

ANNUAL FINANCIAL REPORT
HARDEMAN COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2020



DIVISION OF LOCAL GOVERNMENT AUDIT



**ANNUAL FINANCIAL REPORT
HARDEMAN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2020**

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

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

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Summary of Audit Findings

Annual Financial Report
Hardeman County, Tennessee
For the Year Ended June 30, 2020

Scope

We have audited the basic financial statements of Hardeman County as of and for the year ended June 30, 2020.

Results

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

Our audit resulted in eight 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

- ◆ Drug control funds were expended improperly.
- ◆ General ledger payroll deduction accounts were not reconciled with payroll reports and payments in the General fund.
- ◆ The office had deficiencies in budget operations.
- ◆ The office had deficiencies with renovations and additions to county buildings.

OFFICES OF COUNTY MAYOR AND TRUSTEE

- ◆ Duties were not segregated adequately.

OFFICES OF COUNTY MAYOR AND SHERIFF

- ◆ The office had deficiencies in purchasing procedures.
-

OFFICE OF HIGHWAY SUPERINTENDENT

- ◆ The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation.
-

OFFICE OF TRUSTEE

- ◆ The office had accounting deficiencies.

INTRODUCTORY SECTION

Hardeman County Officials

June 30, 2020

Officials

Jimmy Sain, County Mayor
Casey Swift, Highway Superintendent
Bobby Doyle, 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
Russell DeBerry
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

Matthew Knight, Chairman
John Mitchell
Kenny Pulse

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

FINANCIAL SECTION



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, 2020, 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, 2020, 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 to the pension plans, 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 other information such as the introductory section 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.

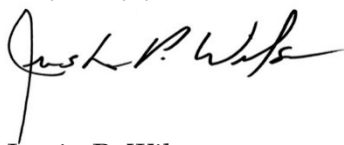
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hardeman County School Department (a discretely presented component unit), schedule 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2020, on our consideration of Hardeman County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hardeman County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hardeman County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 2, 2020

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Hardeman County, Tennessee
Statement of Net Position
June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Hardeman County School Department
<u>ASSETS</u>				
Cash	\$ 78,203	\$ 340	\$ 78,543	\$ 16
Equity in Pooled Cash and Investments	7,601,173	3,949,435	11,550,608	5,093,398
Accounts Receivable	4,303,126	17,290	4,320,416	7,995
Allowance for Uncollectibles	(2,476,654)	(11,238)	(2,487,892)	0
Due from Other Governments	801,679	0	801,679	1,423,057
Due from Component Units	25,838	0	25,838	0
Property Taxes Receivable	4,475,584	0	4,475,584	5,994,820
Allowance for Uncollectible Property Taxes	(182,192)	0	(182,192)	(244,036)
Restricted Assets:				
Amounts Accumulated for Pension Benefits	0	0	0	111,120
Cash Shortage	0	1,890	1,890	0
Net Pension Asset - Agent Plan	681,460	31,066	712,526	489,441
Net Pension Asset - Teacher Retirement Plan	0	0	0	147,091
Net Pension Asset - Legacy Pension Plan	0	0	0	4,425,930
Capital Assets:				
Assets Not Depreciated:				
Land	1,757,650	219,838	1,977,488	358,116
Construction in Progress	153,556	0	153,556	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	12,895,241	1,093,130	13,988,371	14,071,736
Infrastructure	12,949,088	0	12,949,088	0
Other Capital Assets	2,601,606	353,883	2,955,489	2,406,631
Total Assets	<u>\$ 45,665,358</u>	<u>\$ 5,655,634</u>	<u>\$ 51,320,992</u>	<u>\$ 34,285,315</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charge on Refunding	\$ 738,316	\$ 0	\$ 738,316	\$ 0
Pension Changes in Experience	104,417	4,760	109,177	296,581
Pension Changes in Assumptions	218,288	9,951	228,239	758,308
Pension Changes in Proportion	0	0	0	59,120
Pension Contributions After Measurement Date	555,401	29,074	584,475	1,932,577
OPEB Changes in Experience	0	0	0	46,326
OPEB Changes in Assumptions	0	0	0	82,110
OPEB Contributions After Measurement Date	0	0	0	140,069
Total Deferred Outflows of Resources	<u>\$ 1,616,422</u>	<u>\$ 43,785</u>	<u>\$ 1,660,207</u>	<u>\$ 3,315,091</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 205,385	\$ 43,583	\$ 248,968	\$ 62
Accrued Payroll	0	0	0	3,680
Payroll Deductions Payable	11,015	496	11,511	24,602
Contracts Payable	107,796	0	107,796	0
Accrued Interest Payable	70,342	0	70,342	0
Due to Primary Government	0	0	0	25,838
Noncurrent Liabilities:				
Due Within One Year - Debt	1,102,107	0	1,102,107	0
Due Within One Year - Other	164,293	7,587	171,880	41,762
Due in More Than One Year - Debt	19,975,550	0	19,975,550	0
Due in More Than One Year - Other	0	2,911,576	2,911,576	3,188,025
Total Liabilities	<u>\$ 21,636,488</u>	<u>\$ 2,963,242</u>	<u>\$ 24,599,730</u>	<u>\$ 3,283,969</u>

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Hardeman
				School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 4,189,367	\$ 0	\$ 4,189,367	\$ 5,611,447
Pension Changes in Experience	842,109	38,390	880,499	3,333,948
Pension Changes in Investment Earnings	243,003	11,078	254,081	1,445,322
Pension Changes in Proportion	0	0	0	55,425
OPEB Changes in Experience	0	0	0	185,078
OPEB Changes in Assumptions	0	0	0	314,645
OPEB Changes in Proportion	0	0	0	44,109
Total Deferred Inflows of Resources	<u>\$ 5,274,479</u>	<u>\$ 49,468</u>	<u>\$ 5,323,947</u>	<u>\$ 10,989,974</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 12,997,526	\$ 1,666,851	\$ 14,664,377	\$ 16,836,483
Restricted for:				
General Government	31,315	0	31,315	0
Finance	24,106	0	24,106	0
Administration of Justice	239,543	0	239,543	0
Public Safety	617,396	0	617,396	0
Public Health and Welfare	51,198	0	51,198	0
Highways/Public Works	111,551	0	111,551	0
Debt Service	674,105	0	674,105	0
Education	0	0	0	221,195
Operation of Non-instructional Services	0	0	0	417,004
Pensions	681,460	31,066	712,526	5,062,462
Hybrid Retirement Stabilization Funds	0	0	0	111,120
Unrestricted	<u>4,942,613</u>	<u>988,792</u>	<u>5,931,405</u>	<u>678,199</u>
Total Net Position	<u>\$ 20,370,813</u>	<u>\$ 2,686,709</u>	<u>\$ 23,057,522</u>	<u>\$ 23,326,463</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, 2020

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	\$ 4,265,584	\$ 148,394	\$ (112,030)	\$ 2,281,803	\$ (1,947,417)	\$ 0	\$ (1,947,417)	\$ 0
Finance	890,821	678,577	8,102	0	(204,142)	0	(204,142)	0
Administration of Justice	1,201,324	640,410	51,029	0	(509,885)	0	(509,885)	0
Public Safety	4,798,630	443,742	43,050	20,000	(4,291,838)	0	(4,291,838)	0
Public Health and Welfare	2,145,675	1,700,385	136,158	0	(309,132)	0	(309,132)	0
Social, Cultural, and Recreational Services	99,914	0	25,163	0	(74,751)	0	(74,751)	0
Agriculture and Natural Resources	94,425	0	0	0	(94,425)	0	(94,425)	0
Highways/Public Works	3,950,487	0	2,650,705	20,100	(1,279,682)	0	(1,279,682)	0
Interest on Long-term Debt	595,578	0	25,093	0	(570,485)	0	(570,485)	0
Total Governmental Activities	\$ 18,042,438	\$ 3,611,508	\$ 2,827,270	\$ 2,321,903	\$ (9,281,757)	\$ 0	\$ (9,281,757)	\$ 0
Business-type Activities:								
Solid Waste Disposal	\$ 1,674,645	\$ 985,373	\$ 10,953	\$ 0	\$ 0	\$ (678,319)	\$ (678,319)	\$ 0
Total Business-type Activities	\$ 1,674,645	\$ 985,373	\$ 10,953	\$ 0	\$ 0	\$ (678,319)	\$ (678,319)	\$ 0
Total Primary Government	\$ 19,717,083	\$ 4,596,881	\$ 2,838,223	\$ 2,321,903	\$ (9,281,757)	\$ (678,319)	\$ (9,960,076)	\$ 0
Component Unit:								
Hardeman County School Department	\$ 36,522,257	\$ 184,629	\$ 5,103,020	\$ 25,891	\$ 0	\$ 0	\$ 0	\$ (31,208,717)
Total Component Unit	\$ 36,522,257	\$ 184,629	\$ 5,103,020	\$ 25,891	\$ 0	\$ 0	\$ 0	\$ (31,208,717)

(Continued)

Exhibit B

Hardeman County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Hardeman
					Total Governmental Activities	Business- type Activities	Total	County School Department
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 4,213,488	\$ 0	\$ 4,213,488	\$ 5,855,290
Property Taxes Levied for Debt Service					320,940	0	320,940	0
Local Option Sales Taxes					203,817	0	203,817	2,505,467
Wheel Tax					1,531,802	0	1,531,802	0
Litigation Tax					156,074	0	156,074	0
Business Tax					204,926	0	204,926	0
Wholesale Beer Tax					69,618	0	69,618	0
Other Local Taxes					25,137	0	25,137	3,196
Grants and Contributions Not Restricted for Specific Programs					2,325,301	0	2,325,301	23,035,034
Unrestricted Investment Income					167,398	63,553	230,951	0
Miscellaneous					201,030	1,484	202,514	137,450
Total General Revenues					\$ 9,419,531	\$ 65,037	\$ 9,484,568	\$ 31,536,437
Change in Net Position					\$ 137,774	\$ (613,282)	\$ (475,508)	\$ 327,720
Net Position, July 1, 2019					20,233,039	3,299,991	23,533,030	22,998,743
Net Position, June 30, 2020					<u>\$ 20,370,813</u>	<u>\$ 2,686,709</u>	<u>\$ 23,057,522</u>	<u>\$ 23,326,463</u>

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, 2020

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	78,203	\$ 78,203
Equity in Pooled Cash and Investments	4,400,826	2,386,145	679,692	134,510	7,601,173
Accounts Receivable	4,302,688	0	0	438	4,303,126
Allowance for Uncollectibles	(2,476,654)	0	0	0	(2,476,654)
Due from Other Governments	425,960	375,310	409	0	801,679
Due from Other Funds	4,466	0	0	69,094	73,560
Property Taxes Receivable	4,147,101	0	328,483	0	4,475,584
Allowance for Uncollectible Property Taxes	(168,820)	0	(13,372)	0	(182,192)
Total Assets	\$ 10,635,567	\$ 2,761,455	\$ 995,212	\$ 282,245	\$ 14,674,479
<u>LIABILITIES</u>					
Accounts Payable	\$ 125,017	\$ 80,368	\$ 0	\$ 0	\$ 205,385
Payroll Deductions Payable	10,812	149	0	0	10,961
Contracts Payable	107,796	0	0	0	107,796
Due to Other Funds	69,094	0	0	4,466	73,560
Due to State of Tennessee	54	0	0	0	54
Total Liabilities	\$ 312,773	\$ 80,517	\$ 0	\$ 4,466	\$ 397,756
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 3,881,891	\$ 0	\$ 307,476	\$ 0	\$ 4,189,367
Deferred Delinquent Property Taxes	77,409	0	6,131	0	83,540
Other Deferred/Unavailable Revenue	1,738,316	162,000	0	0	1,900,316
Total Deferred Inflows of Resources	\$ 5,697,616	\$ 162,000	\$ 313,607	\$ 0	\$ 6,173,223

(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	\$ 31,315	\$ 0	\$ 0	\$ 0	\$ 31,315
Restricted for Finance	24,106	0	0	0	24,106
Restricted for Administration of Justice	239,543	0	0	0	239,543
Restricted for Public Safety	413,792	0	0	203,604	617,396
Restricted for Public Health and Welfare	51,198	0	0	0	51,198
Committed:					
Committed for Finance	0	0	0	74,175	74,175
Committed for Highways/Public Works	0	2,518,938	0	0	2,518,938
Committed for Debt Service	0	0	681,605	0	681,605
Assigned:					
Assigned for Public Health and Welfare	16,291	0	0	0	16,291
Assigned for Other Operations	8,409	0	0	0	8,409
Unassigned	3,840,524	0	0	0	3,840,524
Total Fund Balances	<u>\$ 4,625,178</u>	<u>\$ 2,518,938</u>	<u>\$ 681,605</u>	<u>\$ 277,779</u>	<u>\$ 8,103,500</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,635,567</u>	<u>\$ 2,761,455</u>	<u>\$ 995,212</u>	<u>\$ 282,245</u>	<u>\$ 14,674,479</u>

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

Exhibit C-2

Hardeman County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2020

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)		\$ 8,103,500
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,757,650	
Add: construction in progress	153,556	
Add: buildings and improvements net of accumulated depreciation	12,895,241	
Add: infrastructure net of accumulated depreciation	12,949,088	
Add: other capital assets net of accumulated depreciation	<u>2,601,606</u>	30,357,141
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: note payable	\$ (560,115)	
Less: other loan payable	(25,838)	
Less: bonds payable	(20,210,000)	
Add: debt to be contributed by the school department	25,838	
Add: deferred amount on refunding	738,316	
Less: other deferred revenue - premium on debt	(281,704)	
Less: compensated absences payable	(164,293)	
Less: accrued interest payable	<u>(70,342)</u>	(20,548,138)
(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	\$ 878,106	
Less: deferred inflows of resources related to pensions	<u>(1,085,112)</u>	(207,006)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		681,460
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,983,856</u>
Net position of governmental activities (Exhibit A)		<u>\$ 20,370,813</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, 2020

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 4,991,377	\$ 765,901	\$ 1,088,751	\$ 0	\$ 6,846,029
Licenses and Permits	22,927	20	0	0	22,947
Fines, Forfeitures, and Penalties	235,781	0	0	33,255	269,036
Charges for Current Services	1,505,142	0	0	376,473	1,881,615
Other Local Revenues	449,824	24,524	0	0	474,348
Fees Received From County Officials	769,714	0	0	0	769,714
State of Tennessee	3,644,506	2,728,705	0	0	6,373,211
Federal Government	368,763	0	0	0	368,763
Other Governments and Citizens Groups	435,096	0	704,143	0	1,139,239
Total Revenues	<u>\$ 12,423,130</u>	<u>\$ 3,519,150</u>	<u>\$ 1,792,894</u>	<u>\$ 409,728</u>	<u>\$ 18,144,902</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 1,560,330	\$ 0	\$ 0	\$ 0	\$ 1,560,330
Finance	307,489	0	0	360,193	667,682
Administration of Justice	692,426	0	0	10,509	702,935
Public Safety	3,279,150	0	0	76,642	3,355,792
Public Health and Welfare	1,729,345	0	0	0	1,729,345
Social, Cultural, and Recreational Services	99,914	0	0	0	99,914
Agriculture and Natural Resources	95,374	0	0	0	95,374
Other Operations	4,632,434	0	0	0	4,632,434
Highways	0	2,984,114	0	0	2,984,114
Debt Service:					
Principal on Debt	0	0	1,110,533	0	1,110,533
Interest on Debt	0	0	600,469	0	600,469
Other Debt Service	0	0	15,262	0	15,262
Total Expenditures	<u>\$ 12,396,462</u>	<u>\$ 2,984,114</u>	<u>\$ 1,726,264</u>	<u>\$ 447,344</u>	<u>\$ 17,554,184</u>

(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	
Excess (Deficiency) of Revenues Over Expenditures	\$ 26,668	\$ 535,036	\$ 66,630	\$ (37,616)	\$ 590,718
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 3,322	\$ 0	\$ 0	\$ 0	\$ 3,322
Total Other Financing Sources (Uses)	\$ 3,322	\$ 0	\$ 0	\$ 0	\$ 3,322
Net Change in Fund Balances	\$ 29,990	\$ 535,036	\$ 66,630	\$ (37,616)	\$ 594,040
Fund Balance, July 1, 2019	4,595,188	1,983,902	614,975	315,395	7,509,460
Fund Balance, June 30, 2020	\$ 4,625,178	\$ 2,518,938	\$ 681,605	\$ 277,779	\$ 8,103,500

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, 2020

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)		\$ 594,040
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,315,022	
Less: current-year depreciation expense	<u>(2,895,025)</u>	(1,580,003)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized		40,100
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2020	\$ 1,983,856	
Less: deferred delinquent property taxes and other deferred June 30, 2019	<u>(1,995,511)</u>	(11,655)
(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 net effect of these differences in the treatment of long-term debt and related items.		
Add: principal payments on bonds	\$ 990,000	
Add: principal payments on notes	102,305	
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	(81,014)	
Add: change in premium on debt proceeds	<u>25,093</u>	1,036,384
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 4,891	
Change in net pension asset	413,114	
Change in deferred outflows related to pensions	(285,455)	
Change in deferred inflows related to pensions	(54,643)	
Change in compensated absences payable	<u>(18,999)</u>	58,908
Change in net position of governmental activities (Exhibit B)		<u>\$ 137,774</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, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,991,377	\$ 0	\$ 0	\$ 4,991,377	\$ 4,830,000	\$ 4,805,000	\$ 186,377
Licenses and Permits	22,927	0	0	22,927	36,400	36,400	(13,473)
Fines, Forfeitures, and Penalties	235,781	0	0	235,781	273,650	273,650	(37,869)
Charges for Current Services	1,505,142	0	0	1,505,142	1,509,050	1,509,050	(3,908)
Other Local Revenues	449,824	0	0	449,824	280,200	280,200	169,624
Fees Received From County Officials	769,714	0	0	769,714	1,210,000	1,210,000	(440,286)
State of Tennessee	3,644,506	0	0	3,644,506	2,388,000	2,413,000	1,231,506
Federal Government	368,763	0	0	368,763	71,950	95,895	272,868
Other Governments and Citizens Groups	435,096	0	0	435,096	241,000	241,000	194,096
Total Revenues	\$ 12,423,130	\$ 0	\$ 0	\$ 12,423,130	\$ 10,840,250	\$ 10,864,195	\$ 1,558,935
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 36,108	\$ 0	\$ 0	\$ 36,108	\$ 31,000	\$ 44,000	\$ 7,892
Board of Equalization	700	0	0	700	1,000	1,000	300
Beer Board	1,150	0	0	1,150	875	1,150	0
Budget and Finance Committee	1,200	0	0	1,200	1,500	1,500	300
Other Boards and Committees	3,150	0	0	3,150	6,000	6,000	2,850
County Mayor/Executive	177,632	0	0	177,632	180,664	181,481	3,849
County Attorney	120,402	0	0	120,402	78,150	120,552	150
Election Commission	163,238	0	0	163,238	181,012	181,735	18,497
Register of Deeds	147,699	(341)	0	147,358	160,561	158,981	11,623
Development	60,086	0	0	60,086	74,347	75,427	15,341
County Buildings	762,939	(400)	0	762,539	611,872	818,424	55,885
Other Facilities	53,199	0	0	53,199	117,800	118,475	65,276
Other General Administration	27,485	0	0	27,485	25,000	27,485	0
Preservation of Records	5,342	0	0	5,342	7,900	9,660	4,318
<u>Finance</u>							
Accounting and Budgeting	17,126	0	0	17,126	16,892	17,399	273
Purchasing	3,600	0	0	3,600	3,600	3,600	0

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Property Assessor's Office	\$ 111,677	\$ 0	\$ 0	\$ 111,677	\$ 120,471	\$ 120,414	\$ 8,737
Reappraisal Program	112,649	0	0	112,649	118,564	121,606	8,957
County Trustee's Office	16,997	0	0	16,997	183,161	24,228	7,231
County Clerk's Office	45,440	0	0	45,440	229,548	48,631	3,191
<u>Administration of Justice</u>							
Circuit Court	287,292	0	0	287,292	338,750	350,573	63,281
General Sessions Court	116,164	0	0	116,164	116,792	117,433	1,269
Chancery Court	184,240	0	0	184,240	185,308	192,634	8,394
Juvenile Court	41,332	0	0	41,332	46,177	47,180	5,848
Courtroom Security	59,697	0	0	59,697	65,857	70,900	11,203
Victim Assistance Programs	3,701	0	0	3,701	9,000	9,000	5,299
<u>Public Safety</u>							
Sheriff's Department	1,427,600	(1,342)	0	1,426,258	1,370,999	1,406,233	(20,025)
Workhouse	1,259,631	(3,784)	0	1,255,847	1,299,873	1,289,787	33,940
Juvenile Services	34,189	0	0	34,189	36,000	36,990	2,801
Fire Prevention and Control	99,430	0	0	99,430	130,000	130,000	30,570
Rural Fire Protection	111	0	0	111	5,500	5,500	5,389
Civil Defense	10,177	0	0	10,177	30,650	30,650	20,473
Other Emergency Management	424,522	0	0	424,522	405,049	431,441	6,919
County Coroner/Medical Examiner	23,490	0	0	23,490	25,000	25,000	1,510
<u>Public Health and Welfare</u>							
Local Health Center	75,474	(9,968)	0	65,506	80,120	80,120	14,614
Rabies and Animal Control	39,880	(329)	0	39,551	59,100	59,100	19,549
Ambulance/Emergency Medical Services	1,504,164	(2,618)	16,291	1,517,837	1,494,103	1,599,836	81,999
Dental Health Program	87,620	0	0	87,620	256,500	256,500	168,880
Other Local Health Services	0	0	0	0	2,816	2,816	2,816
Sanitation Education/Information	22,207	0	0	22,207	46,100	46,100	23,893
<u>Social, Cultural, and Recreational Services</u>							
Libraries	99,914	0	0	99,914	101,314	101,314	1,400

(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 7/1/2019	Add: Encumbrances 6/30/2020	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	\$ 71,976	\$ 0	\$ 0	\$ 71,976	\$ 93,802	\$ 93,802	\$ 21,826
Forest Service	2,000	0	0	2,000	2,000	2,000	0
Soil Conservation	21,398	0	0	21,398	34,982	34,982	13,584
<u>Other Operations</u>							
Industrial Development	40,000	0	0	40,000	40,750	40,750	750
Other Economic and Community Development	2,179,703	0	0	2,179,703	2,500	2,183,203	3,500
Airport	105,626	0	0	105,626	146,000	146,938	41,312
Veterans' Services	13,253	0	0	13,253	13,032	13,410	157
Contributions to Other Agencies	30,675	0	0	30,675	22,051	30,675	0
Employee Benefits	1,823,407	0	0	1,823,407	1,774,000	1,826,276	2,869
COVID-19 Grant #1	6,228	0	0	6,228	0	6,228	0
COVID-19 Grant #2	23,945	0	0	23,945	0	23,945	0
Miscellaneous	409,597	0	8,409	418,006	409,200	433,558	15,552
Total Expenditures	\$ 12,396,462	\$ (18,782)	\$ 24,700	\$ 12,402,380	\$ 10,793,242	\$ 13,206,622	\$ 804,242
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 26,668	\$ 18,782	\$ (24,700)	\$ 20,750	\$ 47,008	\$ (2,342,427)	\$ 2,363,177
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 3,322	\$ 0	\$ 0	\$ 3,322	\$ 10,000	\$ 10,000	\$ (6,678)
Total Other Financing Sources	\$ 3,322	\$ 0	\$ 0	\$ 3,322	\$ 10,000	\$ 10,000	\$ (6,678)
Net Change in Fund Balance							
Fund Balance, July 1, 2019	\$ 4,595,188	(18,782)	0	4,576,406	3,885,438	3,885,438	690,968
Fund Balance, June 30, 2020	\$ 4,625,178	\$ 0	\$ (24,700)	\$ 4,600,478	\$ 3,942,446	\$ 1,553,011	\$ 3,047,467

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, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 765,901	\$ 773,758	\$ 773,758	\$ (7,857)
Licenses and Permits	20	0	0	20
Other Local Revenues	24,524	8,500	8,500	16,024
State of Tennessee	2,728,705	4,721,066	4,721,066	(1,992,361)
Total Revenues	<u>\$ 3,519,150</u>	<u>\$ 5,503,324</u>	<u>\$ 5,503,324</u>	<u>\$ (1,984,174)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 186,563	\$ 251,068	\$ 251,068	\$ 64,505
Highway and Bridge Maintenance	1,138,025	1,472,626	1,475,626	337,601
Operation and Maintenance of Equipment	421,844	627,610	624,610	202,766
Asphalt Plant Operations	238,276	1,987,002	1,987,002	1,748,726
Other Charges	85,128	104,100	104,100	18,972
Employee Benefits	495,772	665,292	665,292	169,520
Capital Outlay	418,506	510,441	760,441	341,935
Total Expenditures	<u>\$ 2,984,114</u>	<u>\$ 5,618,139</u>	<u>\$ 5,868,139</u>	<u>\$ 2,884,025</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 535,036</u>	<u>\$ (114,815)</u>	<u>\$ (364,815)</u>	<u>\$ 899,851</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 3,000	\$ 3,000	\$ (3,000)
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ (3,000)</u>
Net Change in Fund Balance	\$ 535,036	\$ (111,815)	\$ (361,815)	\$ 896,851
Fund Balance, July 1, 2019	1,983,902	1,018,809	1,018,809	965,093
Fund Balance, June 30, 2020	<u>\$ 2,518,938</u>	<u>\$ 906,994</u>	<u>\$ 656,994</u>	<u>\$ 1,861,944</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, 2020

	Business-type Activities Major Enterprise Fund Solid Waste Disposal Fund
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 340
Equity in Pooled Cash and Investments	3,949,435
Accounts Receivable	17,290
Allowance for Uncollectibles	(11,238)
Cash Shortage	1,890
Total Current Assets	<u>\$ 3,957,717</u>
Noncurrent Assets:	
Net Pension Asset - Agent Plan	\$ 31,066
Capital Assets:	
Assets Not Depreciated:	
Land	219,838
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	1,093,130
Other Capital Assets	353,883
Total Noncurrent Assets	<u>\$ 1,697,917</u>
Total Assets	<u>\$ 5,655,634</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension Changes in Experience	\$ 4,760
Pension Changes in Assumptions	9,951
Pension Contributions After Measurement Date	29,074
Total Deferred Outflows of Resources	<u>\$ 43,785</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 43,583
Payroll Deductions Payable	443
Accrued Leave - Current	7,587
Due to State of Tennessee	53
Total Current Liabilities	<u>\$ 51,666</u>
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 2,911,576
Total Noncurrent Liabilities	<u>\$ 2,911,576</u>
Total Liabilities	<u>\$ 2,963,242</u>

(Continued)

Exhibit D-1

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

	Business-type Activities
	Major Enterprise Fund
	Solid Waste Disposal Fund
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension Changes in Experience	\$ 38,390
Pension Changes in Investment Earnings	11,078
Total Deferred Inflows of Resources	<u>\$ 49,468</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 1,666,851
Restricted for Pensions	31,066
Unrestricted	<u>988,792</u>
Net Position	<u>\$ 2,686,709</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, 2020

	Business-type Activities
	Major
	Enterprise
	Fund
	Solid Waste
	Disposal
	Fund
<u>Operating Revenues</u>	
Residential Waste Collection Charge	\$ 964,349
Solid Waste Disposal Fee	6,052
Service Charges	14,972
Total Operating Revenues	<u>\$ 985,373</u>
<u>Operating Expenses</u>	
County Official/Administrative Officer	\$ 31,392
Accountants/Bookkeepers	8,563
Laborers	237,169
Clerical Personnel	68,100
Part-time Personnel	117,346
Overtime Pay	6,747
Social Security	28,964
Pensions	21,644
Employee and Dependent Insurance	58,346
Disability Insurance	24,450
Unemployment Compensation	2,930
Employer Medicare	6,774
Audit Services	1,156
Communication	6,123
Consultants	31,507
Contracts with Private Agencies	481,867
Data Processing Services	10,629
Legal Notices, Recording and Court Costs	635
Maintenance and Repair Services - Buildings	2,290
Maintenance and Repair Services - Equipment	87,393
Maintenance and Repair Services - Vehicles	6,112
Postal Charges	241
Rentals	3,009
Travel	270
Disposal Fees	100
Other Contracted Services	7,613
Custodial Supplies	832
Data Processing Supplies	96
Food Supplies	60
Gasoline	36,318
Lubricants	5,549

(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
	Solid Waste Disposal Fund
<u>Operating Expenses (Cont.)</u>	
Office Supplies	\$ 1,839
Uniforms	3,656
Utilities	77,572
Gravel and Chert	11,521
Other Supplies and Materials	3,237
Liability Insurance	12,157
Refunds	2,425
Depreciation	147,919
Surcharge	5,388
Landfill Closure/Postclosure Care Costs	64,962
Other Charges	45,188
Office Equipment	1,104
Solid Waste Equipment	1,690
Other Capital Outlay	1,762
Total Operating Expenses	<u>\$ 1,674,645</u>
Operating Income	<u>\$ (689,272)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 63,553
Miscellaneous Refunds	9
Other State Revenues	10,953
Insurance Recovery	1,475
Total Nonoperating Revenues (Expenses)	<u>\$ 75,990</u>
Change in Net Position	\$ (613,282)
Net Position, July 1, 2019	<u>3,299,991</u>
Net Position, June 30, 2020	<u>\$ 2,686,709</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, 2020

	Business-type Activities
	Major Enterprise Fund
	Solid Waste Disposal Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 1,357,075
Payments for Waste Disposal and Maintenance	(1,592,385)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (235,310)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Other State Revenues	\$ 10,953
Miscellaneous Refunds	9
Insurance Recovery	1,475
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 12,437</u>
<u>Cash Flows from Investing Activities</u>	
Investment Income	\$ 63,553
Net Cash Provided By (Used In) Investing Activities	<u>\$ 63,553</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	\$ (95,085)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (95,085)</u>
Increase (Decrease) in Cash	\$ (254,405)
Cash, July 1, 2019	<u>4,204,180</u>
Cash, June 30, 2020	<u>\$ 3,949,775</u>

(Continued)

Exhibit D-3

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

	Business-type Activities
	Major Enterprise Fund
	Solid Waste Disposal Fund
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income	\$ (689,272)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	147,919
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	348,510
Decrease in Due from Other Funds	23,183
Decrease in Cash Shortage	10
(Increase) in Net Pension Asset	(18,274)
Decrease in Deferred Outflows of Resources Related to Pensions	10,497
(Decrease) in Accounts Payable	(124,144)
Increase in Payroll Deductions Payable	189
Increase in Due to State of Tennessee	53
Increase in Compensated Absences	710
Increase in Deferred Inflows Related to Pensions	347
Increase in Accrued Liability for Landfill Closure/Postclosure Costs	64,962
Net Cash Provided By (Used In) Operating Activities	<u>\$ (235,310)</u>
<u>Reconciliation of Cash with Statement of Net Position</u>	
Cash Per Net Position	\$ 340
Equity in Pooled Cash and Investments Per Net Position	<u>3,949,435</u>
Cash, June 30, 2020	<u>\$ 3,949,775</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, 2020

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,565,932
Due from Other Governments	<u>342,652</u>
Total Assets	<u>\$ 1,908,584</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 342,652
Due to Litigants, Heirs, and Others	<u>1,565,932</u>
Total Liabilities	<u>\$ 1,908,584</u>

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

HARDEMAN COUNTY, TENNESSEE
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HARDEMAN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

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, 2020.

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 type:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Hardeman County. Agency funds are custodial in nature (assets equal

liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Hardeman County School Department reports the following major governmental 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; the State Treasurer's Intermediate Term Investment

Fund; 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. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, 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. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pool complied with accounting principles generally accepted in the United State of America.

Investments in the State Treasurer's Intermediate Term Investment Fund are reported at amortized cost using a floating net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Intermediate Term Investment Fund complied with accounting

principles generally accepted in the United State of America. Hardeman County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

All other investments are reported at fair value.

2. Receivables and Payables

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

All ambulance, property taxes, and solid waste receivables are shown with an allowance for uncollectibles. Ambulance and solid waste receivables allowances for uncollectibles are based on historical collection data. The allowance for uncollectible property taxes is equal to 2.13 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 and OPEB changes in experience and assumptions, pension changes in proportionate share of contributions, as well as employer contributions made to the pension and OPEB plans after the measurement date.

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

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 landfill closure/postclosure care costs, 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 \$2,430,674 in restricted net position, of which \$367,572 is restricted by enabling legislation.

As of June 30, 2020, Hardeman County had \$3,655,838 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. 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, 2020, Hardeman County and the Hardeman County School Department reported the following significant encumbrances:

Fund	Amount
Primary Government:	
Major Fund:	
General	\$ 24,700
Nonmajor Fund:	
Drug Control	96,939
School Department:	
Major Fund:	
General Purpose School	543,996
Nonmajor Funds:	
School Federal Projects	20,000
Central Cafeteria	70

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 \$1,890 at June 30, 2020.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the county commission in the sheriff’s department major appropriations category (the legal level of control) of the General Fund by \$20,025. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool, the State Treasurer's Intermediate Term Investment Fund, and in repurchase agreements. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the Intermediate Term Investment Fund are reported both by the pool and the county at amortized cost using a floating net asset value. 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, 2020, Hardeman County had the following investments carried at amortized cost using a Stable Net Asset Value, amortized cost using a floating Net Asset Value, or fair value within the fair value hierarchy established by generally accepted accounting principles. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Hardeman County and the discretely presented Hardeman County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity (days)	Maturities	Amortized Cost
State Treasurer's Investment Pool	1 to 105	N/A	\$ 2,022,563

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, 2020, Hardeman County's investment in the State Treasurer's Investment Pool was unrated.

Further information concerning the legal provisions, investment policies, investment types, and credit risks for the State Treasurer's Investment Pool and the State Treasurer's Intermediate Term Investment Fund can be obtained by reviewing the State of Tennessee Consolidated Annual Financial Report at <https://www.tn.gov/finance/rd-doa/fa-accfin-cafr.html>.

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. 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 value of investments and interest and dividend income. Interest income is recognized when earned. 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, 2020, 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 where fair value is measured using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

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, 2020, 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	\$ 34,447
Developed Market International Equity	N/A	N/A	15,557
Emerging Market International Equity	N/A	N/A	4,445
U.S. Fixed Income	N/A	N/A	22,224
Real Estate	N/A	N/A	11,112
Short-term Securities	N/A	N/A	1,111
NAV - Private Equity and Strategic Lending	N/A	N/A	22,224
 Total			\$ 111,120

Investment by Fair Value Level	Fair Value 6-30-20	Fair Value Measurements Using			NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Equity	\$ 34,447	\$ 34,447	\$ 0	\$ 0	0
Developed Market International Equity	15,557	15,557	0	0	0
Emerging Market International Equity	4,445	4,445	0	0	0
U.S. Fixed Income	22,224	0	22,224	0	0
Real Estate	11,112	0	0	11,112	0
Short-term Securities	1,111	0	1,111	0	0
Private Equity and Strategic Lending	22,224	0	0	0	22,224
 Total	\$ 111,120	\$ 54,449	\$ 23,335	\$ 11,112	\$ 22,224

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/2020/ag19091.pdf>.

B. Capital Assets

Capital assets activity for the year ended June 30, 2020, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-19	Increases	Balance 6-30-20
Capital Assets Not Depreciated:			
Land	\$ 1,737,550	\$ 20,100	\$ 1,757,650
Construction in Progress	0	153,556	153,556
Total Capital Assets Not Depreciated	<u>\$ 1,737,550</u>	<u>\$ 173,656</u>	<u>\$ 1,911,206</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 27,870,124	\$ 344,808	\$ 28,214,932
Infrastructure	28,950,563	250,362	29,200,925
Other Capital Assets	8,873,700	586,296	9,459,996
Total Capital Assets Depreciated	<u>\$ 65,694,387</u>	<u>\$ 1,181,466</u>	<u>\$ 66,875,853</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 14,372,220	\$ 947,471	\$ 15,319,691
Infrastructure	14,869,594	1,382,243	16,251,837
Other Capital Assets	6,293,079	565,311	6,858,390
Total Accumulated Depreciation	<u>\$ 35,534,893</u>	<u>\$ 2,895,025</u>	<u>\$ 38,429,918</u>
Total Capital Assets Depreciated, Net	<u>\$ 30,159,494</u>	<u>\$ (1,713,559)</u>	<u>\$ 28,445,935</u>
Governmental Activities Capital Assets, Net	<u>\$ 31,897,044</u>	<u>\$ (1,539,903)</u>	<u>\$ 30,357,141</u>

There were no decreases in capital assets to report during the year ended June 30, 2020. Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General Government	\$ 195,278
Finance	2,954
Administration of Justice	187,399
Public Safety	685,779
Public Health and Welfare	189,148
Social, Cultural, and Recreational Services	0
Highways/Public Works	<u>1,634,467</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 2,895,025</u>
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Business-type Activities:

	Balance 7-1-19	Increases	Balance 6-30-20
Capital Assets Not Depreciated:			
Land	\$ 219,838	\$ 0	\$ 219,838
Total Capital Assets Not Depreciated	<u>\$ 219,838</u>	<u>\$ 0</u>	<u>\$ 219,838</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 2,482,217	\$ 25,150	\$ 2,507,367
Other Capital Assets	771,409	69,935	841,344
Total Capital Assets Depreciated	<u>\$ 3,253,626</u>	<u>\$ 95,085</u>	<u>\$ 3,348,711</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 1,325,001	\$ 89,236	\$ 1,414,237
Other Capital Assets	428,778	58,683	487,461
Total Accumulated Depreciation	<u>\$ 1,753,779</u>	<u>\$ 147,919</u>	<u>\$ 1,901,698</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,499,847</u>	<u>\$ (52,834)</u>	<u>\$ 1,447,013</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,719,685</u>	<u>\$ (52,834)</u>	<u>\$ 1,666,851</u>

There were no decreases in capital assets to report during the year ended June 30, 2020. Depreciation expense was charged to functions of the business-type activities as follows:

Business-type Activities:

Solid Waste Disposal \$ 147,919

Total Depreciation Expense -
Business-type Activities \$ 147,919

Discretely Presented Hardeman County School Department

Governmental Activities:

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 358,116	\$ 0	\$ 0	\$ 358,116
Construction in Progress	3,568,020	0	(3,568,020)	0
Total Capital Assets Not Depreciated	<u>\$ 3,926,136</u>	<u>\$ 0</u>	<u>\$ (3,568,020)</u>	<u>\$ 358,116</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 33,528,658	\$ 4,419,238	\$ 0	\$ 37,947,896
Other Capital Assets	9,785,962	775,251	(293,831)	10,267,382
Total Capital Assets Depreciated	<u>\$ 43,314,620</u>	<u>\$ 5,194,489</u>	<u>\$ (293,831)</u>	<u>\$ 48,215,278</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 22,723,793	\$ 1,152,367	\$ 0	\$ 23,876,160
Other Capital Assets	7,646,853	507,729	(293,831)	7,860,751
Total Accumulated Depreciation	<u>\$ 30,370,646</u>	<u>\$ 1,660,096</u>	<u>\$ (293,831)</u>	<u>\$ 31,736,911</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,943,974</u>	<u>\$ 3,534,393</u>	<u>\$ 0</u>	<u>\$ 16,478,367</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,870,110</u>	<u>\$ 3,534,393</u>	<u>\$ (3,568,020)</u>	<u>\$ 16,836,483</u>

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

Governmental Activities:

Instruction	\$ 670,263
Support Services	902,100
Operation of Non-instructional Services	<u>87,733</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,660,096</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2020, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 4,466
Nonmajor governmental	General	69,094
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	935

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

Due to/from Primary Government and Component Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
Governmental Activities	Component Unit: School Department: Governmental Activities	\$ 25,838

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, 2020, consisted of the following amounts:

Discretely Presented Hardeman County School Department

Transfers Out	Transfers In		Purpose
	General Purpose School Fund	Nonmajor Governmental Fund	
General Purpose School Fund	\$ 0	\$ 27,954	Program costs
Nonmajor governmental fund	69,640	0	Indirect costs
"	19,489	0	Program costs
Total	\$ 89,129	\$ 27,954	

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

D. Long-term 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, 2020, 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. The capital outlay note and other loan outstanding were issued for original terms of up to 12 years for the note and

up to nine years for the other loan. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. The note and other loan included in long-term debt as of June 30, 2020, will be retired from the General Debt Service Fund.

General obligation bonds, the capital outlay note, and the other loan outstanding as of June 30, 2020, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-20
General Obligation Bonds	2 to 3 %	4-1-30	\$ 2,815,000	\$ 1,795,000
General Obligation Bonds - Refunding	2 to 5	6-1-43	21,800,000	18,415,000
Direct Borrowing and Direct Placement:				
Capital Outlay Note	2.59	10-21-27	800,000	560,115
Other Loan	0	11-1-21	127,611	25,838

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, 2020, 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, the note, and the other loan outstanding as of June 30, 2020, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2026-2030	3,685,000	2,131,750	5,816,750
2031-2035	3,380,000	1,687,350	5,067,350
2036-2040	4,775,000	1,101,682	5,876,682
2041-2043	3,455,000	244,365	3,699,365
Total	\$ 20,210,000	\$ 7,758,347	\$ 27,968,347

Year Ending June 30	Note - Direct Placement		
	Principal	Interest	Total
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
2026-2028	223,597	11,681	235,278
Total	\$ 560,115	\$ 67,291	\$ 627,406

Year Ending June 30	Other Loan - Direct Placement Principal
2021	\$ 18,228
2022	7,610
Total	\$ 25,838

There is \$681,605 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$742, based on the 2010 federal census. Total debt per capita, including bonds, the note, the other loan, and unamortized debt premiums, totaled \$773, 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 6-30-20</u>
<u>Other Loan Payable - Direct Placement</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Efficient School Initiative	\$ 25,838

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2020, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes - Direct Placement</u>	<u>Other Loan- Direct Placement</u>
Balance, July 1, 2019	\$ 21,200,000	\$ 662,420	\$ 44,066
Reductions	(990,000)	(102,305)	(18,228)
Balance, June 30, 2020	<u>\$ 20,210,000</u>	<u>\$ 560,115</u>	<u>\$ 25,838</u>
Balance Due Within One Year	<u>\$ 1,020,000</u>	<u>\$ 63,879</u>	<u>\$ 18,228</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2020	\$ 20,795,953
Less: Balance Due Within One Year - Debt	(1,102,107)
Add: Unamortized Premium on Debt	<u>281,704</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 19,975,550</u>

E. Long-term Obligations

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2020, was as follows:

	<u>Compensated Absences</u>
Balance, July 1, 2019	\$ 145,294
Additions	253,398
Reductions	<u>(234,399)</u>
Balance, June 30, 2020	<u>\$ 164,293</u>
Balance Due Within One Year	<u>\$ 164,293</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2020	\$ 164,293
Less: Balance Due Within One Year - Other	<u>(164,293)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 0</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, 2020, was as follows:

Business-type Activities:

	Landfill Closure/ Postclosure Care Costs	Compensated Absences
Balance, July 1, 2019	\$ 2,846,614	\$ 6,877
Additions	64,962	14,024
Reductions	0	(13,314)
Balance, June 30, 2020	<u>\$ 2,911,576</u>	<u>\$ 7,587</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 7,587</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2020	\$ 2,919,163
Less: Balance Due Within One Year - Other	<u>(7,587)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 2,911,576</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, 2020, was as follows:

Governmental Activities:

	Compensated Absences	Net OPEB Liability
Balance, July 1, 2019	\$ 167,847	\$ 3,158,461
Additions	83,525	315,253
Reductions	(58,930)	(436,369)
Balance, June 30, 2020	<u>\$ 192,442</u>	<u>\$ 3,037,345</u>
Balance Due Within One Year	<u>\$ 41,762</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2020	\$ 3,229,787
Less: Balance Due Within One Year - Other	<u>(41,762)</u>
Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 3,188,025</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.

F. 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, 2020, 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. 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.

C. Change in Administration

On October 15, 2019, Warner Ross, Jr., Director of Schools, took a leave of absence for military deployment. Robert Doyle was appointed to serve as interim director of schools in his absence effective October 16, 2019.

D. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid

only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,911,576 reported as landfill closure and postclosure care liability at June 30, 2020, represents the cumulative amount reported to date based on the use of 97 percent of the estimated capacity of the extension landfill site (\$1,331,018) and for the original landfill site closed in 1999 (\$1,580,558) and represents estimates of the cost to perform all closure and postclosure care in 2020. The county will recognize the remaining estimated costs of closure and postclosure care of \$41,165 on the operating landfill as the remaining estimated capacity is filled. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. Joint Venture

The Bolivar/Hardeman County Library is jointly owned by Hardeman County and the City of Bolivar and is operated by an appointed board. The board comprises seven members, four of whom are appointed by the Hardeman County Mayor. The remaining three members are appointed by the Bolivar City Mayor. Hardeman County has control over budgeting and financing the joint venture only to the extent of representation by the four board members appointed. Hardeman County contributed \$99,914 to the operations of the library during the year ended June 30, 2020.

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

Administrative Office:

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

F. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Hardeman County and non-certified employees of the discretely presented Hardeman County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 59.28 percent and the non-certified employees of

the discretely presented school department comprised 40.72 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 <https://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, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	248
Inactive Employees Entitled to But Not Yet Receiving Benefits	355
Active Employees	347
Total	950

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, 2020, the employer contribution for Hardeman County was \$1,001,183 based on a rate of 10.28 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, 2019, 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, 2019, 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, 2019, 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 historical 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 asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	5.69 %	31 %
International Equity Emerging Market	5.29	14
International Equity Private Equity and Strategic Lending	6.36	4
U.S. Fixed Income Real Estate	5.79	20
	2.01	20
	4.32	10
Short-term Securities	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

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, 2018	\$ 34,315,870	\$ 34,794,240	\$ (478,370)
Changes for the Year:			
Service Cost	\$ 830,701	\$ 0	\$ 830,701
Interest	2,491,837	0	2,491,837
Differences Between Expected and Actual Experience	(537,246)	0	(537,246)
Contributions-Employer	0	973,460	(973,460)
Contributions-Employees	0	335	(335)
Net Investment Income	0	2,567,986	(2,567,986)
Benefit Payments, Including Refunds of Employee Contributions	(1,552,816)	(1,552,816)	0
Administrative Expense	0	(32,892)	32,892
Net Changes	\$ 1,232,476	\$ 1,956,073	\$ (723,597)
Balance, June 30, 2019	\$ 35,548,346	\$ 36,750,313	\$ (1,201,967)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	59.28%	\$ 21,073,060	\$ 21,785,586	\$ (712,526)
School Department	40.72%	14,475,286	14,964,727	(489,441)
Total		<u>\$ 35,548,346</u>	<u>\$ 36,750,313</u>	<u>\$ (1,201,967)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Hardeman County calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

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

Net Pension Liability (Asset) \$ 3,262,771 \$ (1,201,967) \$ (4,930,891)

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

Pension Expense. For the year ended June 30, 2020, Hardeman County recognized pension expense of \$852,345.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, 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	\$ 184,172	\$ 1,485,323
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	428,611
Changes in Assumptions	385,019	0
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	<u>1,001,183</u>	<u>N/A</u>
Total	<u>\$ 1,570,374</u>	<u>\$ 1,913,934</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2019,” 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	\$ 878,106	\$ 1,085,112
Business-type Activities	43,785	49,468
School Department	<u>648,483</u>	<u>779,354</u>
Total	<u>\$ 1,570,374</u>	<u>\$ 1,913,934</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
2021	\$ (593,330)
2022	(487,193)
2023	(143,242)
2024	(120,978)
2025	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 59.28 percent and the non-certified employees of the discretely presented school department comprised 40.72 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 <https://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, 2020, to the Teacher Retirement Plan were \$64,073, which is 2.03 percent of covered payroll. In addition, employer contributions of \$55,229, which is 1.75 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, 2020, the school department reported a liability (asset) of (\$147,091) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, 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, 2019, the school department's proportion was .260574 percent. The proportion as of June 30, 2018, was .315594 percent.

Pension Expense. For the year ended June 30, 2020, the school department recognized pension expense of \$48,402.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, 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	\$ 6,099	\$ 25,678
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	6,219
Changes in Assumptions	5,111	0
Changes in Proportion of Net Pension Liability (Asset)	29,172	2,935
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	64,073	N/A
Total	<u>\$ 104,455</u>	<u>\$ 34,832</u>

The school department's employer contributions of \$64,073, 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, 2021. 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
2021	\$ (878)
2022	(1,830)
2023	(86)
2024	804
2025	1,057
Thereafter	6,483

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, 2019, 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, 2019, 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 historical 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 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 asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	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 (Asset) \$ 46,604 \$ (147,091) \$ (290,267)

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 <https://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, 2020, to the Teacher Legacy Pension Plan were \$1,451,796, which is 10.63 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, 2020, the school department reported a liability (asset) of (\$4,425,930) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, 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, 2019, the school department's proportion was .430463 percent. The proportion measured at June 30, 2018, was .427912 percent.

Pension Expense. For the year ended June 30, 2020, the school department recognized pension expense of \$584,802.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, 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	\$ 215,487	\$ 2,703,446
Changes in Assumptions	596,417	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,264,573
Changes in Proportion of Net Pension Liability (Asset)	29,948	52,490
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	<u>1,451,796</u>	N/A
Total	<u>\$ 2,293,648</u>	<u>\$ 4,020,509</u>

The school department's employer contributions of \$1,451,796 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, 2021. 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
2021	\$ (908,923)
2022	(1,285,299)
2023	(564,211)
2024	(420,224)
2025	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, 2019, 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, 2019, 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 historical 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 asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	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%
Net Pension Liability (Asset) \$	9,049,747 \$	(4,425,930) \$	(15,145,457)

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 \$145,403 and teachers contributed \$48,548 to this deferred compensation pension plan.

G. Other Postemployment Benefits (OPEB)

The discretely presented Hardeman County School Department provides OPEB benefits to its retirees under the state administered public entity risk pool. For reporting purposes the plan is considered a single employer defined benefit OPEB plan based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). The plan is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that 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, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs. The total OPEB liability in the June 30, 2019, 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	2.20%
Salary Increases	Salary increases used in the July 1, 2108 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.51%
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 6.03 for for pre-65 retirees in the 2019 calendar year, and gradually decreasing over a 10 year period to an ultimate trend rate of 4.5 percent.
Retirees Share of Benefit	
Related Cost	Discussed below

The discount rate was 3.51 percent, based on an average rating of AA/Aa as shown the Bond Buyer 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 3.62 percent as of the beginning of the measurement period to 3.51 percent as of the measurement date of June 30, 2019. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates. The trend rate applicable to the 2020 plan year was revised from 6.75 percent to 6.03 percent.

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, 25 percent 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, 2019, the following employees were covered by the benefit terms:

	<u>School Department</u>
Inactive Employees or Beneficiaries	
Currently receiving Benefits	27
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	390
Total	<u><u>417</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 \$140,069 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Hardeman County School Department</u>	<u>State of TN</u>	<u>Total OPEB Liability</u>
	63.5060%	36.4940%	
Balance July 1, 2018	\$ 3,158,461	\$ 1,778,046	\$ 4,936,507
Changes for the Year:			
Service Cost	\$ 147,415	\$ 84,713	\$ 232,128
Interest	115,750	66,517	182,267
Difference between Expected and Actuarial Experience	52,088	29,932	82,020
Changes in Proportion	(23,482)	23,482	0
Changes in Assumption and Other Inputs	(241,643)	(138,861)	(380,504)
Benefit Payments	(171,243)	(98,406)	(269,649)
Net Changes	<u>\$ (121,116)</u>	<u>\$ (32,622)</u>	<u>\$ (153,738)</u>
Balance June 30, 2019	<u>\$ 3,037,345</u>	<u>\$ 1,745,424</u>	<u>\$ 4,782,769</u>

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 \$129,041 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 63.506% and the State of Tennessee's share was 36.494%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department recognized OPEB expense of \$338,748, including the state's share of the expense. At June 30, 2020, 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	\$ 46,326	\$ 185,078
Changes of Assumptions/Inputs	82,110	314,645
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	44,109
Benefits Paid After the Measurement Date of June 30, 2019	140,069	0
Total	<u>\$ 268,505</u>	<u>\$ 543,832</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</u> <u>June 30</u>	<u>School</u> <u>Department</u>
2021	\$ (53,458)
2022	(53,458)
2023	(53,458)
2024	(53,458)
2025	(53,458)
Thereafter	(148,106)

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%	Current	1%
	Decrease	Discount	Increase
	2.51%	3.51%	4.51%

Proportionate Share of the Collective Total OPEB Liability	\$ 3,256,724	\$ 3,037,345	\$ 2,829,065
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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
	5.03 to 3.5%	6.03 to 4.5%	7.03 to 5.5%

Proportionate Share of the Collective Total OPEB Liability	\$ 2,734,702	\$ 3,037,345	\$ 3,390,696
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H. Purchasing Laws

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

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

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

	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service Cost	\$ 720,165	\$ 745,213	\$ 769,187	\$ 743,695	\$ 772,435	\$ 830,701
Interest	1,984,478	2,264,265	2,227,861	2,303,730	2,346,767	2,491,837
Differences Between Actual and Expected Experience	2,014,756	(2,342,360)	(700,148)	(863,492)	306,954	(537,246)
Changes in Assumptions	0	0	0	770,039	0	0
Benefit Payments, Including Refunds of Employee Contributions	(948,864)	(1,079,052)	(1,273,914)	(1,245,724)	(1,414,098)	(1,552,816)
Net Change in Total Pension Liability	\$ 3,770,535	\$ (411,934)	\$ 1,022,986	\$ 1,708,248	\$ 2,012,058	\$ 1,232,476
Total Pension Liability, Beginning	26,213,977	29,984,512	29,572,578	30,595,564	32,303,812	34,315,870
Total Pension Liability, Ending (a)	\$ 29,984,512	\$ 29,572,578	\$ 30,595,564	\$ 32,303,812	\$ 34,315,870	\$ 35,548,346
Plan Fiduciary Net Position						
Contributions - Employer	\$ 767,506	\$ 772,148	\$ 767,538	\$ 766,716	\$ 844,019	\$ 973,460
Contributions - Employee	0	394	0	14,061	0	335
Net Investment Income	4,154,524	889,770	778,962	3,356,358	2,689,958	2,567,986
Benefit Payments, Including Refunds of Employee Contributions	(948,864)	(1,079,052)	(1,273,914)	(1,245,724)	(1,414,098)	(1,552,816)
Administrative Expense	(13,867)	(18,785)	(27,551)	(30,536)	(35,047)	(32,892)
Net Change in Plan Fiduciary Net Position	\$ 3,959,299	\$ 564,475	\$ 245,035	\$ 2,860,875	\$ 2,084,832	\$ 1,956,073
Plan Fiduciary Net Position, Beginning	25,079,724	29,039,023	29,603,498	29,848,533	32,709,408	34,794,240
Plan Fiduciary Net Position, Ending (b)	\$ 29,039,023	\$ 29,603,498	\$ 29,848,533	\$ 32,709,408	\$ 34,794,240	\$ 36,750,313
Net Pension Liability (Asset), Ending (a - b)	\$ 945,489	\$ (30,920)	\$ 747,031	\$ (405,596)	\$ (478,370)	\$ (1,201,967)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.85%	100.10%	97.56%	101.26%	101.39%	103.38%
Covered Payroll	\$ 8,623,652	\$ 8,666,079	\$ 8,619,206	\$ 8,607,854	\$ 9,184,089	\$ 9,580,266
Net Pension Liability (Asset) as a Percentage of Covered Payroll	10.96%	0.36%	8.67%	(4.71)%	(5.21)%	(12.55)%

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	2020
Actuarially Determined Contribution	\$ 767,506	\$ 772,148	\$ 767,538	\$ 766,716	\$ 844,019	\$ 973,460	\$ 1,001,183
Less Contributions in Relation to the Actuarially Determined Contribution	(767,506)	(772,148)	(767,538)	(766,716)	(844,019)	(973,460)	(1,001,183)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 8,623,652	\$ 8,666,079	\$ 8,619,206	\$ 8,607,854	\$ 9,184,089	\$ 9,580,266	\$ 9,739,313
Contributions as a Percentage of Covered Payroll	8.90%	8.91%	8.90%	8.91%	9.19%	10.16%	10.28%

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	2020
Contractually Required Contribution	\$ 33,360	\$ 53,252	\$ 87,659	\$ 44,974	\$ 53,494	\$ 64,073
Less Contributions in Relation to the Contractually Required Contribution	(33,360)	(53,252)	(87,659)	(110,316)	(53,494)	(64,073)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (65,342)	\$ 0	\$ 0
Covered Payroll	\$ 833,981	\$ 1,331,303	\$ 2,121,651	\$ 2,757,924	\$ 2,757,452	\$ 3,156,305
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.13%	4.00%	1.94%	2.03%

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	2020
Contractually Required Contribution	\$ 1,524,099	\$ 1,509,819	\$ 1,463,697	\$ 1,385,918	\$ 1,360,556	\$ 1,509,799	\$ 1,451,796
Less Contributions in Relation to the Contractually Required Contribution	(1,524,099)	(1,509,819)	(1,463,697)	(1,385,918)	(1,360,556)	(1,509,799)	(1,451,796)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 17,163,279	\$ 16,701,599	\$ 16,191,323	\$ 15,400,814	\$ 14,984,072	\$ 14,431,776	\$ 13,657,540
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.00%	9.08%	10.46%	10.63%

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	2019
School Department's Proportion of the Net Pension Liability (Asset)	0.393109%	0.302566%	0.333895%	0.315594%	0.260574%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (16,148)	\$ (31,498)	\$ (88,093)	\$ (143,131)	\$ (147,901)
Covered Payroll	\$ 833,981	\$ 1,331,303	\$ 2,121,651	\$ 2,757,924	\$ 2,757,452
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)%	(5.33)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%	123.07%

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

	2014	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Liability (Asset)	0.437282%	0.446147%	0.448539%	0.433697%	0.427912%	0.430463%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (71,056)	\$ 182,757	\$ 2,803,117	\$ (141,899)	\$ (1,505,787)	\$ (4,425,930)
Covered Payroll	\$ 17,163,279	\$ 16,701,599	\$ 16,191,323	\$ 15,400,814	\$ 14,984,072	\$ 14,431,776
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.414002)%	1.094250%	17.31%	(0.92)%	(10.05)%	(30.67)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%

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	2019
Total OPEB Liability			
Service Cost	\$ 256,757	\$ 238,226	\$ 232,128
Interest	151,532	181,280	182,267
Differences Between Actual and Expected Experience	0	(361,660)	82,020
Changes in Assumptions or Other Inputs	(226,325)	160,451	(380,504)
Benefit Payments	(250,134)	(271,380)	(269,649)
Net Change in Total OPEB Liability	\$ (68,170)	\$ (53,083)	\$ (153,738)
Total OPEB Liability, Beginning	5,057,760	4,989,590	4,936,507
Total OPEB Liability, Ending	\$ 4,989,590	\$ 4,936,507	\$ 4,782,769
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 1,783,763	\$ 1,778,046	\$ 1,745,424
Employer Proportionate Share of the Total OPEB Liability	3,205,827	3,158,461	3,037,345
Covered Employee Payroll	\$ 18,762,162	\$ 18,327,272	\$ 17,711,118
Net OPEB Liability as a Percentage of Covered Employee Payroll	17.09%	17.23%	17.15%

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:

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%

HARDEMAN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2020 were calculated based on the June 30, 2018, 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 of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and modified mortality assumptions

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Exhibit G-1

Hardeman County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	<u>Special Revenue Funds</u>		
	<u>Drug</u>	<u>Constitu -</u>	<u>Total</u>
	<u>Control</u>	<u>tional</u>	<u>Nonmajor</u>
		<u>Officers -</u>	<u>Governmental</u>
		<u>Fees</u>	<u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 78,203	\$ 78,203
Equity in Pooled Cash and Investments	134,510	0	134,510
Accounts Receivable	0	438	438
Due from Other Funds	69,094	0	69,094
Total Assets	<u>\$ 203,604</u>	<u>\$ 78,641</u>	<u>\$ 282,245</u>
<u>LIABILITIES</u>			
Due to Other Funds	\$ 0	\$ 4,466	\$ 4,466
Total Liabilities	<u>\$ 0</u>	<u>\$ 4,466</u>	<u>\$ 4,466</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Public Safety	\$ 203,604	\$ 0	\$ 203,604
Committed:			
Committed for Finance	0	74,175	74,175
Total Fund Balances	<u>\$ 203,604</u>	<u>\$ 74,175</u>	<u>\$ 277,779</u>
Total Liabilities and Fund Balances	<u>\$ 203,604</u>	<u>\$ 78,641</u>	<u>\$ 282,245</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, 2020

	<u>Special Revenue Funds</u>		
	Drug Control	Constitu - tional Officers - Fees	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Fines, Forfeitures, and Penalties	\$ 33,255	\$ 0	\$ 33,255
Charges for Current Services	0	376,473	376,473
Total Revenues	<u>\$ 33,255</u>	<u>\$ 376,473</u>	<u>\$ 409,728</u>
<u>Expenditures</u>			
Current:			
Finance	\$ 0	\$ 360,193	\$ 360,193
Administration of Justice	0	10,509	10,509
Public Safety	76,642	0	76,642
Total Expenditures	<u>\$ 76,642</u>	<u>\$ 370,702</u>	<u>\$ 447,344</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (43,387)</u>	<u>\$ 5,771</u>	<u>\$ (37,616)</u>
Net Change in Fund Balances	\$ (43,387)	\$ 5,771	\$ (37,616)
Fund Balance, July 1, 2019	<u>246,991</u>	<u>68,404</u>	<u>315,395</u>
Fund Balance, June 30, 2020	<u>\$ 203,604</u>	<u>\$ 74,175</u>	<u>\$ 277,779</u>

Exhibit G-3

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2020

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 33,255	\$ 0	\$ 33,255	\$ 67,100	\$ 67,100	\$ (33,845)
Total Revenues	\$ 33,255	\$ 0	\$ 33,255	\$ 67,100	\$ 67,100	\$ (33,845)
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 76,642	\$ 96,939	\$ 173,581	\$ 67,100	\$ 212,100	\$ 38,519
Total Expenditures	\$ 76,642	\$ 96,939	\$ 173,581	\$ 67,100	\$ 212,100	\$ 38,519
Excess (Deficiency) of Revenues Over Expenditures	\$ (43,387)	\$ (96,939)	\$ (140,326)	\$ 0	\$ (145,000)	\$ 4,674
Net Change in Fund Balance	\$ (43,387)	\$ (96,939)	\$ (140,326)	\$ 0	\$ (145,000)	\$ 4,674
Fund Balance, July 1, 2019	246,991	0	246,991	235,413	235,413	11,578
Fund Balance, June 30, 2020	\$ 203,604	\$ (96,939)	\$ 106,665	\$ 235,413	\$ 90,413	\$ 16,252

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,088,751	\$ 1,090,600	\$ 1,090,600	\$ (1,849)
Other Governments and Citizens Groups	704,143	0	704,143	0
Total Revenues	<u>\$ 1,792,894</u>	<u>\$ 1,090,600</u>	<u>\$ 1,794,743</u>	<u>\$ (1,849)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 502,305	\$ 104,780	\$ 503,100	\$ 795
Education	608,228	580,000	608,228	0
<u>Interest on Debt</u>				
General Government	505,756	23,560	515,476	9,720
Education	94,713	109,413	109,413	14,700
<u>Other Debt Service</u>				
General Government	14,060	0	14,060	0
Education	1,202	1,250	1,250	48
Total Expenditures	<u>\$ 1,726,264</u>	<u>\$ 819,003</u>	<u>\$ 1,751,527</u>	<u>\$ 25,263</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 66,630</u>	<u>\$ 271,597</u>	<u>\$ 43,216</u>	<u>\$ 23,414</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 690,000	\$ 4,085	\$ (4,085)
Payments to Refunded Debt Escrow Agent	0	(904,296)	0	0
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ (214,296)</u>	<u>\$ 4,085</u>	<u>\$ (4,085)</u>
Net Change in Fund Balance	\$ 66,630	\$ 57,301	\$ 47,301	\$ 19,329
Fund Balance, July 1, 2019	614,975	80,580	80,580	534,395
Fund Balance, June 30, 2020	<u>\$ 681,605</u>	<u>\$ 137,881</u>	<u>\$ 127,881</u>	<u>\$ 553,724</u>

Fiduciary Funds

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

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

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

Exhibit I-1

Hardeman County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2020

	<u>Agency Funds</u>		
	Cities -	Constitu-	
	Sales	tional	
	Tax	Officers -	
		Agency	Total
	<hr/>		
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,565,932	\$ 1,565,932
Due from Other Governments	342,652	0	342,652
	<hr/>		
Total Assets	\$ 342,652	\$ 1,565,932	\$ 1,908,584
	<hr/> <hr/>		
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 342,652	\$ 0	\$ 342,652
Due to Litigants, Heirs, and Others	0	1,565,932	1,565,932
	<hr/>		
Total Liabilities	\$ 342,652	\$ 1,565,932	\$ 1,908,584
	<hr/> <hr/>		

Exhibit I-2

Hardeman County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2020

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,906,257	\$ 1,906,257	\$ 0
Due from Other Governments	322,888	342,652	322,888	342,652
Total Assets	\$ 322,888	\$ 2,248,909	\$ 2,229,145	\$ 342,652
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 322,888	\$ 2,248,909	\$ 2,229,145	\$ 342,652
Total Liabilities	\$ 322,888	\$ 2,248,909	\$ 2,229,145	\$ 342,652
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,137,919	\$ 7,036,069	\$ 6,608,056	\$ 1,565,932
Total Assets	\$ 1,137,919	\$ 7,036,069	\$ 6,608,056	\$ 1,565,932
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,137,919	\$ 7,036,069	\$ 6,608,056	\$ 1,565,932
Total Liabilities	\$ 1,137,919	\$ 7,036,069	\$ 6,608,056	\$ 1,565,932
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,137,919	\$ 7,036,069	\$ 6,608,056	\$ 1,565,932
Equity in Pooled Cash and Investments	0	1,906,257	1,906,257	0
Due from Other Governments	322,888	342,652	322,888	342,652
Total Assets	\$ 1,460,807	\$ 9,284,978	\$ 8,837,201	\$ 1,908,584
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 322,888	\$ 2,248,909	\$ 2,229,145	\$ 342,652
Due to Litigants, Heirs, and Others	1,137,919	7,036,069	6,608,056	1,565,932
Total Liabilities	\$ 1,460,807	\$ 9,284,978	\$ 8,837,201	\$ 1,908,584

Hardeman County School Department

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

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

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

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

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

Exhibit J-1

Hardeman County, Tennessee
Statement of Activities
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2020

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	\$ 21,265,277	\$ 0	\$ 2,296,846	\$ 20,000	\$ (18,948,431)
Support Services	11,700,926	34,725	107,634	5,891	(11,552,676)
Operation of Non-instructional Services	3,556,054	149,904	2,698,540	0	(707,610)
Total Governmental Activities	\$ 36,522,257	\$ 184,629	\$ 5,103,020	\$ 25,891	\$ (31,208,717)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 5,855,290
Local Option Sales Taxes					2,505,467
Other Local Taxes					3,196
Grants and Contributions Not Restricted for Specific Programs					23,035,034
Miscellaneous					137,450
Total General Revenues					\$ 31,536,437
Change in Net Position					\$ 327,720
Net Position, July 1, 2019					22,998,743
Net Position, June 30, 2020					\$ 23,326,463

Exhibit J-2

Hardeman County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hardeman County School Department
June 30, 2020

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	<u>General</u>	<u>Other</u>	
	<u>Purpose</u>	<u>Gov- ern- mental</u>	<u>Total</u>
	<u>School</u>	<u>Funds</u>	<u>Governmental</u>
			<u>Funds</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 16	\$ 16
Equity in Pooled Cash and Investments	4,312,733	780,665	5,093,398
Accounts Receivable	7,890	105	7,995
Due from Other Governments	988,053	435,004	1,423,057
Due from Other Funds	935	0	935
Property Taxes Receivable	5,994,820	0	5,994,820
Allowance for Uncollectible Property Taxes	(244,036)	0	(244,036)
Restricted Assets	111,120	0	111,120
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 11,171,515	\$ 1,215,790	\$ 12,387,305
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>			
Accounts Payable	\$ 62	\$ 0	\$ 62
Accrued Payroll	708	2,972	3,680
Payroll Deductions Payable	10,397	1,849	12,246
Due to Other Funds	0	935	935
Due to State of Tennessee	12,356	0	12,356
Total Liabilities	\$ 23,523	\$ 5,756	\$ 29,279
	<hr/>	<hr/>	<hr/>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 5,611,447	\$ 0	\$ 5,611,447
Deferred Delinquent Property Taxes	111,899	0	111,899
Other Deferred/Unavailable Revenue	243,829	0	243,829
Total Deferred Inflows of Resources	\$ 5,967,175	\$ 0	\$ 5,967,175
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 201,195	\$ 20,000	\$ 221,195
Restricted for Operation of Non-instructional Services	0	440,034	440,034
Restricted for Hybrid Retirement Stabilization Funds	111,120	0	111,120
Committed:			
Committed for Education	183,832	0	183,832
Assigned:			
Assigned for Education	375,069	750,000	1,125,069
Unassigned	4,309,601	0	4,309,601
Total Fund Balances	\$ 5,180,817	\$ 1,210,034	\$ 6,390,851
	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,171,515	\$ 1,215,790	\$ 12,387,305
	<hr/>	<hr/>	<hr/>

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, 2020

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)		\$	6,390,851
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	358,116	
Add: buildings and improvements net of accumulated depreciation		14,071,736	
Add: other capital assets net of accumulated depreciation		<u>2,406,631</u>	16,836,483
(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	\$	(25,838)	
Less: net OPEB liability		(3,037,345)	
Less: compensated absences payable		<u>(192,442)</u>	(3,255,625)
(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	\$	3,046,586	
Less: deferred inflows of resources related to pensions		(4,834,695)	
Add: deferred outflows of resources related to OPEB		268,505	
Less: deferred inflows of resources related to OPEB		<u>(543,832)</u>	(2,063,436)
(4) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	489,441	
Add: net pension asset - teacher retirement plan		147,091	
Add: net pension asset - teacher legacy plan		<u>4,425,930</u>	5,062,462
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>355,728</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>23,326,463</u></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, 2020

	<u>Major Fund</u> General Purpose School	<u>Nonmajor Funds</u> Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 8,366,201	\$ 0	\$ 8,366,201
Licenses and Permits	2,299	0	2,299
Charges for Current Services	13,026	149,904	162,930
Other Local Revenues	156,521	16,171	172,692
State of Tennessee	23,179,531	21,787	23,201,318
Federal Government	39,477	4,907,308	4,946,785
Total Revenues	<u>\$ 31,757,055</u>	<u>\$ 5,095,170</u>	<u>\$ 36,852,225</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 17,889,784	\$ 1,645,027	\$ 19,534,811
Support Services	11,272,823	1,197,020	12,469,843
Operation of Non-Instructional Services	1,026,558	2,564,567	3,591,125
Capital Outlay	361,136	727,242	1,088,378
Debt Service:			
Other Debt Service	704,142	0	704,142
Total Expenditures	<u>\$ 31,254,443</u>	<u>\$ 6,133,856</u>	<u>\$ 37,388,299</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 502,612</u>	<u>\$ (1,038,686)</u>	<u>\$ (536,074)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 20,860	\$ 0	\$ 20,860
Transfers In	89,129	27,954	117,083
Transfers Out	(27,954)	(89,129)	(117,083)
Total Other Financing Sources (Uses)	<u>\$ 82,035</u>	<u>\$ (61,175)</u>	<u>\$ 20,860</u>
Net Change in Fund Balances	\$ 584,647	\$ (1,099,861)	\$ (515,214)
Fund Balance, July 1, 2019	4,596,170	2,309,895	6,906,065
Fund Balance, June 30, 2020	<u>\$ 5,180,817</u>	<u>\$ 1,210,034</u>	<u>\$ 6,390,851</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, 2020

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)		\$	(515,214)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,626,469	
Less: current-year depreciation expense		<u>(1,660,096)</u>	(33,627)
(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, 2020	\$	355,728	
Less: deferred delinquent property taxes and other deferred June 30, 2019		<u>(357,976)</u>	(2,248)
(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	\$	121,116	
Change in deferred outflows related to OPEB		9,336	
Change in deferred inflows related to OPEB		(200,090)	
Change in net pension asset - agent plan		292,209	
Change in net pension asset - teacher retirement plan		3,960	
Change in net pension asset - teacher legacy pension plan		2,920,143	
Change in deferred outflows related to pensions		(634,651)	
Change in deferred inflows related to pensions		(1,626,847)	
Change in compensated absences payable		<u>(24,595)</u>	<u>860,581</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 327,720</u>

Exhibit J-6

Hardeman County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Hardeman County School Department
June 30, 2020

	Special Revenue Funds		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 16	\$ 16
Equity in Pooled Cash and Investments	340,180	440,485	780,665
Accounts Receivable	105	0	105
Due from Other Governments	434,536	468	435,004
Total Assets	\$ 774,821	\$ 440,969	\$ 1,215,790
<u>LIABILITIES</u>			
Accrued Payroll	\$ 2,972	\$ 0	\$ 2,972
Payroll Deductions Payable	1,849	0	1,849
Due to Other Funds	0	935	935
Total Liabilities	\$ 4,821	\$ 935	\$ 5,756
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 20,000	\$ 0	\$ 20,000
Restricted for Operation of Non-instructional Services	0	440,034	440,034
Assigned:			
Assigned for Education	750,000	0	750,000
Total Fund Balances	\$ 770,000	\$ 440,034	\$ 1,210,034
Total Liabilities and Fund Balances	\$ 774,821	\$ 440,969	\$ 1,215,790

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, 2020

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Total</u>	<u>Projects</u>	
	<u>Federal</u>	<u>Cafeteria</u>		<u>Education</u>	<u>Nonmajor</u>
	<u>Projects</u>			<u>Capital</u>	<u>Governmental</u>
				<u>Projects</u>	<u>Funds</u>
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 149,904	\$ 149,904	\$ 0	\$ 149,904
Other Local Revenues	105	16,066	16,171	0	16,171
State of Tennessee	0	21,787	21,787	0	21,787
Federal Government	3,138,446	1,768,862	4,907,308	0	4,907,308
Total Revenues	\$ 3,138,551	\$ 1,956,619	\$ 5,095,170	\$ 0	\$ 5,095,170
<u>Expenditures</u>					
Current:					
Instruction	\$ 1,645,027	\$ 0	\$ 1,645,027	\$ 0	\$ 1,645,027
Support Services	1,197,020	0	1,197,020	0	1,197,020
Operation of Non-Instructional Services	216,162	2,348,405	2,564,567	0	2,564,567
Capital Outlay	0	0	0	727,242	727,242
Total Expenditures	\$ 3,058,209	\$ 2,348,405	\$ 5,406,614	\$ 727,242	\$ 6,133,856
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 80,342	\$ (391,786)	\$ (311,444)	\$ (727,242)	\$ (1,038,686)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 27,954	\$ 0	\$ 27,954	\$ 0	\$ 27,954
Transfers Out	(89,129)	0	(89,129)	0	(89,129)
Total Other Financing Sources (Uses)	\$ (61,175)	\$ 0	\$ (61,175)	\$ 0	\$ (61,175)
Net Change in Fund Balances	\$ 19,167	\$ (391,786)	\$ (372,619)	\$ (727,242)	\$ (1,099,861)
Fund Balance, July 1, 2019	750,833	831,820	1,582,653	727,242	2,309,895
Fund Balance, June 30, 2020	\$ 770,000	\$ 440,034	\$ 1,210,034	\$ 0	\$ 1,210,034

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, 2020

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,366,201	\$ 0	\$ 0	\$ 8,366,201	\$ 7,990,500	\$ 7,990,500	\$ 375,701
Licenses and Permits	2,299	0	0	2,299	2,000	2,000	299
Charges for Current Services	13,026	0	0	13,026	35,160	57,711	(44,685)
Other Local Revenues	156,521	0	0	156,521	68,700	78,700	77,821
State of Tennessee	23,179,531	0	0	23,179,531	22,247,977	23,530,820	(351,289)
Federal Government	39,477	0	0	39,477	30,000	30,000	9,477
Total Revenues	\$ 31,757,055	\$ 0	\$ 0	\$ 31,757,055	\$ 30,374,337	\$ 31,689,731	\$ 67,324
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 13,716,877	\$ (1,050)	\$ 262,908	\$ 13,978,735	\$ 13,786,800	\$ 14,097,848	\$ 119,113
Alternative Instruction Program	155,964	0	0	155,964	156,410	156,410	446
Special Education Program	2,558,428	0	0	2,558,428	2,645,574	2,645,574	87,146
Career and Technical Education Program	1,285,209	(4,500)	173,851	1,454,560	1,227,292	1,737,292	282,732
COVID-19 Expenditures	173,306	0	0	173,306	0	173,306	0
<u>Support Services</u>							
Attendance	218,742	0	0	218,742	219,552	223,552	4,810
Health Services	417,308	0	0	417,308	422,307	421,566	4,258
Other Student Support	1,063,465	0	0	1,063,465	1,054,302	1,299,302	235,837
Regular Instruction Program	1,178,331	(1,760)	0	1,176,571	1,415,678	1,435,167	258,596
Alternative Instruction Program	35,042	0	0	35,042	33,965	35,070	28
Special Education Program	434,299	0	0	434,299	503,327	503,327	69,028
Career and Technical Education Program	53,237	0	0	53,237	53,608	53,608	371
Technology	335,461	(569)	84,226	419,118	389,186	473,412	54,294
Other Programs	103,172	0	0	103,172	0	103,172	0
Board of Education	469,630	(6,214)	0	463,416	537,887	531,996	68,580
Director of Schools	393,822	(1,115)	1,175	393,882	381,045	403,596	9,714
Office of the Principal	1,795,277	0	0	1,795,277	1,805,272	1,802,750	7,473
Fiscal Services	167,848	(1,123)	541	167,266	170,500	170,500	3,234

(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 7/1/2019	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Human Services/Personnel	\$ 86,598	\$ 0	\$ 0	\$ 86,598	\$ 87,246	\$ 87,246	\$ 648
Operation of Plant	1,829,189	0	0	1,829,189	1,926,405	1,926,405	97,216
Maintenance of Plant	1,022,640	(9,594)	1,054	1,014,100	899,095	1,047,045	32,945
Transportation	1,659,608	(94)	4,392	1,663,906	1,495,280	1,824,501	160,595
COVID-19 Expenditures	9,154	0	0	9,154	0	9,154	0
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	1,026,558	0	0	1,026,558	1,027,313	1,027,313	755
<u>Capital Outlay</u>							
Regular Capital Outlay	361,136	0	15,849	376,985	8,000	445,000	68,015
<u>Principal on Debt</u>							
Education	0	0	0	0	608,228	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	94,715	3	3
<u>Other Debt Service</u>							
Education	704,142	0	0	704,142	1,300	704,240	98
Total Expenditures	\$ 31,254,443	\$ (26,019)	\$ 543,996	\$ 31,772,420	\$ 30,950,287	\$ 33,338,355	\$ 1,565,935
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 502,612	\$ 26,019	\$ (543,996)	\$ (15,365)	\$ (575,950)	\$ (1,648,624)	\$ 1,633,259
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 20,860	\$ 0	\$ 0	\$ 20,860	\$ 0	\$ 0	\$ 20,860
Transfers In	89,129	0	0	89,129	86,000	105,489	(16,360)
Transfers Out	(27,954)	0	0	(27,954)	(63,060)	(63,060)	35,106
Total Other Financing Sources	\$ 82,035	\$ 0	\$ 0	\$ 82,035	\$ 22,940	\$ 42,429	\$ 39,606
Net Change in Fund Balance							
Fund Balance, July 1, 2019	\$ 4,596,170	(26,019)	(543,996)	\$ 66,670	\$ (553,010)	\$ (1,606,195)	\$ 1,672,865
Fund Balance, June 30, 2020	\$ 5,180,817	\$ 0	\$ (543,996)	\$ 4,636,821	\$ 7,535,371	\$ 6,482,186	\$ (1,845,365)

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, 2020

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Other Local Revenues	\$ 105	\$ 0	\$ 105	\$ 0	\$ 0	\$ 105
Federal Government	3,138,446	0	3,138,446	3,226,605	4,031,258	(892,812)
Total Revenues	\$ 3,138,551	\$ 0	\$ 3,138,551	\$ 3,226,605	\$ 4,031,258	\$ (892,707)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 713,920	\$ 0	\$ 713,920	\$ 701,298	\$ 847,087	\$ 133,167
Special Education Program	824,182	0	824,182	794,173	1,145,622	321,440
Career and Technical Education Program	106,925	0	106,925	91,750	107,034	109
COVID-19 Expenditures	0	20,000	20,000	0	20,000	0
<u>Support Services</u>						
Other Student Support	54,790	0	54,790	66,826	65,461	10,671
Regular Instruction Program	750,119	0	750,119	853,358	1,096,812	346,693
Special Education Program	261,262	0	261,262	276,843	304,299	43,037
Career and Technical Education Program	1,837	0	1,837	2,000	1,837	0
Transportation	129,012	0	129,012	138,783	147,984	18,972
<u>Operation of Non-Instructional Services</u>						
Community Services	216,162	0	216,162	253,539	253,538	37,376
Total Expenditures	\$ 3,058,209	\$ 20,000	\$ 3,078,209	\$ 3,178,570	\$ 3,989,674	\$ 911,465
Excess (Deficiency) of Revenues Over Expenditures	\$ 80,342	\$ (20,000)	\$ 60,342	\$ 48,035	\$ 41,584	\$ 18,758
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 27,954	\$ 0	\$ 27,954	\$ 20,184	\$ 67,304	\$ (39,350)

(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)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Transfers Out	\$ (89,129)	\$ 0	\$ (89,129)	\$ (68,220)	\$ (108,889)	\$ 19,760
Total Other Financing Sources	\$ (61,175)	\$ 0	\$ (61,175)	\$ (48,036)	\$ (41,585)	\$ (19,590)
Net Change in Fund Balance	\$ 19,167	\$ (20,000)	\$ (833)	\$ (1)	\$ (1)	\$ (832)
Fund Balance, July 1, 2019	750,833	0	750,833	775,115	775,115	(24,282)
Fund Balance, June 30, 2020	\$ 770,000	\$ (20,000)	\$ 750,000	\$ 775,114	\$ 775,114	\$ (25,114)

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, 2020

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 149,904	\$ 0	\$ 149,904	\$ 195,585	\$ 195,585	\$ (45,681)
Other Local Revenues	16,066	0	16,066	4,500	4,500	11,566
State of Tennessee	21,787	0	21,787	22,000	22,000	(213)
Federal Government	1,768,862	0	1,768,862	2,172,560	2,220,110	(451,248)
Total Revenues	\$ 1,956,619	\$ 0	\$ 1,956,619	\$ 2,394,645	\$ 2,442,195	\$ (485,576)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 2,258,787	\$ 70	\$ 2,258,857	\$ 2,493,560	\$ 2,499,052	\$ 240,195
COVID-19 Expenditures	89,618	0	89,618	0	89,618	0
Total Expenditures	\$ 2,348,405	\$ 70	\$ 2,348,475	\$ 2,493,560	\$ 2,588,670	\$ 240,195
Excess (Deficiency) of Revenues Over Expenditures	\$ (391,786)	\$ (70)	\$ (391,856)	\$ (98,915)	\$ (146,475)	\$ (245,381)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ 0	\$ 0	\$ 0	\$ (50,000)	\$ (50,000)	\$ 50,000
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ (50,000)	\$ (50,000)	\$ 50,000
Net Change in Fund Balance	\$ (391,786)	\$ (70)	\$ (391,856)	\$ (148,915)	\$ (196,475)	\$ (195,381)
Fund Balance, July 1, 2019	831,820	0	831,820	841,880	841,880	(10,060)
Fund Balance, June 30, 2020	\$ 440,034	\$ (70)	\$ 439,964	\$ 692,965	\$ 645,405	\$ (205,441)

MISCELLANEOUS SCHEDULES

Exhibit K-1

Hardeman County, Tennessee
Schedule of Changes in Long-term Notes, Other Loan, and Bonds
For the Year Ended June 30, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-19	Paid and/or Matured During Period	Outstanding 6-30-20
<u>NOTES PAYABLE</u>							
<u>Payable through General Debt Service Fund</u>							
Airport Hangars	\$ 390,000	4.45	% 12-27-07	6-1-20	\$ 40,000	\$ 40,000	\$ 0
Capital Outlay Note, Series 2015	800,000	2.59	10-21-15	10-21-27	622,420	62,305	560,115
Total Notes Payable					<u>\$ 662,420</u>	<u>\$ 102,305</u>	<u>\$ 560,115</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	\$ 44,066	\$ 18,228	\$ 25,838
Total Other Loan Payable					<u>\$ 44,066</u>	<u>\$ 18,228</u>	<u>\$ 25,838</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	\$ 1,945,000	\$ 150,000	\$ 1,795,000
General Obligation Refunding Bonds, Series 2015	3,940,000	2	4-1-15	4-1-24	2,275,000	440,000	1,835,000
General Obligation Refunding Bonds, Series 2016	8,820,000	2 to 2.75	8-22-16	6-1-35	8,250,000	380,000	7,870,000
General Obligation Refunding Bonds, Series 2017	9,040,000	3.25 to 5	6-9-17	6-1-43	8,730,000	20,000	8,710,000
Total Bonds Payable					<u>\$ 21,200,000</u>	<u>\$ 990,000</u>	<u>\$ 20,210,000</u>

(1) Total amount approved was \$500,000, of which \$372,389 remains available for draws as of June 30, 2020.

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 560,115	\$ 67,291	\$ 627,406

Year Ending June 30	Other Loan		
	Principal	Interest	Total
2021	\$ 18,228	\$ 0	\$ 18,228
2022	7,610	0	7,610
Total	\$ 25,838	\$ 0	\$ 25,838

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 20,210,000	\$ 7,758,347	\$ 27,968,347

Exhibit K-3

Hardeman County, Tennessee
Schedule of Transfers
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2020

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>DISCRETELY PRESENTED HARDEMAN COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	School to Work program cost share	\$ 25,918
"	"	Gear Up program cost share	2,036
School Federal Projects	General Purpose School	Indirect costs	69,640
"	"	Comprehensive Coordinated Early Intervening Services	<u>19,489</u>
Total Transfers Discretely Presented Hardeman County School Department			<u>\$ 117,083</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, 2020

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	\$ 95,155 (1)	\$ 400,000	Tennessee Risk Management Trust
Highway Superintendent	Section 8-24-102, <i>TCA</i>	85,768	400,000	"
Director of Schools:				
Warner Ross (7-1-19 through 10-15-19)	State Board of Education and County Board of Education	38,104	400,000	"
Robert Doyle (10-16-19 through 6-30-20)	State Board of Education and County Board of Education	76,208	400,000	"
Trustee	Section 8-24-102, <i>TCA</i>	77,971	400,000	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	77,971	400,000 (4)	"
County Clerk	Section 8-24-102, <i>TCA</i>	77,971	400,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, <i>TCA</i>	77,971	400,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	77,971 (2)	400,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	77,971	400,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	86,568 (3)	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 \$1,500.

(2) Does not include special commissioner fees of \$10,509.

(3) Includes a law enforcement training supplement of \$800.

(4) 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, 2020

	Special Revenue Funds				Debt Service	Total
	General	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service Fund	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,779,480	\$ 0	\$ 0	\$ 0	\$ 299,372	\$ 4,078,852
Trustee's Collections - Prior Year	133,047	0	0	0	10,540	143,587
Trustee's Collections - Bankruptcy	3,519	0	0	0	279	3,798
Circuit Clerk/Clerk and Master Collections - Prior Years	72,779	0	0	0	5,765	78,544
Interest and Penalty	24,102	0	0	0	1,906	26,008
Payments in-Lieu-of Taxes - Other	224,666	0	0	0	4,988	229,654
<u>County Local Option Taxes</u>						
Local Option Sales Tax	198,388	0	0	0	0	198,388
Hotel/Motel Tax	25,137	0	0	0	0	25,137
Wheel Tax	0	0	0	765,901	765,901	1,531,802
Litigation Tax - General	86,361	0	0	0	0	86,361
Litigation Tax - Jail, Workhouse, or Courthouse	69,713	0	0	0	0	69,713
Business Tax	204,926	0	0	0	0	204,926
<u>Statutory Local Taxes</u>						
Bank Excise Tax	99,641	0	0	0	0	99,641
Wholesale Beer Tax	69,618	0	0	0	0	69,618
Total Local Taxes	\$ 4,991,377	\$ 0	\$ 0	\$ 765,901	\$ 1,088,751	\$ 6,846,029
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 2,495	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,495
Cable TV Franchise	7,594	0	0	0	0	7,594
<u>Permits</u>						
Beer Permits	1,488	0	0	0	0	1,488
Building Permits	4,700	0	0	0	0	4,700

(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	Constitu - tional Officers - Fees	Highway / Public Works	Fund General Debt Service	
<u>Licenses and Permits (Cont.)</u>						
<u>Permits (Cont.)</u>						
Other Permits	\$ 6,650	\$ 0	\$ 0	\$ 20	\$ 0	\$ 6,670
Total Licenses and Permits	\$ 22,927	\$ 0	\$ 0	\$ 20	\$ 0	\$ 22,947
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 34,507	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,507
Officers Costs	11,134	0	0	0	0	11,134
Drug Control Fines	11,083	10,099	0	0	0	21,182
Jail Fees	2,376	0	0	0	0	2,376
DUI Treatment Fines	3,328	0	0	0	0	3,328
Data Entry Fee - Circuit Court	1,521	0	0	0	0	1,521
Courtroom Security Fee	2,534	0	0	0	0	2,534
Victims Assistance Assessments	2,574	0	0	0	0	2,574
<u>Criminal Court</u>						
DUI Treatment Fines	570	0	0	0	0	570
<u>General Sessions Court</u>						
Fines	23,255	0	0	0	0	23,255
Fines for Littering	95	0	0	0	0	95
Officers Costs	37,940	0	0	0	0	37,940
Game and Fish Fines	68	0	0	0	0	68
Drug Control Fines	10,254	10,051	0	0	0	20,305
Drug Court Fees	3,456	0	0	0	0	3,456
Jail Fees	3,333	0	0	0	0	3,333
DUI Treatment Fines	3,633	190	0	0	0	3,823
Data Entry Fee - General Sessions Court	9,294	0	0	0	0	9,294

(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	Fund General Debt Service	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Courtroom Security Fee	\$ 59,732	\$ 0	\$ 0	\$ 0	\$ 0	59,732
Victims Assistance Assessments	4,184	0	0	0	0	4,184
<u>Juvenile Court</u>						
Officers Costs	532	0	0	0	0	532
Data Entry Fee - Juvenile Court	958	0	0	0	0	958
<u>Chancery Court</u>						
Officers Costs	1,513	0	0	0	0	1,513
Data Entry Fee - Chancery Court	4,300	0	0	0	0	4,300
Courtroom Security Fee	3,607	0	0	0	0	3,607
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	12,915	0	0	0	12,915
Total Fines, Forfeitures, and Penalties	\$ 235,781	\$ 33,255	\$ 0	\$ 0	\$ 0	269,036
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Patient Charges	\$ 1,404,714	\$ 0	\$ 0	\$ 0	\$ 0	1,404,714
Work Release Charges for Board	3,294	0	0	0	0	3,294
<u>Fees</u>						
Airport Fees	24,096	0	0	0	0	24,096
Copy Fees	32	0	0	0	0	32
Greenbelt Late Application Fee	200	0	0	0	0	200
Telephone Commissions	51,191	0	0	0	0	51,191
Constitutional Officers' Fees and Commissions	0	0	376,473	0	0	376,473
Data Processing Fee - Register	6,730	0	0	0	0	6,730
Data Processing Fee - Sheriff	3,349	0	0	0	0	3,349

(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	Constitu - tional Officers - Fees	Highway / Public Works	Fund General Debt Service	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Sexual Offender Registration Fee - Sheriff	\$ 4,650	\$ 0	\$ 0	\$ 0	\$ 0	4,650
Data Processing Fee - County Clerk	5,731	0	0	0	0	5,731
Vehicle Insurance Coverage and Reinstatement Fees	1,155	0	0	0	0	1,155
Total Charges for Current Services	\$ 1,505,142	\$ 0	\$ 376,473	\$ 0	\$ 0	1,881,615
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 167,398	\$ 0	\$ 0	\$ 0	\$ 0	167,398
Lease/Rentals	12,498	0	0	0	0	12,498
Commissary Sales	45,886	0	0	0	0	45,886
Sale of Gasoline	25,031	0	0	0	0	25,031
Sale of Maps	2,011	0	0	0	0	2,011
Miscellaneous Refunds	176,506	0	0	24,524	0	201,030
<u>Nonrecurring Items</u>						
Sale of Property	1,451	0	0	0	0	1,451
<u>Other Local Revenues</u>						
Other Local Revenues	19,043	0	0	0	0	19,043
Total Other Local Revenues	\$ 449,824	\$ 0	\$ 0	\$ 24,524	\$ 0	474,348
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 62,257	\$ 0	\$ 0	\$ 0	\$ 0	62,257
Trustee	227,750	0	0	0	0	227,750
<u>Fees In-Lieu-of Salary</u>						
Circuit Court Clerk	70,990	0	0	0	0	70,990

(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	Constitu - tional Officers - Fees	Highway / Public Works	Fund General Debt Service	
<u>Fees Received From County Officials (Cont.)</u>						
<u>Fees In-Lieu-of Salary (Cont.)</u>						
General Sessions Court Clerk	\$ 185,395	\$ 0	\$ 0	\$ 0	\$ 0	\$ 185,395
Clerk and Master	110,050	0	0	0	0	110,050
Juvenile Court Clerk	15,702	0	0	0	0	15,702
Register	83,703	0	0	0	0	83,703
Sheriff	13,867	0	0	0	0	13,867
Total Fees Received From County Officials	\$ 769,714	\$ 0	\$ 0	\$ 0	\$ 0	\$ 769,714
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 13,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,500
Airport Maintenance Program	75,420	0	0	0	0	75,420
<u>Health and Welfare Grants</u>						
Health Department Programs	100,600	0	0	0	0	100,600
Other Health and Welfare Grants	17,810	0	0	0	0	17,810
<u>Public Works Grants</u>						
Litter Program	17,748	0	0	0	0	17,748
<u>Other State Revenues</u>						
Income Tax	14,465	0	0	0	0	14,465
Beer Tax	18,175	0	0	0	0	18,175
Vehicle Certificate of Title Fees	3,000	0	0	0	0	3,000
Alcoholic Beverage Tax	91,077	0	0	0	0	91,077
State Revenue Sharing - T.V.A.	933,732	0	0	0	0	933,732
State Revenue Sharing - Telecommunications	33,629	0	0	0	0	33,629
Contracted Prisoner Boarding	384,657	0	0	0	0	384,657
Gasoline and Motor Fuel Tax	0	0	0	2,709,041	0	2,709,041

(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	Constitu - tional Officers - Fees	Highway / Public Works	Fund General Debt Service	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Petroleum Special Tax	\$ 0	\$ 0	\$ 0	\$ 19,664	\$ 0	\$ 19,664
Registrar's Salary Supplement	15,164	0	0	0	0	15,164
Other State Grants	1,898,227	0	0	0	0	1,898,227
Other State Revenues	27,302	0	0	0	0	27,302
Total State of Tennessee	\$ 3,644,506	\$ 0	\$ 0	\$ 2,728,705	\$ 0	\$ 6,373,211
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 6,700	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,700
COVID-19 Grant #2	23,945	0	0	0	0	23,945
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	338,118	0	0	0	0	338,118
Total Federal Government	\$ 368,763	\$ 0	\$ 0	\$ 0	\$ 0	\$ 368,763
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 86,195	\$ 0	\$ 0	\$ 0	\$ 704,143	\$ 790,338
Contracted Services	343,921	0	0	0	0	343,921
<u>Other</u>						
Other	4,980	0	0	0	0	4,980
Total Other Governments and Citizens Groups	\$ 435,096	\$ 0	\$ 0	\$ 0	\$ 704,143	\$ 1,139,239
Total	\$ 12,423,130	\$ 33,255	\$ 376,473	\$ 3,519,150	\$ 1,792,894	\$ 18,144,902

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, 2020

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 5,463,431	\$ 0	\$ 0	\$ 5,463,431
Trustee's Collections - Prior Year	192,328	0	0	192,328
Trustee's Collections - Bankruptcy	4,977	0	0	4,977
Circuit Clerk/Clerk and Master Collections - Prior Years	105,206	0	0	105,206
Interest and Penalty	33,156	0	0	33,156
Payments in-Lieu-of Taxes - Other	91,037	0	0	91,037
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,472,870	0	0	2,472,870
Mixed Drink Tax	2,733	0	0	2,733
Other County Local Option Taxes	463	0	0	463
Total Local Taxes	\$ 8,366,201	\$ 0	\$ 0	\$ 8,366,201
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,299	\$ 0	\$ 0	\$ 2,299
Total Licenses and Permits	\$ 2,299	\$ 0	\$ 0	\$ 2,299
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Other Employee Benefit Charges/Contributions	\$ 197	\$ 0	\$ 0	\$ 197
<u>Fees</u>				
Vending Machine Collections	401	0	0	401
<u>Education Charges</u>				
Lunch Payments - Adults	0	0	29,468	29,468

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
Income from Breakfast	\$ 0	\$ 0	\$ 1,174	\$ 1,174
A la Carte Sales	0	0	119,262	119,262
Receipts from Individual Schools	7,418	0	0	7,418
Other Charges for Services	5,010	0	0	5,010
Total Charges for Current Services	<u>\$ 13,026</u>	<u>\$ 0</u>	<u>\$ 149,904</u>	<u>\$ 162,930</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 3,471	\$ 0	\$ 5,165	\$ 8,636
Lease/Rentals	21,699	0	0	21,699
E-Rate Funding	3,907	0	0	3,907
Retirees' Insurance Payments	32,451	0	0	32,451
Miscellaneous Refunds	73,251	105	10,901	84,257
Expenditure Credits	1,427	0	0	1,427
<u>Nonrecurring Items</u>				
Sale of Equipment	4,146	0	0	4,146
Contributions and Gifts	1,000	0	0	1,000
<u>Other Local Revenues</u>				
Other Local Revenues	15,169	0	0	15,169
Total Other Local Revenues	<u>\$ 156,521</u>	<u>\$ 105</u>	<u>\$ 16,066</u>	<u>\$ 172,692</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.)

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 20,848,000	\$ 0	\$ 0	\$ 20,848,000
Early Childhood Education	1,025,799	0	0	1,025,799
School Food Service	0	0	21,787	21,787
Driver Education	13,661	0	0	13,661
Other State Education Funds	119,541	0	0	119,541
Coordinated School Health	100,000	0	0	100,000
Career Ladder Program	70,103	0	0	70,103
<u>Other State Revenues</u>				
Other State Grants	817,310	0	0	817,310
Safe Schools	81,945	0	0	81,945
Total State of Tennessee	\$ 23,179,531	\$ 0	\$ 21,787	\$ 23,201,318
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 989,001	\$ 989,001
USDA - Commodities	0	0	124,291	124,291
Breakfast	0	0	431,800	431,800
USDA - Other	0	0	72,339	72,339
Vocational Education - Basic Grants to States	0	115,905	0	115,905
Title I Grants to Local Education Agencies	0	1,157,936	0	1,157,936
Special Education - Grants to States	31,156	1,064,402	0	1,095,558
Special Education Preschool Grants	0	67,271	0	67,271
English Language Acquisition Grants	2,430	0	0	2,430
Rural Education	0	41,529	0	41,529

(Continued)

Exhibit K-6

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

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
21st Century Community Learning Centers	\$ 0	\$ 220,207	\$ 0	\$ 220,207
Eisenhower Professional Development State Grants	0	132,878	0	132,878
COVID-19 Grant #1	0	20,000	0	20,000
COVID-19 Grant #2	0	0	151,431	151,431
COVID-19 Grant #3	5,891	0	0	5,891
Other Federal through State	0	318,318	0	318,318
Total Federal Government	<u>\$ 39,477</u>	<u>\$ 3,138,446</u>	<u>\$ 1,768,862</u>	<u>\$ 4,946,785</u>
Total	<u>\$ 31,757,055</u>	<u>\$ 3,138,551</u>	<u>\$ 1,956,619</u>	<u>\$ 36,852,225</u>

Exhibit K-7

Hardeman County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2020

<u>General Fund</u>		
<u>General Government</u>		
<u>County Commission</u>		
Board and Committee Members Fees	\$ 28,675	
Other Charges	7,433	
Total County Commission		\$ 36,108
<u>Board of Equalization</u>		
Board and Committee Members Fees	\$ 700	
Total Board of Equalization		700
<u>Beer Board</u>		
Board and Committee Members Fees	\$ 1,150	
Total Beer Board		1,150
<u>Budget and Finance Committee</u>		
Board and Committee Members Fees	\$ 1,200	
Total Budget and Finance Committee		1,200
<u>Other Boards and Committees</u>		
Board and Committee Members Fees	\$ 3,150	
Total Other Boards and Committees		3,150
<u>County Mayor/Executive</u>		
County Official/Administrative Officer	\$ 90,055	
Secretary(ies)	63,009	
Part-time Personnel	455	
Educational Incentive - Other County Employees	1,600	
Communication	5,246	
Maintenance and Repair Services - Office Equipment	1,336	
Postal Charges	2,257	
Travel	4,251	
Office Supplies	4,637	
Other Supplies and Materials	198	
Other Charges	863	
Office Equipment	3,725	
Total County Mayor/Executive		177,632
<u>County Attorney</u>		
County Official/Administrative Officer	\$ 18,000	
Legal Services	102,402	
Total County Attorney		120,402
<u>Election Commission</u>		
County Official/Administrative Officer	\$ 70,174	
Clerical Personnel	24,057	
Overtime Pay	107	
Other Salaries and Wages	1,510	
Board and Committee Members Fees	4,400	
Election Workers	14,085	

(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.)

Communication	\$	1,897	
Dues and Memberships		700	
Legal Notices, Recording, and Court Costs		2,503	
Maintenance and Repair Services - Office Equipment		160	
Postal Charges		1,025	
Printing, Stationery, and Forms		2,747	
Rentals		15,856	
Travel		902	
Other Contracted Services		15,513	
Custodial Supplies		424	
Office Supplies		1,690	
Utilities		3,724	
Office Equipment		1,764	
Total Election Commission			\$ 163,238

Register of Deeds

County Official/Administrative Officer	\$	77,971	
Deputy(ies)		39,529	
Part-time Personnel		13,270	
Educational Incentive - Other County Employees		3,200	
Communication		2,634	
Data Processing Services		6,653	
Dues and Memberships		135	
Maintenance Agreements		686	
Postal Charges		165	
Travel		1,812	
Office Supplies		1,644	
Total Register of Deeds			147,699

Development

County Official/Administrative Officer	\$	36,440	
Communication		1,877	
Contracts with Government Agencies		13,626	
Rentals		598	
Travel		34	
Remittance of Revenue Collected		7,130	
Office Supplies		242	
Other Charges		139	
Total Development			60,086

County Buildings

Supervisor/Director	\$	4,587	
Custodial Personnel		36,332	
Communication		2,015	
Maintenance and Repair Services - Buildings		23,342	
Maintenance and Repair Services - Equipment		9,300	
Maintenance and Repair Services - Vehicles		1,079	

(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	\$	10,398	
Custodial Supplies		1,655	
Gasoline		1,535	
Office Supplies		6	
Uniforms		1,123	
Utilities		54,998	
Other Supplies and Materials		862	
Other Charges		1,918	
Building Improvements		<u>613,789</u>	
Total County Buildings			\$ 762,939

Other Facilities

Supervisor/Director	\$	20,774	
Communication		920	
Maintenance and Repair Services - Equipment		1,931	
Garage Supplies		79	
Gasoline		956	
Lubricants		4,425	
Tires and Tubes		1,763	
Uniforms		308	
Vehicle Parts		19,147	
Other Supplies and Materials		<u>2,896</u>	
Total Other Facilities			53,199

Other General Administration

Land	\$	<u>27,485</u>	
Total Other General Administration			27,485

Preservation of Records

Communication	\$	1,157	
Maintenance and Repair Services - Buildings		57	
Office Supplies		1,755	
Utilities		<u>2,373</u>	
Total Preservation of Records			5,342

Finance

Accounting and Budgeting

Accountants/Bookkeepers	\$	<u>17,126</u>	
Total Accounting and Budgeting			17,126

Purchasing

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

Property Assessor's Office

County Official/Administrative Officer	\$	77,971	
Educational Incentive - Other County Employees		1,600	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Communication	\$	2,623	
Data Processing Services		15,153	
Dues and Memberships		1,700	
Postal Charges		195	
Travel		1,372	
Other Contracted Services		9,003	
Office Supplies		1,114	
Other Supplies and Materials		946	
Total Property Assessor's Office			\$ 111,677

Reappraisal Program

Deputy(ies)	\$	102,818	
Other Salaries and Wages		1,997	
Advertising		80	
Data Processing Services		3,912	
Legal Services		508	
Maintenance and Repair Services - Vehicles		461	
Postal Charges		1,432	
Gasoline		902	
Other Supplies and Materials		539	
Total Reappraisal Program			112,649

County Trustee's Office

Educational Incentive - Other County Employees	\$	375	
Communication		2,564	
Maintenance and Repair Services - Office Equipment		105	
Postal Charges		6,989	
Other Contracted Services		3,452	
Office Supplies		3,512	
Total County Trustee's Office			16,997

County Clerk's Office

Educational Incentive - Other County Employees	\$	3,675	
Communication		3,804	
Maintenance and Repair Services - Office Equipment		8,618	
Postal Charges		6,959	
Office Supplies		2,359	
Other Supplies and Materials		2,000	
Office Equipment		18,025	
Total County Clerk's Office			45,440

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	77,971	
Deputy(ies)		44,864	
Clerical Personnel		115,834	
Part-time Personnel		13,060	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Educational Incentive - Other County Employees	\$	1,600	
Jury and Witness Expense		12,627	
Other Per Diem and Fees		59	
Communication		546	
Postal Charges		3,173	
Travel		367	
Office Supplies		4,278	
Data Processing Equipment		9,592	
Office Equipment		3,321	
Total Circuit Court			\$ 287,292

General Sessions Court

Judge(s)	\$	115,482	
Secretary(ies)		150	
Dues and Memberships		150	
Legal Services		150	
Travel		232	
Total General Sessions Court			116,164

Chancery Court

County Official/Administrative Officer	\$	77,971	
Deputy(ies)		81,348	
Educational Incentive - Other County Employees		4,900	
Communication		1,989	
Dues and Memberships		95	
Legal Notices, Recording, and Court Costs		3,000	
Postal Charges		4,042	
Travel		954	
Office Supplies		3,703	
Data Processing Equipment		5,031	
Office Equipment		1,207	
Total Chancery Court			184,240

Juvenile Court

Other Salaries and Wages	\$	33,909	
Communication		624	
Contracts with Government Agencies		4,900	
Travel		1,250	
Drug Treatment		548	
Office Supplies		101	
Total Juvenile Court			41,332

Courtroom Security

Deputy(ies)	\$	59,444	
Overtime Pay		253	
Total Courtroom Security			59,697

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Victim Assistance Programs

Other Per Diem and Fees	\$ 3,701	
Total Victim Assistance Programs		\$ 3,701

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 85,768	
Assistant(s)	52,787	
Deputy(ies)	698,851	
Investigator(s)	168,791	
Salary Supplements	18,400	
Secretary(ies)	64,421	
Part-time Personnel	12,844	
Overtime Pay	90,230	
In-service Training	8,686	
Communication	31,688	
Dues and Memberships	2,000	
Legal Services	10,464	
Maintenance and Repair Services - Vehicles	34,921	
Postal Charges	1,601	
Towing Services	2,885	
Travel	4,693	
Other Contracted Services	2,454	
Gasoline	102,036	
Office Supplies	4,416	
Uniforms	6,874	
Other Charges	7,318	
Communication Equipment	8,922	
Data Processing Equipment	200	
Law Enforcement Equipment	3,735	
Office Equipment	2,500	
Other Equipment	115	
Total Sheriff's Department		1,427,600

Workhouse

Medical Personnel	\$ 71,350
Guards	652,072
Maintenance Personnel	33,794
Part-time Personnel	160
Overtime Pay	6,918
Communication	2,362
Maintenance and Repair Services - Buildings	19,095
Maintenance and Repair Services - Equipment	13,974
Medical and Dental Services	22,082
Other Contracted Services	6,000
Custodial Supplies	14,716
Drugs and Medical Supplies	18,263
Electricity	198,667

(Continued)

Exhibit K-7

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

<u>General Fund (Cont.)</u>		
<u>Public Safety (Cont.)</u>		
<u>Workhouse (Cont.)</u>		
Food Preparation Supplies	\$ 9,097	
Food Supplies	177,028	
Other Supplies and Materials	5,383	
In Service/Staff Development	1,607	
Other Charges	6,409	
Communication Equipment	654	
Total Workhouse		\$ 1,259,631
<u>Juvenile Services</u>		
Supervisor/Director	\$ 33,457	
Maintenance and Repair Services - Office Equipment	620	
Postal Charges	112	
Total Juvenile Services		34,189
<u>Fire Prevention and Control</u>		
Contracts with Government Agencies	\$ 99,430	
Total Fire Prevention and Control		99,430
<u>Rural Fire Protection</u>		
Gasoline	\$ 111	
Total Rural Fire Protection		111
<u>Civil Defense</u>		
Supervisor/Director	\$ 5,781	
Part-time Personnel	1,800	
Communication	2,180	
Maintenance and Repair Services - Vehicles	127	
Gasoline	119	
Other Charges	170	
Total Civil Defense		10,177
<u>Other Emergency Management</u>		
Supervisor/Director	\$ 35,191	
Dispatchers/Radio Operators	270,802	
Part-time Personnel	360	
Overtime Pay	13,994	
Pensions	29,107	
Employee and Dependent Insurance	74,110	
Communication	248	
Travel	195	
Office Supplies	260	
Other Charges	200	
Office Equipment	55	
Total Other Emergency Management		424,522
<u>County Coroner/Medical Examiner</u>		
Other Contracted Services	\$ 23,490	
Total County Coroner/Medical Examiner		23,490

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Communication	\$	3,771	
Contracts with Government Agencies		34,438	
Janitorial Services		14,400	
Maintenance and Repair Services - Buildings		10,047	
Postal Charges		194	
Custodial Supplies		196	
Drugs and Medical Supplies		352	
Office Supplies		177	
Utilities		11,451	
Other Supplies and Materials		448	
Total Local Health Center			\$ 75,474

Rabies and Animal Control

County Official/Administrative Officer	\$	6,636	
Part-time Personnel		19,884	
Communication		1,519	
Maintenance and Repair Services - Vehicles		658	
Animal Food and Supplies		1,531	
Drugs and Medical Supplies		235	
Gasoline		1,799	
Uniforms		281	
Utilities		6,792	
Other Supplies and Materials		407	
Other Charges		138	
Total Rabies and Animal Control			39,880

Ambulance/Emergency Medical Services

Assistant(s)	\$	35,819	
Supervisor/Director		18,705	
Clerical Personnel		27,830	
Attendants		792,126	
Part-time Personnel		39,218	
Overtime Pay		104,499	
In-service Training		1,055	
Communication		5,509	
Contracts with Private Agencies		91,343	
Maintenance and Repair Services - Buildings		5,532	
Maintenance and Repair Services - Vehicles		37,663	
Postal Charges		398	
Custodial Supplies		5,192	
Drugs and Medical Supplies		87,581	
Gasoline		53,122	
Office Supplies		1,465	
Tires and Tubes		6,045	
Uniforms		5,399	
Utilities		13,480	
Refunds		885	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Other Charges	\$	3,121	
Motor Vehicles		134,900	
Other Equipment		3,066	
Other Capital Outlay		30,211	
Total Ambulance/Emergency Medical Services			\$ 1,504,164

Dental Health Program

Medical Personnel	\$	49,892	
Clerical Personnel		26,608	
Pensions		2,735	
Employee and Dependent Insurance		7,409	
Travel		302	
Drugs and Medical Supplies		125	
Liability Insurance		549	
Total Dental Health Program			87,620

Sanitation Education/Information

Foremen	\$	60	
Laborers		1,950	
Instructional Supplies and Materials		6,526	
Other Supplies and Materials		8,774	
Other Charges		4,897	
Total Sanitation Education/Information			22,207

Social, Cultural, and Recreational Services

Libraries

Contributions	\$	12,100	
Other Contracted Services		87,814	
Total Libraries			99,914

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	45,382	
Social Security		2,953	
Pensions		7,170	
Employer Medicare		415	
Communication		4,798	
Dues and Memberships		285	
Rentals		3,184	
Travel		439	
Utilities		6,182	
Other Supplies and Materials		1,168	
Total Agricultural Extension Service			71,976

Forest Service

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

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Secretary(ies)	\$	15,358	
Other Contracted Services		6,040	
Total Soil Conservation			\$ 21,398

Other Operations

Industrial Development

Contributions	\$	40,000	
Total Industrial Development			40,000

Other Economic and Community Development

Remittance of Revenue Collected	\$	2,179,703	
Total Other Economic and Community Development			2,179,703

Airport

Supervisor/Director	\$	30,464	
Part-time Personnel		18,552	
Communication		2,166	
Maintenance and Repair Services - Buildings		14,297	
Maintenance and Repair Services - Equipment		2,065	
Maintenance and Repair Services - Vehicles		396	
Custodial Supplies		402	
Gasoline		24,838	
Office Supplies		36	
Utilities		10,923	
Other Charges		787	
Other Capital Outlay		700	
Total Airport			105,626

Veterans' Services

Secretary(ies)	\$	9,411	
Communication		3,243	
Travel		49	
Office Supplies		101	
Office Equipment		449	
Total Veterans' Services			13,253

Contributions to Other Agencies

Dues and Memberships	\$	30,675	
Total Contributions to Other Agencies			30,675

Employee Benefits

Social Security	\$	320,357	
Pensions		418,346	
Employee and Dependent Insurance		876,001	
Disability Insurance		129,776	
Unemployment Compensation		4,005	
Employer Medicare		74,922	
Total Employee Benefits			1,823,407

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

COVID-19 Grant #1

Communication	\$	207	
Custodial Supplies		864	
Drugs and Medical Supplies		2,686	
Office Supplies		1,572	
Other Supplies and Materials		29	
Other Charges		642	
Data Processing Equipment		228	
Total COVID-19 Grant #1			\$ 6,228

COVID-19 Grant #2

Other Charges	\$	23,945	
Total COVID-19 Grant #2			23,945

Miscellaneous

Audit Services	\$	9,200	
Contributions		28,000	
Data Processing Services		49,250	
Dues and Memberships		5,627	
Legal Notices, Recording, and Court Costs		1,825	
Liability Insurance		172,539	
Premiums on Corporate Surety Bonds		100	
Trustee's Commission		117,589	
Other Charges		25,467	
Total Miscellaneous			<u>409,597</u>

Total General Fund \$ 12,396,462

Drug Control Fund

Public Safety

Drug Enforcement

In-service Training	\$	1,826	
Confidential Drug Enforcement Payments		16,000	
Maintenance and Repair Services - Vehicles		1,350	
Travel		748	
Instructional Supplies and Materials		5,867	
Trustee's Commission		278	
Other Charges		4,268	
Law Enforcement Equipment		20,701	
Motor Vehicles		2,247	
Other Equipment		23,357	
Total Drug Enforcement			<u>\$ 76,642</u>

Total Drug Control Fund 76,642

(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 150,052	
Total County Trustee's Office		\$ 150,052

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 210,141	
Total County Clerk's Office		210,141

Administration of Justice

Chancery Court

Special Commissioner Fees	\$ 10,509	
Total Chancery Court		<u>10,509</u>

Total Constitutional Officers - Fees Fund		\$ 370,702
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 85,768	
Secretary(ies)	38,673	
Educational Incentive - Other County Employees	1,444	
Board and Committee Members Fees	5,100	
Communication	5,961	
Data Processing Services	13,006	
Dues and Memberships	5,458	
Operating Lease Payments	1,472	
Legal Services	3,439	
Legal Notices, Recording, and Court Costs	286	
Maintenance and Repair Services - Office Equipment	55	
Postal Charges	674	
Travel	1,934	
Other Contracted Services	1,908	
Electricity	17,612	
Office Supplies	2,808	
Other Supplies and Materials	825	
Data Processing Equipment	140	
Total Administration		\$ 186,563

Highway and Bridge Maintenance

Foremen	\$ 245,890
Laborers	590,240
Part-time Personnel	14,506
Overtime Pay	14,451
Other Salaries and Wages	17,338
Other Contracted Services	3,325
Asphalt - Liquid	79,924
Crushed Stone	64,306
General Construction Materials	2,429

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Pipe	\$	63,697	
Road Signs		14,341	
Wood Products		17,780	
Chemicals		8,871	
Other Supplies and Materials		927	
Total Highway and Bridge Maintenance			\$ 1,138,025

Operation and Maintenance of Equipment

Materials Supervisor	\$	23,381	
Foremen		10,348	
Mechanic(s)		41,654	
Overtime Pay		1,757	
Other Salaries and Wages		505	
Equipment and Machinery Parts		181,763	
Garage Supplies		290	
Gasoline		104,548	
Lubricants		13,832	
Tires and Tubes		34,227	
Uniforms		9,287	
Other Supplies and Materials		252	
Total Operation and Maintenance of Equipment			421,844

Asphalt Plant Operations

Foremen	\$	19,485	
Other Contracted Services		815	
Asphalt - Hot Mix		158,251	
Crushed Stone		24,302	
Equipment and Machinery Parts		811	
Utilities		33,997	
Other Supplies and Materials		615	
Total Asphalt Plant Operations			238,276

Other Charges

Liability Insurance	\$	50,889	
Trustee's Commission		34,239	
Total Other Charges			85,128

Employee Benefits

Social Security	\$	68,261	
Pensions		105,212	
Employee and Dependent Insurance		242,157	
Disability Insurance		59,714	
Unemployment Compensation		4,464	
Employer Medicare		15,964	
Total Employee Benefits			495,772

(Continued)

Exhibit K-7

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

<u>Highway/Public Works Fund (Cont.)</u>		
<u>Highways (Cont.)</u>		
<u>Capital Outlay</u>		
Bridge Construction	\$ 118,199	
Building Improvements	9,095	
Communication Equipment	4,641	
Highway Equipment	<u>286,571</u>	
Total Capital Outlay		<u>\$ 418,506</u>
Total Highway/Public Works Fund		\$ 2,984,114
 <u>General Debt Service Fund</u>		
<u>Principal on Debt</u>		
<u>General Government</u>		
Principal on Bonds	\$ 400,000	
Principal on Notes	<u>102,305</u>	
Total General Government		\$ 502,305
 <u>Education</u>		
Principal on Bonds	\$ 590,000	
Principal on Other Loans	<u>18,228</u>	
Total Education		608,228
 <u>Interest on Debt</u>		
<u>General Government</u>		
Interest on Bonds	\$ 487,918	
Interest on Notes	<u>17,838</u>	
Total General Government		505,756
 <u>Education</u>		
Interest on Bonds	\$ 94,713	
Total Education		94,713
 <u>Other Debt Service</u>		
<u>General Government</u>		
Trustee's Commission	\$ 13,060	
Other Debt Service	<u>1,000</u>	
Total General Government		14,060
 <u>Education</u>		
Other Debt Service	\$ 1,202	
Total Education		<u>1,202</u>
Total General Debt Service Fund		<u>1,726,264</u>
Total Governmental Funds - Primary Government		<u>\$ 17,554,184</u>

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, 2020

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 9,636,855	
Career Ladder Program	75,250	
Career Ladder Extended Contracts	1,119	
Homebound Teachers	3,659	
Educational Assistants	268,684	
Other Salaries and Wages	11,393	
Certified Substitute Teachers	214,360	
Non-certified Substitute Teachers	55,383	
Social Security	579,909	
Pensions	977,527	
Medical Insurance	1,200,833	
Dental Insurance	27,599	
Employer Medicare	138,436	
Other Fringe Benefits	2,224	
Other Contracted Services	96,524	
Instructional Supplies and Materials	159,007	
Textbooks - Bound	197,876	
Other Charges	905	
Data Processing Equipment	67,330	
Regular Instruction Equipment	2,004	
Total Regular Instruction Program		\$ 13,716,877

Alternative Instruction Program

Teachers	\$ 119,485	
Social Security	6,540	
Pensions	12,701	
Medical Insurance	14,256	
Employer Medicare	1,530	
Instructional Supplies and Materials	1,452	
Total Alternative Instruction Program		155,964

Special Education Program

Teachers	\$ 1,628,036	
Homebound Teachers	708	
Educational Assistants	83,550	
Speech Pathologist	268,518	
Other Salaries and Wages	1,776	
Certified Substitute Teachers	6,070	
Non-certified Substitute Teachers	4,290	
Social Security	114,165	
Pensions	192,697	
Medical Insurance	214,856	
Employer Medicare	26,985	
Contracts with Private Agencies	15,750	
Instructional Supplies and Materials	171	
Other Charges	856	
Total Special Education Program		2,558,428

(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	\$	782,752	
Educational Assistants		4,861	
Certified Substitute Teachers		1,170	
Non-certified Substitute Teachers		5,690	
Social Security		45,588	
Pensions		74,184	
Medical Insurance		91,408	
Employer Medicare		10,668	
Maintenance and Repair Services - Equipment		1,664	
Other Contracted Services		41,356	
Instructional Supplies and Materials		22,997	
Other Supplies and Materials		1,044	
Vocational Instruction Equipment		201,827	
Total Career and Technical Education Program			\$ 1,285,209

COVID-19 Expenditures

Data Processing Equipment	\$	173,306	
Total COVID-19 Expenditures			173,306

Support Services

Attendance

Supervisor/Director	\$	74,180	
Clerical Personnel		26,494	
Other Salaries and Wages		48,141	
Social Security		8,556	
Pensions		15,558	
Medical Insurance		15,468	
Employer Medicare		2,001	
Contracts with Private Agencies		24,928	
Travel		1,801	
Other Supplies and Materials		1,105	
In Service/Staff Development		510	
Total Attendance			218,742

Health Services

Supervisor/Director	\$	39,984	
Medical Personnel		228,425	
Other Salaries and Wages		21,637	
Social Security		16,271	
Pensions		28,417	
Medical Insurance		39,556	
Employer Medicare		3,805	
Travel		3,810	
Other Contracted Services		2,432	
Drugs and Medical Supplies		5,728	
Other Supplies and Materials		5,824	

(Continued)

Exhibit K-8

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

<u>General Purpose School Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>Health Services (Cont.)</u>		
In Service/Staff Development	\$ 343	
Other Equipment	21,076	
Total Health Services		\$ 417,308
<u>Other Student Support</u>		
Guidance Personnel	\$ 554,412	
Psychological Personnel	60,779	
Social Workers	93,104	
Social Security	39,159	
Pensions	71,761	
Medical Insurance	79,872	
Employer Medicare	9,622	
Contracts with Government Agencies	154,528	
Other Supplies and Materials	228	
Total Other Student Support		1,063,465
<u>Regular Instruction Program</u>		
Supervisor/Director	\$ 157,169	
Librarians	345,725	
Educational Assistants	36,532	
Other Salaries and Wages	201,533	
Social Security	41,900	
Pensions	77,327	
Medical Insurance	105,310	
Employer Medicare	9,799	
Contracts with Government Agencies	80,000	
Travel	10,951	
Other Contracted Services	52,954	
Library Books/Media	29,877	
Other Supplies and Materials	6,998	
In Service/Staff Development	19,773	
Other Charges	1,215	
Other Equipment	1,268	
Total Regular Instruction Program		1,178,331
<u>Alternative Instruction Program</u>		
Clerical Personnel	\$ 25,473	
Social Security	1,449	
Pensions	2,618	
Medical Insurance	5,163	
Employer Medicare	339	
Total Alternative Instruction Program		35,042
<u>Special Education Program</u>		
Supervisor/Director	\$ 201,280	
Psychological Personnel	42,798	

(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.)

Other Salaries and Wages	\$	22,412	
Social Security		12,266	
Pensions		20,392	
Medical Insurance		22,544	
Employer Medicare		3,686	
Maintenance and Repair Services - Equipment		1,399	
Travel		4,227	
Other Contracted Services		98,585	
Other Supplies and Materials		2,712	
In Service/Staff Development		946	
Other Charges		245	
Other Equipment		807	
Total Special Education Program			\$ 434,299

Career and Technical Education Program

Supervisor/Director	\$	39,670	
Social Security		2,303	
Pensions		4,217	
Medical Insurance		5,478	
Employer Medicare		538	
Travel		200	
Other Supplies and Materials		731	
Other Charges		100	
Total Career and Technical Education Program			53,237

Technology

Supervisor/Director	\$	53,328	
Computer Programmer(s)		100,544	
Social Security		9,207	
Pensions		15,304	
Medical Insurance		16,073	
Employer Medicare		2,153	
Communication		9,853	
Maintenance and Repair Services - Equipment		32,419	
Internet Connectivity		44,201	
Travel		5,164	
Other Contracted Services		36,291	
Other Supplies and Materials		5,344	
In Service/Staff Development		2,372	
Other Equipment		3,208	
Total Technology			335,461

Other Programs

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

(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

Board and Committee Members Fees	\$	19,850	
Social Security		1,119	
Medical Insurance		17,879	
Unemployment Compensation		15,260	
Employer Medicare		288	
Audit Services		31,889	
Dues and Memberships		12,062	
Legal Services		5,250	
Travel		12,852	
Other Contracted Services		3,716	
Liability Insurance		44,586	
Premiums on Corporate Surety Bonds		2,554	
Trustee's Commission		193,987	
Workers' Compensation Insurance		101,573	
In Service/Staff Development		6,315	
Other Charges		450	
Total Board of Education			\$ 469,630

Director of Schools

County Official/Administrative Officer	\$	114,312	
Career Ladder Program		600	
Clerical Personnel		53,240	
Social Security		9,595	
Pensions		17,686	
Life Insurance		9,983	
Medical Insurance		13,944	
Employer Medicare		2,244	
Communication		61,790	
Dues and Memberships		3,777	
Postal Charges		3,794	
Travel		6,025	
Other Contracted Services		44,916	
Office Supplies		984	
Other Supplies and Materials		374	
In Service/Staff Development		385	
Other Charges		50,173	
Total Director of Schools			393,822

Office of the Principal

Principals	\$	663,795	
Assistant Principals		373,405	
Secretary(ies)		332,623	
Social Security		78,417	
Pensions		141,900	
Medical Insurance		181,307	
Employer Medicare		18,339	
Other Charges		5,491	
Total Office of the Principal			1,795,277

(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	\$	42,696	
Accountants/Bookkeepers		68,793	
Social Security		6,654	
Pensions		11,461	
Medical Insurance		11,280	
Employer Medicare		1,556	
Data Processing Services		17,026	
Dues and Memberships		990	
Travel		3,067	
Data Processing Supplies		1,942	
Office Supplies		1,413	
In Service/Staff Development		970	
Total Fiscal Services			\$ 167,848

Human Services/Personnel

Supervisor/Director	\$	58,757	
Social Security		3,617	
Pensions		6,040	
Employer Medicare		846	
Dues and Memberships		135	
Licenses		14,055	
Travel		2,788	
In Service/Staff Development		360	
Total Human Services/Personnel			86,598

Operation of Plant

Supervisor/Director	\$	10,923	
Social Security		613	
Pensions		1,161	
Medical Insurance		928	
Employer Medicare		143	
Janitorial Services		763,054	
Disposal Fees		31,468	
Electricity		678,460	
Natural Gas		116,202	
Water and Sewer		63,061	
Boiler Insurance		4,494	
Building and Contents Insurance		158,682	
Total Operation of Plant			1,829,189

Maintenance of Plant

Supervisor/Director	\$	72,731	
Maintenance Personnel		220,582	
In-service Training		209	
Social Security		17,174	
Pensions		30,245	

(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.)

Medical Insurance	\$	33,886	
Employer Medicare		4,017	
Laundry Service		3,727	
Maintenance and Repair Services - Buildings		448,493	
Maintenance and Repair Services - Equipment		60,160	
Maintenance and Repair Services - Vehicles		36	
Travel		930	
Other Contracted Services		44,451	
General Construction Materials		27,098	
Tires and Tubes		1,696	
Other Supplies and Materials		639	
Other Charges		3,641	
Administration Equipment		37,925	
Maintenance Equipment		15,000	
Total Maintenance of Plant			\$ 1,022,640

Transportation

Supervisor/Director	\$	39,670	
Mechanic(s)		143,216	
Bus Drivers		434,339	
Clerical Personnel		30,470	
Other Salaries and Wages		6,220	
In-service Training		9,211	
Social Security		33,261	
Pensions		55,953	
Medical Insurance		28,736	
Employer Medicare		9,454	
Contracts with Parents		921	
Laundry Service		1,710	
Maintenance and Repair Services - Vehicles		49,529	
Medical and Dental Services		3,939	
Travel		1,585	
Diesel Fuel		123,745	
Garage Supplies		15,132	
Gasoline		28,787	
Lubricants		6,183	
Tires and Tubes		25,942	
Vehicle Parts		69,971	
Other Supplies and Materials		4,588	
Vehicle and Equipment Insurance		38,310	
Other Charges		54,626	
Transportation Equipment		444,110	
Total Transportation			1,659,608

COVID-19 Expenditures

Secretary(ies)	\$	2,138	
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(Continued)

Exhibit K-8

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

<u>General Purpose School Fund (Cont.)</u>		
<u>Support Services (Cont.)</u>		
<u>COVID-19 Expenditures (Cont.)</u>		
Social Security	\$	133
Pensions		220
Unemployment Compensation		5,891
Employer Medicare		31
Travel		741
Total COVID-19 Expenditures		<u>9,154</u>
	\$	9,154
 <u>Operation of Non-Instructional Services</u>		
<u>Early Childhood Education</u>		
Supervisor/Director	\$	125,773
Teachers		478,545
Clerical Personnel		17,321
Educational Assistants		163,359
Other Salaries and Wages		3,786
Certified Substitute Teachers		4,936
Non-certified Substitute Teachers		4,335
Social Security		46,337
Pensions		81,686
Medical Insurance		75,575
Employer Medicare		10,873
Travel		4,738
Instructional Supplies and Materials		3,439
Other Supplies and Materials		92
In Service/Staff Development		1,499
Other Charges		4,264
Total Early Childhood Education		<u>1,026,558</u>
		1,026,558
 <u>Capital Outlay</u>		
<u>Regular Capital Outlay</u>		
Building Construction	\$	17,145
Building Improvements		343,991
Total Regular Capital Outlay		<u>361,136</u>
		361,136
 <u>Other Debt Service</u>		
<u>Education</u>		
Debt Service Contribution to Primary Government	\$	704,142
Total Education		<u>704,142</u>
		704,142
Total General Purpose School Fund		<u>\$ 31,254,443</u>
	\$	31,254,443
 <u>School Federal Projects Fund</u>		
<u>Instruction</u>		
<u>Regular Instruction Program</u>		
Teachers	\$	29,161
Educational Assistants		51,700
Part-time Personnel		3,071

(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 Salaries and Wages	\$	89,346	
Certified Substitute Teachers		580	
Non-certified Substitute Teachers		220	
Social Security		8,066	
Pensions		13,576	
Medical Insurance		14,101	
Employer Medicare		2,455	
Other Contracted Services		15,824	
Instructional Supplies and Materials		300,995	
Other Supplies and Materials		50,666	
In Service/Staff Development		184	
Regular Instruction Equipment		133,975	
Total Regular Instruction Program			\$ 713,920

Special Education Program

Supervisor/Director	\$	49,990	
Teachers		51,715	
Educational Assistants		439,309	
Social Security		30,201	
Pensions		48,353	
Medical Insurance		67,829	
Employer Medicare		7,322	
Other Contracted Services		14,749	
Instructional Supplies and Materials		72,655	
Other Supplies and Materials		9,451	
Other Charges		2,241	
Special Education Equipment		30,367	
Total Special Education Program			824,182

Career and Technical Education Program

Educational Assistants	\$	7,318	
Social Security		383	
Medical Insurance		3,255	
Employer Medicare		90	
Instructional Supplies and Materials		6,521	
Vocational Instruction Equipment		89,358	
Total Career and Technical Education Program			106,925

Support Services

Other Student Support

Other Salaries and Wages	\$	18,000	
Social Security		1,116	
Pensions		1,913	
Employer Medicare		261	
Other Supplies and Materials		27,103	
In Service/Staff Development		6,397	
Total Other Student Support			54,790

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	143,534	
Clerical Personnel		29,117	
Other Salaries and Wages		314,694	
Social Security		28,761	
Pensions		51,703	
Medical Insurance		43,038	
Employer Medicare		6,729	
Other Contracted Services		920	
Other Supplies and Materials		29,772	
In Service/Staff Development		95,851	
Other Charges		6,000	
Total Regular Instruction Program			\$ 750,119

Special Education Program

Other Salaries and Wages	\$	161,462	
Social Security		7,362	
Pensions		12,031	
Medical Insurance		6,642	
Employer Medicare		2,213	
Travel		6,343	
Other Supplies and Materials		9,664	
In Service/Staff Development		50,580	
Other Charges		3,135	
Other Equipment		1,830	
Total Special Education Program			261,262

Career and Technical Education Program

In Service/Staff Development	\$	1,837	
Total Career and Technical Education Program			1,837

Transportation

Bus Drivers	\$	74,766	
Other Salaries and Wages		31,105	
Social Security		6,312	
Pensions		9,572	
Employer Medicare		1,535	
Diesel Fuel		5,722	
Total Transportation			129,012

Operation of Non-Instructional Services

Community Services

Teachers	\$	164,235	
Educational Assistants		4,995	
Other Salaries and Wages		5,000	
Social Security		10,616	
Pensions		17,757	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Employer Medicare	\$	2,483	
Instructional Supplies and Materials		1,918	
In Service/Staff Development		3,433	
Other Charges		5,725	
Total Community Services			\$ 216,162

Total School Federal Projects Fund \$ 3,058,209

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	64,986	
Accountants/Bookkeepers		34,521	
Cafeteria Personnel		768,891	
Social Security		49,249	
Pensions		81,697	
Life Insurance		1,068	
Medical Insurance		112,618	
Unemployment Compensation		935	
Employer Medicare		11,999	
Communication		4,325	
Data Processing Services		3,980	
Dues and Memberships		382	
Maintenance and Repair Services - Equipment		21,904	
Travel		1,944	
Permits		800	
Other Contracted Services		16,663	
Electricity		26,096	
Food Supplies		760,963	
Natural Gas		2,414	
Office Supplies		2,245	
Uniforms		5,834	
Water and Sewer		2,195	
USDA - Commodities		124,291	
Other Supplies and Materials		75,832	
In Service/Staff Development		780	
Other Charges		9,285	
Food Service Equipment		72,890	
Total Food Service			\$ 2,258,787

COVID-19 Expenditures

Cafeteria Personnel	\$	40,616	
Social Security		2,417	
Pensions		3,895	
Employer Medicare		589	
Food Supplies		39,437	
Other Supplies and Materials		2,664	
Total COVID-19 Expenditures			\$ 89,618

Total Central Cafeteria Fund 2,348,405

(Continued)

Exhibit K-8

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

<u>Education Capital Projects Fund</u>		
<u>Capital Outlay</u>		
<u>Regular Capital Outlay</u>		
Building Construction	<u>\$ 727,242</u>	
Total Regular Capital Outlay		<u>\$ 727,242</u>
Total Education Capital Projects Fund		<u>\$ 727,242</u>
Total Governmental Funds - Hardeman County School Department		<u>\$ 37,388,299</u>

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, 2020

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,906,257
Total Cash Receipts	<u>\$ 1,906,257</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,887,194
Trustee's Commission	19,063
Total Cash Disbursements	<u>\$ 1,906,257</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2019	<u>0</u>
Cash Balance, June 30, 2020	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



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, 2020, 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 November 2, 2020.

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) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 2020-007.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2020-002, 2020-005, 2020-006(A-E), and 2020-008.

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 financial statements. 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: 2020-001, 2020-003, 2020-004, and 2020-006(F,G).

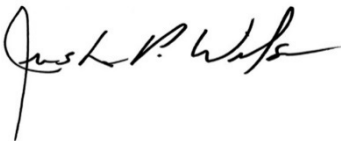
Hardeman County's Responses to the Findings

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

Purpose of this Report

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

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 2, 2020

JPW/yu



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, 2020. 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, 2020.

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.

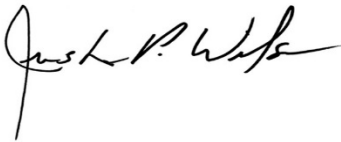
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2020, and the related notes to the financial statements, which collectively comprise Hardeman County's basic financial statements. We issued our report thereon dated November 2, 2020, 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

November 2, 2020

JPW/yu

Hardeman County, Tennessee, and the Hardeman County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3)
For the Year Ended June 30, 2020

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 (4):			
School Breakfast Program	10.553	N/A	\$ 431,800 (6)
COVID 19 - School Breakfast Program	10.553	N/A	35,412 (6)
National School Lunch Program	10.555	N/A	989,001 (6)
COVID 19 - National School Lunch Program	10.555	N/A	116,019 (6)
Fresh Fruit and Vegetable Program	10.582	N/A	72,339
Passed-through State Department of Agriculture:			
Child Nutrition Cluster (4):			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	124,291 (6)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG2063356	14,954
Total U.S. Department of Agriculture			<u>\$ 1,783,816</u>
U.S. Department of Interior:			
Passed-through City of Bolivar:			
Historic Preservation Fund Grants-In-Aid	15.904	(5)	\$ 29,186
Total U.S. Department of Interior			<u>\$ 29,186</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(5)	\$ 13,500
Total U.S. Department of Justice			<u>\$ 13,500</u>
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
COVID 19 - Unemployment Insurance	17.225	N/A	\$ 5,891
Total U.S. Department of Labor			<u>\$ 5,891</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,158,767
Special Education Cluster (4):			
Special Education - Grants to States	84.027	N/A	1,094,827 (6)
COVID 19 - Special Education - Grants to States	84.027	N/A	20,000 (6)
Special Education - Preschool Grants	84.173	N/A	68,108
Career and Technical Education - Basic Grants to States	84.048	N/A	115,905
Twenty-first Century Community Learning Centers	84.287	N/A	220,206
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	108,282
Rural Education	84.358	N/A	43,099
Supporting Effective Instruction State Grant	84.367	N/A	132,878
Student Support and Academic Enrichment Program	84.424	N/A	72,412
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	121,681
Passed-through Lauderdale County Board of Education:			
English Language Acquisition State Grants	84.365	N/A	2,430
Total U.S. Department of Education			<u>\$ 3,158,595</u>
Delta Regional Authority:			
Direct Program:			
Delta Regional Development	90.200	N/A	\$ 338,118
Total Delta Regional Authority			<u>\$ 338,118</u>
U.S. Election Assistance Commission:			
Passed through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	30501-01919-35	\$ 1,764
COVID 19 - 2020 Supplemental Election Security Grants	90.404	(5)	915
Total U.S. Election Assistance Commission			<u>\$ 2,679</u>

Hardeman County, Tennessee, and the Hardeman County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (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	GG2063356	\$ 9,864
Medicaid Cluster: (4)			
Medical Assistance Program	93.778	GG2063356	7,402
Maternal and Child Health Services Block Grant to the States	93.994	GG2063356	4,078
Total U.S. Department of Health and Human Services			<u>\$ 21,344</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
COVID 19 - Disaster Relief Fund - PPE	97.036	(5)	\$ 17,959
Emergency Management Performance Grants	97.042	(5)	6,700
Total U.S. Department of Homeland Security			<u>\$ 24,659</u>
Total Expenditures of Federal Awards			<u>\$ 5,377,788</u>

State Grants		Contract Number	
Coordinated School Health - State Department of Education	N/A	(5)	\$ 100,000
Early Childhood Education - State Department of Education	N/A	(5)	1,025,799
Safe Schools - State Department of Education	N/A	(5)	81,945
Youth Risk Survey - State Department of Education	N/A	(5)	2,221
Early Postsecondary Expansion Grant - State Department of Education	N/A	(5)	20,000
Student Information Systems Subsidy - State Department of Education	N/A	(5)	5,160
School Resource Officer Grant - State Department of Education	N/A	(5)	77,275
Middle School STEM Start-Up Grant - State Department of Education	N/A	(5)	9,000
Governor's Investment in Vocational Education - State Higher Education Commission	N/A	(5)	317,314
Supporting Postsecondary Access in Rural Counties (SPARC) Grant - State Higher Education Commission	N/A	(5)	75,000
COVID 19 - PPE - State Department of Military	N/A	(5)	5,986
Airport Maintenance Program - State Department of Transportation	N/A	35-0740-20	8,466
Grounds Maintenance Equipment Grant - State Department of Transportation	N/A	AERO-19-188-00	66,954
High Visibility Law Enforcement Grant - State Department of Transportation	N/A	Z19THS120; Z20THS102	6,250
Litter Grant - State Department of Transportation	N/A	(5)	17,748
Three-Star Grant - State Department of Economic and Community Development	N/A	13384	17,810
Bill Dance Spring Lake Project Grant - State Department of Economic and Community Development	N/A	33007-46617	30,922
FastTrack Economic Development Grant - State Department of Economic and Community Development	N/A	55667	1,761,625
Asset Enhancement Grant - State Department of Economic and Community Development	N/A	12895	43,317
VW Diesel Settlement Environment Mitigation Trust School Bus Replacement Grant Program - State Department of Environment and Conservation	N/A	(5)	318,721
Archives Development Grant - State Department of Library and Archives	N/A	30501-01620-08	1,755
Health Department Grant - State Department of Health	N/A	GG2063356	64,302
Adverse Childhood Experiences (ACE's) Initiative Programs - State Department of Children's Services	N/A	35910-01620-08	23,408
Total State Grants			<u>\$ 4,080,978</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 minimis cost rate permitted in the Uniform Guidance.
- (3) No amounts (\$0) were passed-through to subrecipients.
- (4) Child Nutrition Cluster total \$1,696,523; Special Education Cluster total \$1,182,935; Medicare Cluster total \$7,402.
- (5) Information not available.
- (6) Total for CFDA No. 10.553 is \$467,212; total for CFDA No. 10.555 is \$1,229,311; total for CFDA No. 84.027 is \$1,114,827.

Hardeman County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2020

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, 2020.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<u>OFFICE OF COUNTY MAYOR</u>					
2019	179	2019-001	The Solid Waste and Animal Control Department had Operating Deficiencies	N/A	Parts A and B: Corrected Part C: Not Corrected - See Explanation on Corrective Action Plan
2019	180	2019-002	A Deficiency was Noted in the Administration of the Litter Grant	N/A	Corrected
<u>OFFICES OF COUNTY MAYOR AND SHERIFF</u>					
2019	181	2019-003	The Offices had Deficiencies in Purchasing Procedures	N/A	Not Corrected - See Explanation on Corrective Action Plan
<u>OFFICE OF TRUSTEE</u>					
2019	182	2019-004	The Office had Accounting Deficiencies	N/A	Part A: Corrected Parts B and C: Not Corrected - See Explanation on Corrective Action Plan

Prior-year Federal Awards Findings

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

HARDEMAN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2020

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? **YES**
 - * 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: 84.027 and 84.173 Special Education Cluster: Special
Education - Grants to States and Special
Education - Preschool Grants
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 2020-001 **DRUG CONTROL FUNDS WERE EXPENDED IMPROPERLY**
(Noncompliance Under *Government Auditing Standards*)

During the year, monies from the Drug Control Fund were used to reimburse the General Fund for vehicle maintenance (\$9,094) and overtime of sheriff's department employees whose duties included work other than drug enforcement (\$60,000). Section 39-17-420, *Tennessee Code Annotated (TCA)*, provides that drug control funds can only be expended for (1) the local drug enforcement program, (2) the local drug education program, (3) the local drug treatment program, and (4) nonrecurring general law enforcement expenditures. Expenditures such as those noted above do not meet any of the four criteria for the expenditure of drug control funds. This deficiency can be attributed to a lack of management oversight.

RECOMMENDATION

Drug Control Fund monies should only be expended for items that comply with the criteria as provided by state statute.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We disagree with the finding. We follow Section 39-17-420, *TCA*. The finding in question was approved unanimously by the Hardeman County Commission.

AUDITOR'S COMMENT

Expenditures for vehicle maintenance are considered a recurring general law enforcement expenditure and therefore did not meet the requirements of Section 39-17-420, *TCA*. Likewise, the use of drug funds to pay sheriff's department employees who are not involved in drug enforcement does not meet the requirements of Section 39-17-420, *TCA*. The approval of the transfer by the county commission does not supersede the requirements of the state statute.

FINDING 2020-002

**GENERAL LEDGER PAYROLL DEDUCTION ACCOUNTS
WERE NOT RECONCILED WITH PAYROLL REPORTS
AND PAYMENTS IN THE GENERAL FUND**

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

Some general ledger payroll deduction accounts were not reconciled with payroll reports and payments in the General Fund. Sound business practices dictate that these reconciliations be performed monthly. The failure to regularly reconcile payroll deduction accounts allowed errors to remain undiscovered and uncorrected. This deficiency is the result of a lack of management oversight.

RECOMMENDATION

General ledger payroll deduction accounts should be reconciled monthly with payroll reports and payments, and any errors should be corrected promptly.

MANAGEMENT’S RESPONSE – COUNTY MAYOR

We concur with this finding and are working to resolve any issues.

FINDING 2020-003

**THE OFFICE HAD DEFICIENCIES IN BUDGET
OPERATIONS**

(Noncompliance Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in budget operations of the office. These deficiencies exist because management failed to hold spending to the limits authorized by the county commission, which resulted in unauthorized expenditures and management’s failure to provide sufficient oversight.

- A. Expenditures exceeded appropriations approved by the county commission in the sheriff’s department major appropriation category (the legal level of control) of the General Fund by \$20,025.
- B. Salaries exceeded appropriations in two of 95 salary line-items of the General Fund by \$55,230 and \$455. The budget resolution approved by the county commission states that the salary, wages, or enumeration of each official, employee, or agent of the county shall not exceed appropriations that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the county commission.

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs for the various departments, commissions, institutions, boards, offices, and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

RECOMMENDATION

Expenditures should be held within appropriations approved by the county commission.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding.

FINDING 2020-004

THE OFFICE HAD DEFICIENCIES WITH RENOVATIONS AND ADDITIONS TO COUNTY BUILDINGS

(Noncompliance Under *Government Auditing Standards*)

During the year, the county began renovations and additions to two county buildings totaling \$323,570 and \$43,682. Our examination revealed the following deficiencies, which are the result of a lack of management oversight and the failure to follow state statutes.

- A. The office did not employ a licensed contractor on the renovations and additions. Section 62-6-102, *Tennessee Code Annotated*, requires that a licensed contractor should be employed whenever construction projects are estimated to exceed \$25,000.
- B. The office did not employ a registered architect or engineer to design plans, specifications, or estimates on the renovations of the county building totaling \$323,570. Section 62-2-107, *TCA*, requires that a registered architect or engineer should be employed whenever construction projects are estimated to exceed \$50,000.

RECOMMENDATION

The county should employ a licensed contractor for all construction projects exceeding \$25,000 and a registered architect or engineer for all construction projects exceeding \$50,000 as required by state statute.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We do not agree with this finding. All work was bid out following Hardeman County purchasing policies and each awarded bidder was a licensed Tennessee contractor.

AUDITOR'S COMMENT

The county mayor advised that he oversaw the projects, but that he used licensed sub-contractors. Auditors requested a list of sub-contractors used along with documentation that they were licensed. The county mayor provided a list of four sub-contractors but failed to provide documentation that the sub-contractors were licensed. Auditors were only able to

confirm licenses on two of the four sub-contractors through a license search on the Tennessee Department of Commerce and Insurance website. It is the county mayor's responsibility to maintain this documentation whenever construction projects are estimated to exceed \$25,000.

OFFICES OF COUNTY MAYOR AND TRUSTEE

FINDING 2020-005

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among the official and employees in the Solid Waste and Animal Control Department and the Office of Trustee. The employees 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. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

With only one employee in the office, we do our best.

MANAGEMENT'S RESPONSE – TRUSTEE

There is only one full-time deputy. I will have the chief deputy take on more duties.

OFFICES OF COUNTY MAYOR AND SHERIFF

FINDING 2020-006

THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

(A. through E. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; F. and G. – Noncompliance 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 86 disbursements totaling \$608,342 from a

population of 2,801 vendor checks totaling \$9,820,241. 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, and management's failure to correct the finding noted in the prior-year audit report.

- A. In eight of 28 applicable instances, purchase orders were not issued. Four of those instances involved purchases of the sheriff's department that appeared to have been split in an attempt to avoid obtaining an approved purchase order. 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 three of 28 applicable instances, purchase orders were issued after the purchases were made. One of those instances involved purchases of the sheriff's department. This practice defeats the purpose of issuing a purchase order and makes the purchase order an approval for payment rather than an approval of the purchase.
- C. In three of 28 applicable instances, purchase orders were not signed. Two of those instances involved purchases of the sheriff's department. The failure to obtain proper approval of purchase orders increases the risks of unauthorized purchases.
- D. In four of 86 applicable instances, proper documentation was not on file to support the purchase. Sound business practices dictate that proper documentation should be on file to support all purchases. The absence of proper documentation increases the risks of fraud and unauthorized purchases.
- E. In 14 of 86 applicable instances, purchases were coded to accounts that did not reflect the true nature of the expenditures. Six of those instances involved purchases of the sheriff's department. Sound budgetary principles require expenditures to be coded to accounts that reflect the true nature of the expenditures. Misclassifying expenditures diminishes the usefulness of the accounting records as a management tool.
- F. The county has adopted a travel policy governing employee business-related travel; however, in three of six applicable instances, employees were reimbursed for meals at a different rate than allowed by the policy. Two of these instances involved sheriff's department employees. The failure to follow the county's travel policy increases the risks of unauthorized expenditures.
- G. Competitive bids were not solicited for custodial services for the Hardeman County Health Department (\$14,400) and three new roll-off containers (\$15,390). Purchasing procedures for the county are governed by Chapter 90, Private Acts of 1989, as amended, which requires competitive bids to be solicited through newspaper advertisements for all purchases exceeding \$10,000. The failure to solicit competitive bids could result in the county paying more than the most competitive price.

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 and should be signed to document proper approval. Purchases should not be split to avoid obtaining proper approval. Adequate documentation should be maintained to support all purchases. Expenditures should be coded to accounts that most appropriately reflect the true nature of the transactions. The county should comply with its travel policy for the payment of employee business-related travel expense. Competitive bids should be solicited for all purchases exceeding \$10,000 as required by Chapter 30, Private Acts of 1989, as amended.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We do not agree with this finding. Part of the finding pertains to the sheriff's department which we have no control over. Much of the finding pertains to assumptions and not facts.

MANAGEMENT'S RESPONSE – SHERIFF

We concur with this finding and all employees with purchasing capabilities were instructed not to exceed the designated amount during the same working day, regardless of the project, and all purchasing will be monitored.

AUDITOR'S COMMENT

Chapter 90, Private Acts of 1989, as amended, designates the county mayor as the county purchasing agent 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. The deficiencies noted in the finding were based on a sample of 86 disbursements totaling \$608,342 and were not based upon assumptions.

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 2020-007

THE HIGHWAY/PUBLIC WORKS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2020, certain general ledger account balances in the Highway/Public Works Fund were not materially correct, and audit adjustments totaling \$161,927 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the highway department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in

internal controls if the department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of a lack of management oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

The highway department should have appropriate processes in place to ensure that its general ledgers are materially correct.

MANAGEMENT'S RESPONSE – HIGHWAY SUPERINTENDENT

The Hardeman County Highway Department was trying to be reasonable with the wheel tax and fuel tax estimates due to decreases in refunds already undertaken because of the COVID-19 pandemic. Additionally, the Hardeman County Highway Department will contact the trustee prior to the close of the fiscal year to determine if any revenue has been received at that time. If no revenue has been received, appropriate accounts will be set up for revenue. For accounts payable, the Hardeman County Highway Department will require that all vendors, local and state, submit invoices by the second week of June of that fiscal year for payment to come out of that fiscal year budget.

OFFICE OF TRUSTEE

FINDING 2020-008

THE OFFICE HAD ACCOUNTING DEFICIENCIES (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 trustee maintains control over three separate payroll clearing bank accounts and four separate tax clearing 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.
- B. Bank statements for ten of the trustee's bank accounts posted to the accounting records were not reconciled with the general ledger accurately from July 2019 through June 2020. 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, 2020, bank balances were determined by substantive testing and alternative auditing procedures.

RECOMMENDATION

All bank activity should be reflected on the general ledger, bank accounts should be reconciled with the general ledger monthly, and any errors should be corrected promptly.

MANAGEMENT'S RESPONSE – TRUSTEE

I will ask for assistance from Local Government Data Processing Corporation in making corrections.

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, 2020.

Hardeman County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2020

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

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

2020-001	Drug Control Funds were Expended Improperly	189
2020-002	General Ledger Payroll Deduction Accounts were not Reconciled with Payroll Reports and Payments in the General Fund	189
2020-003	The Office had Deficiencies in Budget Operations	189
2020-004	The Office had Deficiencies with Renovations and Additions to County Buildings	190

OFFICES OF COUNTY MAYOR AND TRUSTEE

2020-005	Duties were not Segregated Adequately - County Mayor	188
2020-005	Duties were not Segregated Adequately - Trustee	192

OFFICES OF COUNTY MAYOR AND SHERIFF

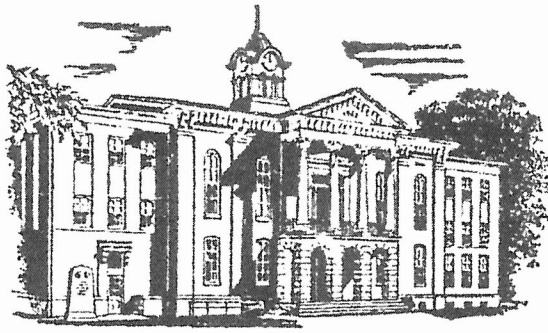
2020-006	The Office had Deficiencies in Purchasing Procedures - County Mayor	188
2020-006	The Office had Deficiencies in Purchasing Procedures - Sheriff	193

OFFICE OF HIGHWAY SUPERINTENDENT

2020-007	The Highway/Public Works Fund Required Material Audit Adjustments for Proper Financial Statement Presentation	191
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OFFICE OF TRUSTEE

2020-008	The Office had Accounting Deficiencies	192
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Hardeman County

Courthouse

100 N. Main Street

PO Box 250

Bolivar, Tennessee 38008

Office of:
Jimmy Sain, County Mayor

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

Corrective Action Plan

Finding: THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

Response and Corrective Action plan prepared by:
Mayor Jimmy Sain

Person Responsible for Implementing the Corrective Action:
Mayor Jimmy Sain

Anticipated Completion Date of Corrective Action: N/A

Repeat Finding:
Yes

Planned Corrective Action: As Purchasing Agent for the County, I follow all purchasing policies. I can't be responsible for elected officials that make purchases without following the policies. There is no disciplinary action available to the purchasing agent to remedy the problem.

Finding: DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE SOLID WASTE AND ANIMAL CONTROL DEPARTMENT

Response and Corrective Action plan prepared by:
Mayor Jimmy Sain

Person Responsible for Implementing the Corrective Action:
Mayor Jimmy Sain

Anticipated Completion Date of Corrective Action: N/A

Repeat Finding:
Yes

Planned Corrective Action: There are no plans to employ a second person in the solid waste office.

Finding: DRUG CONTROL FUNDS WERE EXPENDED IMPROPERLY

Response and Corrective Action plan prepared by:
Mayor Jimmy Sain

Person Responsible for Implementing the Corrective Action:
Mayor Jimmy Sain

Anticipated Completion Date of Corrective Action: N/A

Repeat Finding:
No

Planned Corrective Action: The Commission will continue to follow TCA 39-17-420.

Finding: GENERAL LEDGER PAYROLL DEDUCTION ACCOUNTS WERE NOT RECONCILED WITH PAYROLL REPORTS AND PAYMENTS IN THE GENERAL FUND

Response and Corrective Action plan prepared by:
Mayor Jimmy Sain

Person Responsible for Implementing the Corrective Action:
Mayor Jimmy Sain

Anticipated Completion Date of Corrective Action: November 15, 2020.

Repeat Finding:
No

Planned Corrective Action: Internal Auditor Ashley Gibson is working to resolve any issues.

Finding: THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

Response and Corrective Action plan prepared by:
Mayor Jimmy Sain

Person Responsible for Implementing the Corrective Action:
Mayor Jimmy Sain

Anticipated Completion Date of Corrective Action: N/A

Repeat Finding:
No

Planned Corrective Action: we will continue to follow all Hardeman County Budgeting policies and Tennessee laws.

Finding: THE OFFICE HAD DEFICIENCIES WITH RENOVATIONS AND ADDITIONS TO COUNTY BUILDINGS

Response and Corrective Action plan prepared by:
Mayor Jimmy Sain

Person Responsible for Implementing the Corrective Action:
Mayor Jimmy Sain

Anticipated Completion Date of Corrective Action: Renovations are complete.

Repeat Finding:
No

Planned Corrective Action: The official offered no corrective action.

Signature: 

Hardeman County

Casey Swift
Superintendent
(731) 658-5102
Fax: (731) 658-2583



P.O. Box 265
Bolivar, TN 38008

Corrective Action Plan

FINDING: THE HIGHWAY/PUBLIC WORKS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

Response and Corrective Action Plan Prepared by:

Casey Swift, Superintendent

Person Responsible for Implementing the Corrective Action:

Casey Swift, Superintendent

Anticipated Completion Date of Corrective Action:

9/29/2020

Repeat Finding:

No

Planned Corrective Action:

The Hardeman County Highway Department was trying to be reasonable with the wheel tax and fuel tax estimates due to decreases in refunds already undertaken because of the Covid-19 pandemic. As for the other finding, the Hardeman County Highway Department will contact the trustee prior to the close of the fiscal year to determine if any revenue has been received at that time. If no revenue has been received, appropriate accounts will be set up for revenue. For the Vendor error, the Hardeman County Highway Department will require that all vendors, local and state, submit invoices by the second week of June that fiscal year for payment to come out of that fiscal year budget.

Signature: _____

A handwritten signature in cursive script, appearing to read "Casey Swift", written over a horizontal line.



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

Corrective Action Plan

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 5, 2020

Repeat Finding:
Yes

Planned Corrective Action
Work in progress to correct. Have got to get L.G.C to assist.

FINDING: DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICE OF TRUSTEE

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:as
As soon as possible

Repeat Finding:
No

Planned Corrective Action:
Working to correct.

Signature: Mary W. Powell



Corrective Action Plan

FINDING: THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES

Response and Corrective Action Plan Prepared by:

Greg Moore, Chief Deputy

Person Responsible for Implementing the Corrective Action:

Greg Moore, Chief Deputy

Anticipated Completion Date of Corrective Action:

October 2, 2020

Repeat Finding:

Yes

Planned Corrective Action: All employees with purchasing capability were instructed not to exceed the designated amount during the same working day, regardless of the project and all purchasing will be monitored.

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.