ACTION PLAN  
Mayor Jimmy Sain
- PERSON RESPONSIBLE FOR IMPLEMENTING CORRECTIVE ACTION PLAN  
Legislators
- ANTICIPATED COMPLETION DATE  
N/A
- REPEAT FINDING  
No
- PLANNED CORRECTIVE ACTION  
Waiting on Tennessee Legislature to hold elected officials accountable for budgetary and purchasing laws.
- 
- FINDING THE SOLID WASTE AND ANIMAL CONTROL DEPARTMENT HAD OPERATING DEFICIENCIES
- PERSON RESPONSIBLE FOR COMPLETING CORRECTIVE ACTION PLAN  
Mayor Jimmy Sain
- PERSON RESPONSIBLE FOR IMPLEMENTING CORRECTIVE ACTION PLAN  
Solid Waste Director Kenny Brown
- ANTICIPATED COMPLETION DATE  
October 15, 2019
- REPEAT FINDING  
No
- PLANNED CORRECTIVE ACTION  
There will be deposits made every Wednesday and Friday of the week with reports going to the Director and Solid Waste Board. The Solid Waste Board will take action on the bad debt plan and write off the ones that are not collectable.
- 
- FINDING A DEFICIENCY WAS NOTED IN THE ADMINISTRATION OF THE LITTER GRANT
- PERSON RESPONSIBLE OR COMPLETING CORRECTIVE ACTION PLAN  
Mayor Jimmy Sain
- PERSON RESPONSIBLE FOR IMPLEMENTING CORRECTIVE ACTION PLAN  
N/A
- ANTICIPATED COMPLETION DATE  
N/A
- REPEAT FINDING  
No
- PLANNED CORRECTIVE ACTION  
There is no plan. The only authority over the TDOT Litter Program is the TDOT Litter Administrator. Hardeman County makes no purchases on large items without the approval of TDOT.

*Jimmy Sain*  
10/07/2019

AUDITOR'S COMMENT ON COUNTY MAYOR'S CORRECTIVE ACTION PLAN FOR FINDING 2019-002

The county mayor was notified on September 19, 2019, by the TDOT litter grant program administrator that the purchase of the SkyCop camera was ineligible to be reimbursed with litter grant funds due to being in excess of \$4,999.99. Therefore, this was not an approved litter grant purchase.

# HARDEMAN COUNTY



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

**FINDING: THE OFFICE HAD ACCOUNTING DEFICIENCIES**

**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:**  
October 2019

**Repeat Finding:**  
Yes

**Reason Corrective Action was Not Taken in the Prior Year:**  
The bank statements come in from the 5<sup>th</sup> to the 20<sup>th</sup> on several statements.

**Planned Corrective Action:**  
The payroll clearing accounts for the Mayor, Board of Education and Highway were not set up in the general ledger when we switched from the warrants system to direct deposit. I am checking into the reason.

The reconciling of two of the seventeen bank statements were reconciled in a different manner from audit. I will change to audit procedure.

---

Mary W. Powell, Trustee

A handwritten signature in blue ink that reads "Mary W. Powell".



Corrective Action Plan

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

**Response and Corrective Action Plan Prepared by:**  
John Doolen, Sheriff

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

**Anticipated Completion Date of Corrective Action :**  
9/25/2019

**Repeat Finding:**  
No

**Planned Corrective Action:**

In response to FINDING 2019-003 (A) - Several of the purchases were for multiple invoices for multiple items at separate time frames. To avoid further purchasing infractions, all preliminary expenditure requests will be reviewed and approved by Administrative Captain B. Vandiver and then for final review and approval by Chief Deputy G. Moore in efforts to more closely monitor each expenditure to each vendor throughout the course of the business day.

In response to FINDING 2019-003 (B) - Our records and communication documents, which include email correspondence between this office and the mayor's office, indicate the invoices from this vendor were submitted in a timely manner. However, for reasons which are unknown and are beyond the control of this office, they were not paid in an acceptable and timely manner, per the requirements of the contract between the mayor's office and this vendor.

Signature:

A handwritten signature in blue ink, appearing to read "John Doolen", is written over a horizontal line.

## **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.