



ANNUAL FINANCIAL REPORT

Hardin County, Tennessee

For the Year Ended June 30, 2020

Jason E. Mumpower
Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT AUDIT**

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

COMPTROLLER OF THE TREASURY
JASON E. MUMPOWER

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

HARDIN COUNTY, TENNESSEE

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Summary of Audit Findings

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

Scope

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

Results

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

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

Findings

The following is a summary of the audit findings:

OFFICES OF COUNTY MAYOR AND DIRECTOR OF SCHOOLS

- ◆ The offices had deficiencies in budget operations.

OFFICE OF TRUSTEE

- ◆ The office maintained a duplicate set of receipts.

INTRODUCTORY SECTION

Hardin County Officials

June 30, 2020

Officials

Kevin Davis, County Mayor
Steve Cromwell, Highway Commissioner
Michael Davis, Director of Schools
Linda McCasland, Trustee
Calvin Hinton, Assessor of Property
Paula Wilhite, County Clerk
Diane Polk, Circuit and General Sessions Courts Clerk
Martha Smith, Clerk and Master
Julie Gail Adkisson, Register of Deeds
Johnny Alexander, Sheriff
Dianne Prince, Accounting and Budget Director

Board of County Commissioners

Kevin Davis, County Mayor, Chairman
Stephen Ballard
Philip Blackwelder
Joseph Bonee
Larry Byrd
Nickie Cagle
Adam Coleman
Gary Combs
Mike Fowler
Wally Hamilton
Charles Holloway

Roger Jenkins
Mike Jerrolds
Brodie Johnson
Shirley Matlock
Fred McFalls, Jr.
Shane McGee
Paul Riddell
Kathy Smith
Glen Spencer
Emery White

Highway Commission

Kevin Davis, County Mayor, Secretary
Hugh Gresham

Billy Grooms
Carter Horton

Board of Education

Ron Ashe, Chairman
James David Baker
David Burgess
Jeanell Dennis
Justin Johnson

Brad Jones
Janie Milender
Bobby Tucker
Olga Turnbow
Gary Vickery

Audit Committee

David Davis, Chairman
Gary Combs
Greg Seaton
Kathy Smith
Emery White

FINANCIAL SECTION



JASON E. MUMPOWER
Comptroller

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardin County, Tennessee, as of and for the year ended June 30, 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 did not audit the financial statements of the Park Rest Hardin County Health Center (the entire business-type activities and a major fund). Also, we did not audit the financial statements of the discretely presented Hardin Medical Center component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Park Rest Hardin County Health Center and Hardin Medical Center is based solely on the reports of other auditors. We were unable to determine Hardin Medical Center's respective percentage of the assets, net position, and revenues of the aggregate discretely presented component units because the Hardin County Emergency Communications District and the Hardin County Convention and Visitors Bureau, component units requiring discrete presentation, were not included in the county's financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of

the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardin County, Tennessee, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension asset and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension assets, and schedules of county and 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 Hardin 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 and Rural Debt Service funds, combining and individual fund financial statements of the Hardin 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 and Rural Debt Service funds, combining and individual fund financial statements of the Hardin 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 and Rural Debt Service funds, combining and individual fund financial statements of the Hardin 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 February 23, 2021, on our consideration of Hardin County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Hardin 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 Hardin County's internal control over financial reporting and compliance.

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 23, 2021

JEM/sl

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Hardin County School Department	Hardin Medical Center
<u>ASSETS</u>					
Cash	\$ 617	\$ 120,444	\$ 121,061	\$ 0	\$ 41,408,481
Equity in Pooled Cash and Investments	12,377,163	0	12,377,163	6,130,733	0
Inventories	0	18,687	18,687	0	1,192,512
Accounts Receivable	73,492	307,623	381,115	2,624	2,545,689
Due from Other Governments	1,231,869	733,904	1,965,773	1,274,402	0
Due from Component Units	2,315,669	0	2,315,669	0	0
Due from Primary Government	0	0	0	991	0
Property Taxes Receivable	7,782,706	0	7,782,706	8,917,684	0
Allowance for Uncollectible Property Taxes	(360,294)	0	(360,294)	(412,836)	0
Prepaid Items	0	20,952	20,952	0	336,469
Other Current Assets	0	0	0	0	141,725
Restricted Assets:					
Patient Trust	0	39,787	39,787	0	0
Amounts Accumulated for Pension Benefits	0	0	0	94,988	0
Net Pension Asset - Agent Plan	2,328,121	0	2,328,121	1,053,809	0
Net Pension Asset - Teacher Retirement Plan	0	0	0	105,208	0
Net Pension Asset - Teacher Legacy Pension Plan	0	0	0	3,731,919	0
Capital Assets:					
Assets Not Depreciated:					
Land	2,561,748	26,700	2,588,448	1,217,760	301,033
Construction in Progress	0	0	0	0	959,172
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	8,371,437	171,146	8,542,583	32,008,914	8,918,436
Infrastructure	7,522,288	0	7,522,288	0	0
Other Capital Assets	3,210,122	27,451	3,237,573	492,633	2,519,060
Total Assets	<u>\$ 47,414,938</u>	<u>\$ 1,466,694</u>	<u>\$ 48,881,632</u>	<u>\$ 54,618,829</u>	<u>\$ 58,322,577</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred Amount on Refunding	\$ 634,879	\$ 0	\$ 634,879	\$ 0	\$ 0
Pension Changes in Experience	0	0	0	186,060	0
Pension Changes in Assumptions	183,885	0	183,885	589,785	0
Pension Changes in Proportion	0	0	0	46,976	0
Pension Contributions After Measurement Date	389,072	0	389,072	1,505,010	495,552
OPEB Changes in Assumptions	30,072	0	30,072	136,874	0
OPEB Contributions After Measurement Date	3,343	0	3,343	384,083	0
Total Deferred Outflows of Resources	<u>\$ 1,241,251</u>	<u>\$ 0</u>	<u>\$ 1,241,251</u>	<u>\$ 2,848,788</u>	<u>\$ 495,552</u>

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Hardin County School Department	Hardin Medical Center
<u>LIABILITIES</u>					
Accounts Payable	\$ 59,180	\$ 26,660	\$ 85,840	\$ 57,640	\$ 2,678,346
Accrued Management Fee	0	1,325,694	1,325,694	0	0
Other Accrued Expenses	0	72,237	72,237	0	3,427,619
Accrued Payroll	130,866	0	130,866	0	0
Payroll Deductions Payable	10,615	0	10,615	174,502	0
Due to Primary Government	0	0	0	2,312,616	3,053
Accrued Interest Payable	123,946	0	123,946	0	0
Estimated third-party settlements	0	0	0	0	500,000
Deferred Revenues	0	0	0	0	2,282,358
Due to Component Units	991	0	991	0	0
Current Liabilities Payable from Restricted Assets:					
Patient Trust	0	39,787	39,787	0	0
Noncurrent Liabilities:					
Due Within One Year - Debt	2,629,399	0	2,629,399	0	811,725
Due Within One Year - Other	133,059	0	133,059	24,654	0
Due in More Than One Year - Debt	37,132,761	0	37,132,761	0	4,968,940
Due in More Than One Year - Other	644,462	0	644,462	6,291,564	1,651,644
Total Liabilities	\$ 40,865,279	\$ 1,464,378	\$ 42,329,657	\$ 8,860,976	\$ 16,323,685
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 7,219,660	\$ 0	\$ 7,219,660	\$ 8,272,528	\$ 0
Pension Changes in Experience	481,346	0	481,346	2,515,774	0
Pension Changes in Investment Earnings	256,337	0	256,337	1,186,759	360,956
Pension Changes in Proportion	0	0	0	61,920	0
OPEB Changes in Experience	136,687	0	136,687	1,261,188	0
OPEB Changes in Assumptions	12,365	0	12,365	614,305	0
OPEB Changes in Proportion	0	0	0	417,265	0
Total Deferred Inflows of Resources	\$ 8,106,395	\$ 0	\$ 8,106,395	\$ 14,329,739	\$ 360,956
<u>NET POSITION</u>					
Net Investment in Capital Assets	\$ 11,901,031	\$ 225,297	\$ 12,126,328	\$ 33,719,307	\$ 7,693,392
Restricted for:					
General Government	324,237	0	324,237	0	0
Finance	35,833	0	35,833	0	0
Administration of Justice	116,261	0	116,261	0	0
Public Safety	140,762	0	140,762	0	0
Public Health and Welfare	124,415	0	124,415	0	0

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Hardin County School Department	Hardin Medical Center
<u>NET POSITION (CONT.)</u>					
Restricted for (Cont.):					
Social, Cultural, and Recreational Services	\$ 454,459	\$ 0	\$ 454,459	\$ 0	\$ 0
Highway/Public Works	218,913	0	218,913	0	0
Capital Projects	0	0	0	2,619	0
Debt Service	4,645,180	0	4,645,180	0	0
Education	0	0	0	399	0
Instruction	0	0	0	0	0
Operation of Non-instructional Services	0	0	0	967,359	0
Hybrid Retirement Stabilization Funds	0	0	0	94,988	
Pensions	2,328,121	0	2,328,121	4,890,936	0
Unrestricted	(20,604,697)	(222,981)	(20,827,678)	(5,398,706)	34,440,096
Total Net Position	\$ (315,485)	\$ 2,316	\$ (313,169)	\$ 34,276,902	\$ 42,133,488

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

Exhibit B

Hardin County, Tennessee
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Hardin County School Department	Hardin Medical Center
					Total Governmental Activities	Business- type Activities	Total		
Primary Government:									
Governmental Activities:									
General Government	\$ 3,043,412	\$ 283,435	\$ 54,897	\$ 0	\$ (2,705,080)	\$ 0	\$ (2,705,080)	\$ 0	\$ 0
Finance	1,155,574	913,363	10,857	0	(231,354)	0	(231,354)	0	0
Administration of Justice	940,500	513,291	31,682	0	(395,527)	0	(395,527)	0	0
Public Safety	6,206,176	470,641	260,956	48,333	(5,426,246)	0	(5,426,246)	0	0
Public Health and Welfare	2,638,197	329,344	290,079	0	(2,018,774)	0	(2,018,774)	0	0
Social, Cultural, and Recreational Services	549,570	4,588	30,948	0	(514,034)	0	(514,034)	0	0
Agriculture and Natural Resources	174,939	130,749	0	0	(44,190)	0	(44,190)	0	0
Highways/Public Works	4,347,329	0	2,584,145	1,623,603	(139,581)	0	(139,581)	0	0
Interest on Long-term Debt	1,011,496	0	2,852,136	0	1,840,640	0	1,840,640	0	0
Total Governmental Activities	\$ 20,067,193	\$ 2,645,411	\$ 6,115,700	\$ 1,671,936	\$ (9,634,146)	\$ 0	\$ (9,634,146)	\$ 0	\$ 0
Business-type Activities:									
Park Rest Hardin County Health Center	\$ 3,196,885	\$ 3,368,572	\$ 0	\$ 0	\$ 0	\$ 171,687	\$ 171,687	\$ 0	\$ 0
Total Primary Government	\$ 23,264,078	\$ 6,013,983	\$ 6,115,700	\$ 1,671,936	\$ (9,634,146)	\$ 171,687	\$ (9,462,459)	\$ 0	\$ 0
Component Units:									
Hardin County School Department	\$ 36,081,748	\$ 236,718	\$ 4,475,571	\$ 526,349	\$ 0	\$ 0	\$ 0	\$ (30,843,110)	\$ 0
Hardin Medical Center	40,958,489	40,956,510	369,304	0	0	0	0	0	367,325
Total Component Units	\$ 77,040,237	\$ 41,193,228	\$ 4,844,875	\$ 526,349	\$ 0	\$ 0	\$ 0	\$ (30,843,110)	\$ 367,325

(Continued)

Exhibit B

Hardin County, Tennessee
Statement of Activities (Cont.)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
					Primary Government			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Business- type Activities	Total	Hardin County School Department	Hardin Medical Center
Functions/Programs	Expenses								
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					\$ 7,559,646	\$ 0	\$ 7,559,646	\$ 8,940,360	\$ 0
Property Taxes Levied for Debt Service					245,449	0	245,449	0	0
Local Option Sales Taxes					1,394,762	0	1,394,762	5,433,846	0
Hotel/Motel Tax					233,979	0	233,979	0	0
Wheel Tax					1,143,859	0	1,143,859	0	0
Litigation Tax					117,565	0	117,565	0	0
Business Tax					373,048	0	373,048	0	0
Mineral Severance Tax					108,539	0	108,539	0	0
Wholesale Beer Tax					251,805	0	251,805	0	0
Other Local Taxes					18,380	0	18,380	21,529	0
Grants and Contributions Not Restricted to Specific Programs					2,078,338	0	2,078,338	18,127,434	0
Unrestricted Investment Income					129,851	563	130,414	0	1,335,507
Miscellaneous					346,416	1,234	347,650	222,260	3,043,941
Total General Revenues					\$ 14,001,637	\$ 1,797	\$ 14,003,434	\$ 32,745,429	\$ 4,379,448
Change in Net Position									
Net Position, July 1, 2019					\$ 4,367,491	\$ 173,484	\$ 4,540,975	\$ 1,902,319	\$ 4,746,773
Prior-period Adjustment - See Note VI.K.					(4,682,976)	40,603	(4,642,373)	32,374,583	37,386,715
					0	(211,771)	(211,771)	0	0
Net Position, June 30, 2020					\$ (315,485)	\$ 2,316	\$ (313,169)	\$ 34,276,902	\$ 42,133,488

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

Exhibit C-1

Hardin County, Tennessee
Balance Sheet
Governmental Funds
June 29, 2020

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 617	\$ 617
Equity in Pooled Cash and Investments	5,628,550	1,153,530	1,959,662	2,939,100	696,321	12,377,163
Accounts Receivable	42,330	0	7,861	0	23,301	73,492
Due from Other Governments	509,117	441,555	0	87,803	193,394	1,231,869
Due from Other Funds	1,813	90	27	0	289	2,219
Due from Component Units	0	0	3,053	357,567	0	360,620
Property Taxes Receivable	6,485,588	810,698	243,210	0	243,210	7,782,706
Allowance for Uncollectible Property Taxes	(300,244)	(37,530)	(11,260)	0	(11,260)	(360,294)
Total Assets	\$ 12,367,154	\$ 2,368,343	\$ 2,202,553	\$ 3,384,470	\$ 1,145,872	\$ 21,468,392
<u>LIABILITIES</u>						
Accounts Payable	\$ 23,964	\$ 125	\$ 0	\$ 0	\$ 35,091	\$ 59,180
Accrued Payroll	112,737	0	0	0	18,129	130,866
Payroll Deductions Payable	8,884	130	0	0	1,601	10,615
Due to Other Funds	406	0	0	0	1,813	2,219
Due to Component Units	991	0	0	0	0	991
Total Liabilities	\$ 146,982	\$ 255	\$ 0	\$ 0	\$ 56,634	\$ 203,871
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 6,016,384	\$ 752,048	\$ 225,614	\$ 0	\$ 225,614	\$ 7,219,660
Deferred Delinquent Property Taxes	149,131	18,642	5,592	0	5,592	178,957
Other Deferred/Unavailable Revenue	191,471	227,494	0	226,632	97,103	742,700
Total Deferred Inflows of Resources	\$ 6,356,986	\$ 998,184	\$ 231,206	\$ 226,632	\$ 328,309	\$ 8,141,317

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 154,550	\$ 0	\$ 0	\$ 0	\$ 0	\$ 154,550
Restricted for Finance	35,833	0	0	0	0	35,833
Restricted for Administration of Justice	116,261	0	0	0	0	116,261
Restricted for Public Safety	97,550	0	0	0	43,212	140,762
Restricted for Public Health and Welfare	21,720	0	0	0	0	21,720
Restricted for Social, Cultural, and Recreational Services	454,459	0	0	0	0	454,459
Restricted for Other Operations	66,875	0	0	0	0	66,875
Restricted for Debt Service	0	0	728,979	3,157,838	0	3,886,817
Committed:						
Committed for General Government	829,328	0	0	0	0	829,328
Committed for Administration of Justice	63,115	0	0	0	0	63,115
Committed for Public Safety	574,668	0	0	0	0	574,668
Committed for Public Health and Welfare	205,968	0	0	0	717,717	923,685
Committed for Social, Cultural, and Recreational Services	3,600	0	0	0	0	3,600
Committed for Highways/Public Works	0	1,369,904	0	0	0	1,369,904
Committed for Debt Service	0	0	1,242,368	0	0	1,242,368
Assigned:						
Assigned for General Government	97,746	0	0	0	0	97,746
Assigned for Finance	30	0	0	0	0	30
Assigned for Administration of Justice	6,973	0	0	0	0	6,973
Assigned for Public Safety	30,247	0	0	0	0	30,247
Assigned for Public Health and Welfare	2,334	0	0	0	0	2,334
Assigned for Support Services	98	0	0	0	0	98
Unassigned	3,101,831	0	0	0	0	3,101,831
Total Fund Balances	<u>\$ 5,863,186</u>	<u>\$ 1,369,904</u>	<u>\$ 1,971,347</u>	<u>\$ 3,157,838</u>	<u>\$ 760,929</u>	<u>\$ 13,123,204</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,367,154</u>	<u>\$ 2,368,343</u>	<u>\$ 2,202,553</u>	<u>\$ 3,384,470</u>	<u>\$ 1,145,872</u>	<u>\$ 21,468,392</u>

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

Exhibit C-2

Hardin County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 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)		\$	13,123,204
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,561,748	
Add: buildings and improvements net of accumulated depreciation		8,371,437	
Add: infrastructure net of accumulated depreciation		7,522,288	
Add: other capital assets net of accumulated depreciation		<u>3,210,122</u>	21,665,595
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(411,555)	
Less: capital leases payable		(1,655,241)	
Less: bonds payable		(33,970,000)	
Less: other loan payable		(1,021,507)	
Add: debt to be contributed from the school department		1,955,049	
Add: deferred amount on refunding		634,879	
Less: compensated absences payable		(192,240)	
Less: landfill postclosure care costs		(286,861)	
Less: net OPEB liability		(298,420)	
Less: accrued interest payable		(123,946)	
Less: other deferred revenue - premium on debt		<u>(2,703,857)</u>	(38,073,699)
(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	\$	572,957	
Less: deferred inflows of resources related to pensions		(737,683)	
Add: deferred outflows of resources related to OPEB		33,415	
Less: deferred inflows of resources related to OPEB		<u>(149,052)</u>	(280,363)
(4) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.			2,328,121
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>921,657</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>(315,485)</u></u>

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

Exhibit C-3

Hardin County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 29, 2020

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>						
Local Taxes	\$ 8,472,695	\$ 1,047,325	\$ 248,441	\$ 498,637	\$ 1,251,329	\$ 11,518,427
Licenses and Permits	108,588	0	0	0	0	108,588
Fines, Forfeitures, and Penalties	120,520	0	0	0	10,387	130,907
Charges for Current Services	139,721	0	0	0	333,543	473,264
Other Local Revenues	394,981	117,159	142,423	8,770	3,805	667,138
Fees Received From County Officials	1,439,609	0	0	0	0	1,439,609
State of Tennessee	2,567,577	4,239,358	21,427	0	5,154	6,833,516
Federal Government	145,633	0	0	207,222	0	352,855
Other Governments and Citizens Groups	192,874	0	660,977	2,208,272	7,849	3,069,972
Total Revenues	\$ 13,582,198	\$ 5,403,842	\$ 1,073,268	\$ 2,922,901	\$ 1,612,067	\$ 24,594,276
<u>Expenditures</u>						
Current:						
General Government	\$ 1,274,326	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,274,326
Finance	871,529	0	0	0	0	871,529
Administration of Justice	673,644	0	0	0	10,581	684,225
Public Safety	4,726,193	0	0	0	43,006	4,769,199
Public Health and Welfare	901,242	0	0	0	1,308,130	2,209,372
Social, Cultural, and Recreational Services	349,697	0	0	0	0	349,697
Agriculture and Natural Resources	149,741	0	0	0	0	149,741
Other Operations	3,363,810	0	0	0	201,262	3,565,072
Highways	0	5,198,580	0	0	0	5,198,580
Debt Service:						
Principal on Debt	130,985	56,962	1,393,232	1,080,000	0	2,661,179
Interest on Debt	17,771	6,158	316,215	662,822	0	1,002,966
Other Debt Service	0	0	38,577	309,122	0	347,699
Total Expenditures	\$ 12,458,938	\$ 5,261,700	\$ 1,748,024	\$ 2,051,944	\$ 1,562,979	\$ 23,083,585

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Other Govern- mental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,123,260	\$ 142,142	\$ (674,756)	\$ 870,957	\$ 49,088	\$ 1,510,691
<u>Other Financing Sources (Uses)</u>						
Capital Leases Issued	\$ 197,834	\$ 0	\$ 0	\$ 0	\$ 0	\$ 197,834
Refunding Debt Issued	0	0	0	26,575,000	0	26,575,000
Premiums on Debt Sold	0	0	0	2,641,404	0	2,641,404
Insurance Recovery	3,196	0	0	0	9,932	13,128
Transfers In	0	0	725,000	0	31,000	756,000
Transfers Out	(551,100)	(204,900)	0	0	0	(756,000)
Payments to Refunded Debt Escrow Agent	0	0	0	(29,539,185)	0	(29,539,185)
Total Other Financing Sources (Uses)	\$ (350,070)	\$ (204,900)	\$ 725,000	\$ (322,781)	\$ 40,932	\$ (111,819)
Net Change in Fund Balances	\$ 773,190	\$ (62,758)	\$ 50,244	\$ 548,176	\$ 90,020	\$ 1,398,872
Fund Balance, June 30, 2019	5,089,996	1,432,662	1,921,103	2,609,662	670,909	11,724,332
Fund Balance, June 29, 2020	\$ 5,863,186	\$ 1,369,904	\$ 1,971,347	\$ 3,157,838	\$ 760,929	\$ 13,123,204

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

Exhibit C-4

Hardin County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 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)		\$	1,398,872
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	2,435,919	
Less: current-year depreciation expense		(2,378,092)	57,827
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net position.			
Add: assets donated and capitalized			48,333
(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	\$	921,657	
Less: deferred delinquent property taxes and other deferred June 30, 2019		(810,821)	110,836
(4) The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.			
Less: capital lease proceeds	\$	(197,834)	
Less: refunding debt proceeds		(26,575,000)	
Add: change in deferred amount on refunding		634,879	
Add: refunded debt principal		28,910,000	
Less: change in premium on debt issuances		(2,480,308)	
Add: principal payments on notes		223,088	
Add: principal payments on capital leases		426,195	
Add: principal payments on bonds		1,605,000	
Add: principal payments on other loan		106,896	
Less: contributions from the school department for the other loan		(106,896)	
Less: contributions from the school department for the capital lease		(127,952)	2,418,068
(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	\$	40,767	
Change in compensated absences payable		(23,801)	
Change in landfill postclosure care costs		2,575	
Change in net OPEB liability		41,311	
Change in deferred outflows related to OPEB		10,971	
Change in deferred inflows related to OPEB		(79,004)	
Change in net pension asset		508,243	
Change in deferred outflows related to pensions		(56,370)	
Change in deferred inflows related to pensions		(111,137)	333,555
Change in net position of governmental activities (Exhibit B)		\$	<u>4,367,491</u>

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

Exhibit C-5

Hardin County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 29, 2020

	Actual (GAAP Basis)	Less: Encumbrances 6/30/2019	Add: Encumbrances 6/29/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 8,472,695	\$ 0	\$ 0	\$ 8,472,695	\$ 8,097,858	\$ 8,097,858	\$ 374,837
Licenses and Permits	108,588	0	0	108,588	112,650	112,650	(4,062)
Fines, Forfeitures, and Penalties	120,520	0	0	120,520	148,300	148,300	(27,780)
Charges for Current Services	139,721	0	0	139,721	175,500	195,500	(55,779)
Other Local Revenues	394,981	0	0	394,981	182,350	236,536	158,445
Fees Received From County Officials	1,439,609	0	0	1,439,609	1,385,000	1,385,000	54,609
State of Tennessee	2,567,577	0	0	2,567,577	2,509,566	2,623,842	(56,265)
Federal Government	145,633	0	0	145,633	39,898	126,848	18,785
Other Governments and Citizens Groups	192,874	0	0	192,874	92,500	136,444	56,430
Total Revenues	\$ 13,582,198	\$ 0	\$ 0	\$ 13,582,198	\$ 12,743,622	\$ 13,062,978	\$ 519,220
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 65,678	\$ 0	\$ 0	\$ 65,678	\$ 94,493	\$ 94,493	\$ 28,815
Board of Equalization	1,200	0	0	1,200	1,500	1,500	300
Beer Board	3,261	0	0	3,261	4,075	4,075	814
Other Boards and Committees	800	0	0	800	1,700	1,700	900
County Mayor/Executive	156,587	(2,826)	2,324	156,085	155,973	156,276	191
County Attorney	1,419	0	0	1,419	5,000	5,000	3,581
Election Commission	176,350	0	0	176,350	185,724	187,712	11,362
Register of Deeds	151,625	(1,828)	1,172	150,969	158,709	158,709	7,740
County Buildings	717,406	(18,989)	14,285	712,702	869,732	888,871	176,169
<u>Finance</u>							
Accounting and Budgeting	153,959	(604)	0	153,355	156,955	157,955	4,600
Property Assessor's Office	188,681	0	0	188,681	194,192	194,292	5,611
Reappraisal Program	45,338	0	0	45,338	55,721	55,721	10,383
County Trustee's Office	191,462	0	30	191,492	201,752	201,752	10,260
County Clerk's Office	292,089	0	0	292,089	287,917	299,617	7,528
<u>Administration of Justice</u>							
Circuit Court	345,487	0	0	345,487	327,444	360,469	14,982

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 6/30/2019	Add: Encumbrances 6/29/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Administration of Justice (Cont.)</u>							
General Sessions Court	\$ 161,716	\$ 0	\$ 0	\$ 161,716	\$ 160,560	\$ 163,426	\$ 1,710
Drug Court	5,814	(5,500)	6,433	6,747	6,850	6,850	103
Chancery Court	160,627	0	540	161,167	155,222	165,540	4,373
<u>Public Safety</u>							
Sheriff's Department	1,654,632	(36,616)	6,213	1,624,229	1,615,676	1,653,609	29,380
Traffic Control	19,803	0	0	19,803	5,720	34,849	15,046
Administration of the Sexual Offender Registry	1,165	0	0	1,165	2,800	2,800	1,635
Jail	1,610,901	(43,796)	3,697	1,570,802	1,645,400	1,691,915	121,113
Juvenile Services	129,465	(495)	0	128,970	129,428	133,628	4,658
Fire Prevention and Control	852,014	(638)	18,487	869,863	705,228	883,319	13,456
Civil Defense	165,437	(1,319)	1,851	165,969	101,275	172,275	6,306
Other Public Safety	292,776	0	0	292,776	293,469	293,479	703
<u>Public Health and Welfare</u>							
Local Health Center	192,582	0	0	192,582	199,300	219,300	26,718
Rabies and Animal Control	380,339	(641)	1,010	380,708	362,625	414,848	34,140
Ambulance/Emergency Medical Services	149,851	0	0	149,851	154,900	154,900	5,049
Alcohol and Drug Programs	17,659	0	0	17,659	0	45,140	27,481
Crippled Children Services	2,005	0	0	2,005	2,005	2,005	0
General Welfare Assistance	4,100	0	0	4,100	4,100	4,100	0
Other Local Welfare Services	10,000	0	0	10,000	10,000	10,000	0
Sanitation Education/Information	144,706	0	1,324	146,030	148,921	148,921	2,891
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	71,666	0	0	71,666	83,636	86,211	14,545
Libraries	232,691	0	98	232,789	650,117	652,773	419,984
Other Social, Cultural, and Recreational	45,340	0	0	45,340	63,500	63,500	18,160
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	79,939	0	0	79,939	89,730	89,730	9,791
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	27,732	0	0	27,732	32,850	32,850	5,118

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 6/30/2019	Add: Encumbrances 6/29/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture and Natural Resources (Cont.)</u>							
Flood Control	\$ 36,350	\$ 0	\$ 0	\$ 36,350	\$ 38,500	\$ 38,500	\$ 2,150
Other Agriculture and Natural Resources	4,720	(229)	0	4,491	6,150	6,400	1,909
<u>Other Operations</u>							
Tourism	257,932	(27,381)	0	230,551	270,000	270,000	39,449
Tourism - Resort District	895,143	(68,000)	78,406	905,549	852,000	890,500	(15,049)
Industrial Development	79,341	0	0	79,341	79,707	79,707	366
Other Economic and Community Development	12,066	(309)	1,558	13,315	15,571	15,571	2,256
Airport	77,204	0	0	77,204	35,000	77,204	0
Veterans' Services	59,674	(71)	0	59,603	63,830	63,830	4,227
Other Charges	335,784	0	0	335,784	325,464	342,065	6,281
Contributions to Other Agencies	19,250	0	0	19,250	19,250	19,250	0
Employee Benefits	1,606,290	0	0	1,606,290	1,703,250	1,708,186	101,896
COVID-19 Grant #1	5,157	0	0	5,157	0	5,157	0
COVID-19 Grant #2	7,348	0	0	7,348	0	7,348	0
Miscellaneous	8,621	(1,740)	0	6,881	7,500	8,731	1,850
<u>Principal on Debt</u>							
General Government	130,985	0	0	130,985	0	130,985	0
<u>Interest on Debt</u>							
General Government	17,771	0	0	17,771	0	17,771	0
Total Expenditures	\$ 12,458,938	\$ (210,982)	\$ 137,428	\$ 12,385,384	\$ 12,741,421	\$ 13,576,315	\$ 1,190,931
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 1,123,260	\$ 210,982	\$ (137,428)	\$ 1,196,814	\$ 2,201	\$ (513,337)	\$ 1,710,151
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 197,834	\$ 0	\$ 0	\$ 197,834	\$ 0	\$ 197,834	\$ 0
Insurance Recovery	3,196	0	0	3,196	0	2,019	1,177
Transfers Out	(551,100)	0	0	(551,100)	0	(580,094)	28,994
Total Other Financing Sources	\$ (350,070)	\$ 0	\$ 0	\$ (350,070)	\$ 0	\$ (380,241)	\$ 30,171

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 6/30/2019	Add: Encumbrances 6/29/2020	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 773,190	\$ 210,982	\$ (137,428)	\$ 846,744	\$ 2,201	\$ (893,578)	\$ 1,740,322
Fund Balance, July 1, 2019	5,089,996	(210,982)	0	4,879,014	4,936,275	4,936,275	(57,261)
Fund Balance, June 30, 2020	\$ 5,863,186	\$ 0	\$ (137,428)	\$ 5,725,758	\$ 4,938,476	\$ 4,042,697	\$ 1,683,061

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

Exhibit C-6

Hardin County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 29, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,047,325	\$ 890,286	\$ 890,286	\$ 157,039
Other Local Revenues	117,159	27,000	103,573	13,586
State of Tennessee	4,239,358	4,602,361	4,602,361	(363,003)
Total Revenues	<u>\$ 5,403,842</u>	<u>\$ 5,519,647</u>	<u>\$ 5,596,220</u>	<u>\$ (192,378)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 315,671	\$ 338,391	\$ 338,391	\$ 22,720
Highway and Bridge Maintenance	2,067,334	1,361,150	2,217,150	149,816
Operation and Maintenance of Equipment	391,332	519,707	519,707	128,375
Other Charges	203,420	205,000	205,000	1,580
Employee Benefits	395,746	439,995	439,995	44,249
Capital Outlay	1,825,077	2,333,117	2,346,570	521,493
<u>Principal on Debt</u>				
Highways and Streets	56,962	0	56,962	0
<u>Interest on Debt</u>				
Highways and Streets	6,158	0	6,158	0
Total Expenditures	<u>\$ 5,261,700</u>	<u>\$ 5,197,360</u>	<u>\$ 6,129,933</u>	<u>\$ 868,233</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 142,142</u>	<u>\$ 322,287</u>	<u>\$ (533,713)</u>	<u>\$ 675,855</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (204,900)	\$ (204,900)	\$ (204,900)	\$ 0
Total Other Financing Sources	<u>\$ (204,900)</u>	<u>\$ (204,900)</u>	<u>\$ (204,900)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (62,758)	117,387	(738,613)	675,855
Fund Balance, July 1, 2019	<u>1,432,662</u>	<u>988,745</u>	<u>988,745</u>	<u>443,917</u>
Fund Balance, June 30, 2020	<u>\$ 1,369,904</u>	<u>\$ 1,106,132</u>	<u>\$ 250,132</u>	<u>\$ 1,119,772</u>

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

Hardin County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2020

	Major Fund
	Business-type Activities - Enterprise Fund
	Park Rest Hardin County Health Center
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 120,444
Inventories	18,687
Accounts Receivable	307,623
Due from Hardin Home	733,904
Prepaid Items	20,952
Restricted Assets:	
Patient Trust	39,787
Total Current Assets	<u>\$ 1,241,397</u>
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	\$ 26,700
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	171,146
Other Capital Assets	27,451
Total Noncurrent Assets	<u>\$ 225,297</u>
Total Assets	<u>\$ 1,466,694</u>
<u>LIABILITIES</u>	
Liabilities:	
Accounts Payable	\$ 26,660
Accrued Management Fee	1,325,694
Other Accrued Expenses	72,237
Current Liabilities Payable from Restricted Assets:	
Patient Trust	39,787
Total Liabilities	<u>\$ 1,464,378</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 225,297
Unrestricted	<u>(222,981)</u>
Total Net Position	<u>\$ 2,316</u>

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

Exhibit D-2

Hardin County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2020

	Major Fund
	Business-type Activities - Enterprise Fund
	Park Rest Hardin County Health Center
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Patient Revenues	\$ 3,173,690
Uncollectible Accounts	(1,725)
Nursing Facility COVID-19 Emergency Payments	94,724
Allowance for Doubtful Accounts Adjustment	101,883
Total Operating Revenues	<u>\$ 3,368,572</u>
<u>Operating Expenses</u>	
Administrative	\$ 1,043,770
Dietary	340,427
Housekeeping	171,911
Laundry	132,596
Operation and Maintenance	152,552
Nursing	1,224,252
Social Service	94,182
Depreciation	37,195
Total Operating Expenses	<u>\$ 3,196,885</u>
Operating Income (Loss)	<u>\$ 171,687</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 563
Miscellaneous Income	1,234
Total Nonoperating Revenues (Expenses)	<u>\$ 1,797</u>
Net Income (Loss)	<u>\$ 173,484</u>
Change in Net Position	\$ 173,484
Net Position, July 1, 2019	40,603
Prior-period Adjustment - See Note VI.K.	<u>(211,771)</u>
Net Position, June 30, 2020	<u><u>\$ 2,316</u></u>

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

Exhibit D-3

Hardin County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2020

	Major Fund
	Business-type Activities - Enterprise Fund
	Park Rest Hardin County Health Center
<u>Cash Flows from Operating Activities</u>	
Receipts from Patient Services	\$ 3,361,207
Payments to Suppliers	(1,244,682)
Payments to Employees	(2,050,619)
Other Operating Cash Receipts	1,234
Net Cash Provided By (Used In) Operating Activities	<u>\$ 67,140</u>
<u>Cash Flows from Investing Activities</u>	
Interest Income	\$ 563
Net Cash Provided By (Used In) Investing Activities	<u>\$ 563</u>
Net Increase (Decrease) in Cash	\$ 67,703
Cash, July 1, 2019	<u>52,741</u>
Cash, June 30, 2020	<u><u>\$ 120,444</u></u>

(Continued)

Exhibit D-3

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

	Major Fund
	Business-type Activities - Enterprise Fund
	Park Rest Hardin County Health Center
<u>Reconciliation of Net Operating Income to Net Cash</u>	
<u>Provided By (Used In) Operating Activities</u>	
Operating Income	\$ 171,687
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	37,195
Other Revenue	1,234
Changes in Assets and Liabilities:	
Inventories	(5,760)
Accounts Receivable	(7,365)
Due from Hardin Home	(128,279)
Prepaid Items	(1,816)
Accounts Payable	(63,876)
Accrued Management Fee	87,121
Other Accrued Expenses	(23,001)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 67,140</u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Cash Per Net Position	<u>\$ 120,444</u>
Cash, June 30, 2020	<u>\$ 120,444</u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 610,281
Due from Other Governments	<u>781,752</u>
Total Assets	<u>\$ 1,392,033</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 781,752
Due to Litigants, Heirs, and Others	<u>610,281</u>
Total Liabilities	<u>\$ 1,392,033</u>

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

HARDIN COUNTY, TENNESSEE

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Hardin County is a public municipal corporation governed by an elected 20-member board. As required by GAAP, these financial statements present Hardin County (the primary government) and its component units. The financial statements of the Hardin County Emergency Communications District and the Hardin County Convention and Visitors Bureau, component units requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of their 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 Hardin County School Department operates the county's public school system, and the voters of Hardin County elect its board. The school department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the county commission's approval. The school department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

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

The Hardin Medical Center is a community medical center providing general and specialized medical services to patients. Included as part of the Hardin Medical Center are the HMC Health and Rehabilitation Center, an intermediate and skilled care facility, and the HMC Physician Services, Inc., a physician practice, which provides medical and other health care services. The Hardin County Commission appoints the Hardin Medical Center's governing body, which also oversees the Hardin County Nursing Home. Hardin County is financially obligated to retire general obligation bonds of the Hardin Medical Center in the event of default by the hospital.

The Hardin County Convention and Visitors Bureau is a nonprofit organization located in Savannah, Tennessee. Its purpose is to promote tourism in the county. The Hardin County Commission appoints the Hardin County Convention and Visitors Bureau's governing body and provides a significant amount of the bureau's funding. The financial statements of the Hardin County Convention and Visitors Bureau were not material to the component units' opinion unit and therefore have been omitted from this report.

The Hardin County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the school department are included in this report as listed in the table of contents. Complete financial statements of the Hardin County Emergency Communications District, Hardin Medical Center, and Hardin County Convention and Visitors Bureau can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

Hardin Medical Center
935 Wayne Road
Savannah, TN 38372

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement

of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Hardin County School Department component unit only reports governmental activities in the government-wide financial statements.

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

Hardin County issues all debt for the discretely presented Hardin County School Department. There were no debt issues contributed by the county to the school department during the year ended June 30, 2020.

Separate financial statements are provided for governmental funds, proprietary funds (internal service and enterprise), and fiduciary funds. The internal service fund is reported with the governmental activities in the government-wide financial statements of the discretely presented Hardin County School Department, and the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

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

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

Fund financial statements of Hardin County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred 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. Hardin County only reports one proprietary fund, a major enterprise fund, and the discretely presented school department reports one proprietary fund, an internal service fund.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Hardin County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

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

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

Hardin County reports the following major governmental funds:

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

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

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

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

Hardin County reports the following major enterprise fund:

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

Additionally, Hardin County reports the following fund type:

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

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

General Purpose School Fund – This fund is the primary operating fund for the school department. It is used to account for general operations of the school department.

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

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

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

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

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

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

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

1. Deposits and Investments

For purposes of the Statement of Cash Flows, cash in the internal service fund of the discretely presented Hardin County School Department consists entirely of cash on deposit with the county trustee.

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

Pool; 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 (excluding the Park Rest Hardin County Health Center) and the discretely presented Hardin County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Hardin County and the school department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost.

Investments in the State Treasurer's Investment Pool are reported at 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. Hardin County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.43 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 Hardin 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 Hardin County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Hardin 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. Governmental activities capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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>
Primary Government:	
Buildings and Improvements	25
Other Capital Assets	5 - 10
Infrastructure:	
Roads	10 - 20
Bridges	30
School Department:	
Land Improvements	20
Buildings and Improvements	25
Other Capital Assets	5 - 15

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 pension changes in experience, pension and OPEB changes in assumptions, pension changes in the proportionate share of contributions, employer contributions made to the pension and OPEB plans after the measurement date, and a deferred amount on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 county's policy to permit employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation from service. The Hardin County Highway Department allows its employees to accrue no more than five vacation days at year-end, except with special permission from the highway commissioner. All vacation pay for the primary government is accrued when incurred in the government-wide statements for the county. 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. The granting of sick leave for employees of Hardin County has no guaranteed payment attached and therefore is not required to be accrued or recorded.

It is the school department's policy to permit professional employees to accumulate an unlimited amount of earned but unused sick leave days and support staff to accumulate earned but unused sick leave up to 120 days. Upon leaving employment, professional employees and support staff receive \$10 per day for unused sick days. The policy permits 12-month support staff to accumulate an unlimited amount of earned but unused annual and sick leave days. Upon leaving employment, 12-month support staff are compensated at their daily rate of pay for unused annual and sick leave. All annual and sick leave benefits for the school department are accrued when incurred in the government-wide statements. A liability for annual and sick 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, landfill closure/postclosure care costs, and other postemployment benefits are recognized to the extent that the liabilities have matured (come due for payment) each period.

8. Net Position and Fund Balance

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

The government-wide Statement of Net Position reports \$8,338,181 of restricted net position, of which \$216,510 is restricted by enabling legislation.

As of June 30, 2020, Hardin County had \$27,450,049 in outstanding debt for capital purposes for the discretely presented Hardin County School Department. This debt is a liability of Hardin County, but the capital assets acquired are reported in the financial statements of the school department. Therefore, Hardin County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is

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

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

These classifications may consist of the following:

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

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

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the county commission, the county's highest level of decision-making authority and the board of education, the school department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The county commission has by resolution authorized the county's budget committee to make assignments for the general government. The board of education makes assignments for the school department.

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

E. Pension Plans

Primary Government

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

Discretely Presented Hardin County School Department

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

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

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 Hardin County. For this purpose, Hardin County recognizes benefit payments when due and payable in accordance with benefit terms. Hardin County's OPEB plan is not administered through a trust.

Discretely Presented Hardin 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 Hardin 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 Hardin County School Department

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

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

Primary Government

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

Discretely Presented Hardin County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may

not legally exceed appropriations authorized by the county commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, Other Boards and Committees, etc.). Management may make revisions within major categories, but only the county commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

At June 30, 2020, Hardin County had outstanding encumbrances in the General and Solid Waste Sanitation funds totaling \$137,428 and \$258, respectively.

B. Expenditures Exceeded Appropriations

Expenditure exceeded appropriations approved by the county commission in major appropriation categories (the legal level of control) in the following funds:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
Other Operations - Tourism - Resort District	\$ 15,049
Rural Debt Service:	
Principal on Debt - Education	95,000
General Purpose School:	
Other Debt Service - Education	29,242

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the

State Treasurer's Investment Pool, 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.

The county had no pooled and nonpooled investments as of June 30, 2020.

TCRS Stabilization Trust

Legal Provisions. The Hardin 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 Hardin 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 Hardin 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	\$ 29,446
Developed Market International Equity	N/A	N/A	13,298
Emerging Market International Equity	N/A	N/A	3,800
U.S. Fixed Income	N/A	N/A	18,998
Real Estate	N/A	N/A	9,499
Short-term Securities	N/A	N/A	949
NAV- Private Equity and Strategic Lending	N/A	N/A	18,998
Total			<u>\$ 94,988</u>

		Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
Investment by Fair Value Level	Fair Value 6-30-20				
U.S. Equity	\$ 29,446	\$ 29,447	\$ 0	\$ 0	0
Developed Market International Equity	13,298	13,298	0	0	0
Emerging Market International Equity	3,800	3,800	0	0	0
U.S. Fixed Income	18,998	0	18,998	0	0
Real Estate	9,499	0	0	9,499	0
Short-term Securities	949	0	949	0	0
Private Equity and Strategic Lending	18,998	0	0	0	18,998
Total	<u>\$ 94,988</u>	<u>\$ 46,545</u>	<u>\$ 19,947</u>	<u>\$ 9,499</u>	<u>\$ 18,998</u>

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 Hardin 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 Hardin 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. Hardin 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 Hardin 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	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 2,561,748	\$ 0	\$ 0	\$ 2,561,748
Construction in Progress	115,068	0	115,068	0
Total Capital Assets Not Depreciated	<u>\$ 2,676,816</u>	<u>\$ 0</u>	<u>\$ 115,068</u>	<u>\$ 2,561,748</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 17,094,441	\$ 87,408	\$ 0	\$ 17,181,849
Infrastructure	43,470,765	1,636,705	0	45,107,470
Other Capital Assets	14,680,901	875,207	331,565	15,224,543
Total Capital Assets Depreciated	<u>\$ 75,246,107</u>	<u>\$ 2,599,320</u>	<u>\$ 331,565</u>	<u>\$ 77,513,862</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 8,244,818	\$ 565,594	\$ 0	\$ 8,810,412
Infrastructure	36,773,456	811,726	0	37,585,182
Other Capital Assets	11,345,214	1,000,772	331,565	12,014,421
Total Accumulated Depreciation	<u>\$ 56,363,488</u>	<u>\$ 2,378,092</u>	<u>\$ 331,565</u>	<u>\$ 58,410,015</u>
Total Capital Assets Depreciated, Net	<u>\$ 18,882,619</u>	<u>\$ 221,228</u>	<u>\$ 0</u>	<u>\$ 19,103,847</u>
Governmental Activities Capital Assets, Net	<u>\$ 21,559,435</u>	<u>\$ 221,228</u>	<u>\$ 115,068</u>	<u>\$ 21,665,595</u>

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

Governmental Activities:

General Government	\$ 28,540
Finance	11,921
Administration of Justice	14,593
Public Safety	811,021
Public Health and Welfare	315,956
Social, Cultural, and Recreational Services	100,489
Agriculture and Natural Resources	24,804
Highways/Public Works	<u>1,070,768</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,378,092</u></u>

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

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 1,217,760	\$ 0	\$ 0	\$ 1,217,760
Construction in Progress	1,489,782	0	1,489,782	0
Total Capital Assets Not Depreciated	<u>\$ 2,707,542</u>	<u>\$ 0</u>	<u>\$ 1,489,782</u>	<u>\$ 1,217,760</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 70,251,526	\$ 2,582,233	\$ 876,857	\$ 71,956,902
Other Capital Assets	2,314,862	441,532	240,484	2,515,910
Total Capital Assets Depreciated	<u>\$ 72,566,388</u>	<u>\$ 3,023,765</u>	<u>\$ 1,117,341</u>	<u>\$ 74,472,812</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 38,179,354	\$ 2,498,166	\$ 729,532	\$ 39,947,988
Other Capital Assets	2,176,671	87,090	240,484	2,023,277
Total Accumulated Depreciation	<u>\$ 40,356,025</u>	<u>\$ 2,585,256</u>	<u>\$ 970,016</u>	<u>\$ 41,971,265</u>
Total Capital Assets Depreciated, Net	<u>\$ 32,210,363</u>	<u>\$ 438,509</u>	<u>\$ 147,325</u>	<u>\$ 32,501,547</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 34,917,905</u></u>	<u><u>\$ 438,509</u></u>	<u><u>\$ 1,637,107</u></u>	<u><u>\$ 33,719,307</u></u>

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

Governmental Activities:

Instruction	\$ 1,693,928
Support Services	621,457
Operation of Non-instructional Services	<u>269,871</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,585,256</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:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 1,813
Highway/Public Works	General	90
General Debt Service	"	27
Nonmajor governmental	"	289
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	139,521

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

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Primary Government:		
Component Unit:		
School Department:		
Governmental Activities	Governmental Activities	\$ 1,955,049
Rural Debt Service	General Purpose School	357,567
Component Unit:		
General Debt Service	Medical Center	3,053
Component Unit:		
School Department:		
General Purpose School	Primary Government: General	991

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2020, consisted of the following amounts:

Transfers Out	Transfers In		Purpose
	General Debt Service Fund	Nonmajor Governmental Fund	
General Fund	\$ 520,100	\$ 0	Debt retirement
"	0	31,000	Operations
Highway/Public Works Fund	204,900	0	Debt retirement
Total	<u>\$ 725,000</u>	<u>\$ 31,000</u>	

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

D. Capital Leases

Terms of capital lease obligations outstanding at June 30, 2020, were as follows:

Description	Date of Lease	Length of Lease in Years	Gross Amount of Assets	Interest Rate
Energy Management Project	6-20-12	14	\$ 1,782,319	3.05 %
Commercial Pumper	3-31-14	9	241,750	3.79
Commercial Pumper	4-18-17	9	418,200	2.98
Front Loader	12-1-17	3	216,074	3.18
Weiler Paver	12-19-18	3	178,636	4.69
Fire Tanker	10-21-19	7	197,834	2.95

Title to the above-noted assets transfers to Hardin County, the Hardin County Highway Department, and the Hardin County School Department at the end of the lease periods. Lease payments are made from the General,

Highway/Public Works, and General Debt Service funds, and by contributions from the school department to the primary government's General Debt Service Fund.

The assets acquired through capital leases are as follows:

<u>Assets</u>	<u>Governmental Activities</u>
Buildings and Improvements	\$ 1,782,319
Vehicles and Equipment	1,252,494
Less: Accumulated Depreciation	<u>(1,527,887)</u>
Total Book Value	<u><u>\$ 1,506,926</u></u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2021	\$ 386,953
2022	298,632
2023	267,070
2024	238,563
2025	238,562
2026-2027	<u>397,688</u>
Total Minimum Lease Payments	\$ 1,827,468
Less: Amount Representing Interest	<u>(172,227)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 1,655,241</u></u>

E. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

General Obligation Bonds - Hardin County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. 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 21 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 and Rural Debt Service funds.

Direct Borrowing and Direct Placements - Hardin County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes and the other loan outstanding were issued for original terms of up to ten years for notes and 13 years for other the loan. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes and the other loan included in long-term debt as of June 30, 2020, will be retired from the General Debt Service Fund

General obligation bonds, capital outlay notes, capital leases, 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 -							
Refunding	2 to 5	%	6-1-39	\$	37,075,000	\$	33,970,000
Direct Borrowing and Direct Placement:							
Capital Outlay Notes	2.25 to 2.75		12-4-27		1,160,000		411,555
Other Loan	1		7-1-29		1,330,336		1,021,507
Capital Leases	2.95 to 4.69		11-20-26		3,034,813		1,655,241

During the 2016-17 year, Hardin 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 \$1,330,336 available to loan to Hardin County to fund a project to increase energy efficiency in the Hardin County school system. The loan is repayable at an interest rate of one percent.

The annual requirements to amortize all general obligation bonds, notes, 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	\$ 1,955,000	\$ 1,205,525	\$ 3,160,525
2022	2,005,000	1,123,825	3,128,825
2023	2,035,000	1,039,775	3,074,775
2024	2,105,000	954,675	3,059,675
2025	2,170,000	866,375	3,036,375
2026-2030	9,070,000	3,068,515	12,138,515
2031-2035	8,590,000	1,615,338	10,205,338
2036-2039	6,040,000	419,425	6,459,425
Total	<u>\$ 33,970,000</u>	<u>\$ 10,293,453</u>	<u>\$ 44,263,453</u>

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2021	\$ 229,487	\$ 8,921	\$ 238,408
2022	23,917	5,077	28,994
2023	24,584	4,410	28,994
2024	25,270	3,725	28,995
2025	25,966	3,028	28,994
2026-2028	82,331	4,634	86,965
Total	<u>\$ 411,555</u>	<u>\$ 29,795</u>	<u>\$ 441,350</u>

Year Ending June 30	Other Loan - Direct Placement		
	Principal	Interest	Total
2021	\$ 107,976	\$ 9,720	\$ 117,696
2022	109,056	8,640	117,696
2023	110,160	7,536	117,696
2024	111,264	6,432	117,696
2025	112,380	5,316	117,696
2026-2030	470,671	9,878	480,549
Total	<u>\$ 1,021,507</u>	<u>\$ 47,522</u>	<u>\$ 1,069,029</u>

There is \$5,219,185 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$1,305, based on the 2010 federal census. Total debt per capita, including bonds, notes, the other loan, capital leases, and unamortized debt premiums totaled \$1,528, 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. The capital lease and other loan debt are reflected in the government-wide financial statements as Due to the Primary Government in the financial

statements of the school department and as Due from Component Units in the financial statements of the primary government.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-20</u>
<u>Bonds</u>	
<u>Contributions from the General Purpose School Fund</u>	
General Obligation Refunding Bonds, Series 2019	\$ 25,495,000
<u>Capital Lease - Direct Placement</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Management Project	933,542
<u>Other Loan - Direct Placement</u>	
<u>Contributions from the General Purpose School Fund</u>	
Energy Efficient School Initiative	<u>1,021,507</u>
Total	<u>\$ 27,450,049</u>

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>
Balance, July 1, 2019	\$ 37,910,000	\$ 634,643
Additions	26,575,000	0
Reductions	<u>(30,515,000)</u>	<u>(223,088)</u>
Balance, June 30, 2020	<u>\$ 33,970,000</u>	<u>\$ 411,555</u>
Balance Due Within One Year	<u>\$ 1,955,000</u>	<u>\$ 229,487</u>
	<u>Other Loan - Direct Placement</u>	<u>Capital Leases - Direct Placement</u>
Balance, July 1, 2019	\$ 1,128,403	\$ 1,883,602
Additions	0	197,834
Reductions	<u>(106,896)</u>	<u>(426,195)</u>
Balance, June 30, 2020	<u>\$ 1,021,507</u>	<u>\$ 1,655,241</u>
Balance Due Within One Year	<u>\$ 107,976</u>	<u>\$ 336,936</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2020	\$ 37,058,303
Less: Balance Due Within One Year - Debt	(2,629,399)
Add: Unamortized Premium on Debt	<u>2,703,857</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u><u>\$ 37,132,761</u></u>

Current Refunding

On October 18, 2019, Hardin County issued \$26,575,000 in general obligation refunding bonds for a current refunding of several general obligation bond issues. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. Because of the refunding, total debt service payments over the next 24 years will be reduced by \$8,907,034, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$2,256,214 was obtained.

F. Long-term Obligations

Changes in Long-term Obligations

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

	Compensated Absences	Landfill Postclosure Care Costs	Net OPEB Liability
Balance, July 1, 2019	\$ 168,439	\$ 289,436	\$ 339,731
Additions	207,890	5,072	63,322
Reductions	<u>(184,089)</u>	<u>(7,647)</u>	<u>(104,633)</u>
Balance, June 30, 2020	<u>\$ 192,240</u>	<u>\$ 286,861</u>	<u>\$ 298,420</u>
Balance Due Within One Year	<u>\$ 125,412</u>	<u>\$ 7,647</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2020	\$ 777,521
Less: Balance Due Within One Year - Other	<u>(133,059)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u><u>\$ 644,462</u></u>

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

Discretely Presented Hardin County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Hardin County School Department for the year ended June 30, 2020, was as follows:

Governmental Activities:

	Compensated Absences	Net OPEB Liability
Balance, July 1, 2019	\$ 459,894	\$ 6,416,791
Additions	77,249	513,461
Reductions	(44,072)	(1,107,105)
Balance, June 30, 2020	<u>\$ 493,071</u>	<u>\$ 5,823,147</u>
Balance Due Within One Year	<u>\$ 24,654</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2020	\$ 6,316,218
Less: Balance Due Within One Year - Other	<u>(24,654)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 6,291,564</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hardin County School Department. These payments are made by the state to the Local Education Group Insurance Plan. The 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

\$163,638. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

Liability, Property, and Casualty

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

Workers' Compensation Insurance

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

Employee Health Insurance

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

Discretely Presented Hardin County School Department

Liability, Property, Casualty, and Workers' Compensation Insurance

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

Employee Health Insurance

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

Employee Dental Insurance

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

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

Employee Insurance Fund

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2018-19	\$ 7,264	\$ 188,035	\$ 182,233	\$ 13,066
2019-20	13,066	181,307	194,373	0

B. Contingent Liabilities

Hardin County is contingently liable for an \$8,000,000 loan agreement dated July 29, 2003, for improvements to the Hardin Medical Center. Hardin County would become liable for this loan and the interest thereon in the event of default by the medical center. The principal of this loan agreement is reflected on the financial statements of the Hardin Medical Center. As of June 30, 2020, \$3,970,000 has been repaid leaving a balance of \$4,030,000. Future principal requirements for the entire loan at June 30, 2020, were \$4,030,000. The loan is repayable at a variable interest rate that is determined by the remarketing agent weekly. At June 30, 2020, the variable interest rate was .57 percent.

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

C. Landfill Postclosure Care Costs

Hardin County and the City of Savannah have an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county and city have provided financial assurances for estimated postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the entities to place a final cover on their sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Hardin County and the City of Savannah closed their sanitary landfill in 1998. Hardin County and the City of Savannah each agreed to pay 50 percent of the postclosure costs. The \$286,861 reported as postclosure care liability at June 30, 2020, represents the county's 50 percent share of the amounts based on what it would cost to perform all postclosure care in 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

D. Joint Ventures

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

The Twenty-fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fourth Judicial District, Benton, Carroll, Decatur, Hardin, and Henry counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within the judicial district. Hardin County made no contributions to the DTF for the year ended June 30, 2020.

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

Administrative Offices:

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

Office of District Attorney General
Twenty-fourth Judicial District
P. O. Box 686
Huntingdon, TN 38344

E. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Hardin County and non-certified employees of the discretely presented Hardin County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 68.84 percent and the non-certified employees of the discretely presented school department comprised 31.16 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	242
Inactive Employees Entitled to But Not Yet Receiving Benefits	299
Active Employees	299
Total	<u>840</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Hardin County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2020, the employer contribution for Hardin County was \$556,706 based on a rate of seven percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Hardin County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined 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)

Hardin 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	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	0.00	1
Total		100 %

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

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Hardin County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2018	\$ 27,217,220	\$ 29,884,490	\$ (2,667,270)
Changes for the Year:			
Service Cost	\$ 674,778	\$ 0	\$ 674,778
Interest	1,973,482	0	1,973,482
Differences Between Expected and Actual Experience	(272,936)	0	(272,936)
Contributions-Employer	0	516,985	(516,985)
Contributions-Employees	0	391,000	(391,000)
Net Investment Income	0	2,208,020	(2,208,020)
Benefit Payments, Including Refunds of Employee Contributions	(1,343,105)	(1,343,105)	0
Administrative Expense	0	(26,021)	26,021
Net Changes	\$ 1,032,219	\$ 1,746,879	\$ (714,660)
Balance, June 30, 2019	\$ 28,249,439	\$ 31,631,369	\$ (3,381,930)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	68.84%	\$ 19,446,914	\$ 21,775,035	\$ (2,328,121)
School Department	31.16%	8,802,525	9,856,334	(1,053,809)
Total		\$ 28,249,439	\$ 31,631,369	\$ (3,381,930)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Hardin County calculated using the discount rate of 7.25 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
Hardin County	6.25%	7.25%	8.25%

Net Pension Liability (Asset) \$ (39,972) \$ (3,381,930) \$ (6,181,870)

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

Pension Expense. For the year ended June 30, 2020, Hardin County recognized pension expense of \$89,192.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, Hardin County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 699,224
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	372,367
Changes in Assumptions	267,120	0
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	556,706	N/A
Total	\$ 823,826	\$ 1,071,591

- (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	\$ 572,957	\$ 737,683
School Department	250,869	333,908
Total	\$ 823,826	\$ 1,071,591

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	\$ (237,118)
2022	(344,911)
2023	(210,818)
2024	(11,624)
2025	0
Thereafter	0

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

Discretely Presented Hardin County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Hardin County and non-certified employees of the discretely presented Hardin County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 68.84 percent and the non-certified employees of the discretely presented school department comprised 31.16 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Hardin County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <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 \$52,226, which is 2.03 percent of covered payroll. In addition, employer contributions of \$50,219, which is 1.95 percent of covered payroll, were made to the Pension Stabilization Reserve Trust 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 (\$105,208) 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 .186379 percent. The proportion as of June 30, 2018, was .179823 percent.

Pension Expense. For the year ended June 30, 2020, the school department recognized pension expense of \$32,785.

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	\$ 4,362	\$ 18,366
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	4,448
Changes in Assumptions	3,655	0
Changes in Proportion of Net Pension Liability (Asset)	4,214	6,445
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	52,226	N/A
Total	<u>\$ 64,457</u>	<u>\$ 29,259</u>

The school department's employer contributions of \$52,226, 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	\$ (2,463)
2022	(3,144)
2023	(1,896)
2024	(1,260)
2025	(1,079)
Thereafter	(7,186)

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	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	0.00	1
Total		100 %

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

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability (Asset) \$ 33,334 \$ (105,208) \$ (207,617)

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 Hardin County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <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 Hardin County School Department for the year ended June 30, 2020, to the Teacher Legacy Pension Plan were \$1,285,150, 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 (\$3,731,919) 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 .362964 percent. The proportion measured at June 30, 2018, was .356736 percent.

Pension Expense. For the year ended June 30, 2020, the school department recognized pension expense of \$469,518.

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	\$ 181,698	\$ 2,279,530
Changes in Assumptions	502,895	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	1,066,281
Changes in Proportion of Net Pension Liability (Asset)	42,762	55,475
LEA's Contributions Subsequent to the Measurement Date of June 30, 2019	1,285,150	N/A
Total	<u>\$ 2,012,505</u>	<u>\$ 3,401,286</u>

The school department's employer contributions of \$1,285,150 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	\$ (789,982)
2022	(1,051,105)
2023	(477,866)
2024	(354,978)
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	5.79	20
Real Estate	2.01	20
Short-term Securities	4.32	10
	0.00	1
Total		100 %

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

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability (Asset) \$ 7,630,696 \$ (3,731,919) \$ (12,770,564)

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 \$127,460 and teachers contributed \$50,219 to this deferred compensation pension plan.

F. Other Postemployment Benefits (OPEB)

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

OPEB Provided through State Administered Public Entity Risk Pools

Retirees of Hardin County are provided healthcare under the Local Government Plan (LGP) until they reach Medicare eligibility. Likewise, the school department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. The certified retirees of the Hardin County 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 county and school department's total OPEB liability for each 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 each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.2%
Salary Increases	Salary increases used in the July 1, 2018, TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.51%
Healthcare Cost Trend Rates	LGP and LEP - Based on the Getzen Model, with trend starting at 6.03% for pre-65 retirees in the 2019 calendar year, and gradually decreasein over a 10-year period to an ultimate trend rate of 4.5%
Retirees Share of Benefit Related Cost	Discussed under each plan

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, 2019, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2019, 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 percent load for males and a -3 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. The assumed initial costs and premium amounts were revised to reflect rates adopted for the 2020 plan year. The assumed initial trend rate applicable to the 2020 plan year was revised from 6.75 percent to 6.03 percent.

Local Government OPEB Plan (Primary Government)

Plan Description. Employees of Hardin County are provided with pre-65 retiree health insurance benefits through the Local Government Plan (LGP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGP.

Benefits Provided. Hardin County offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with Section 8-27-701, *TCA*, establishes and amends the benefit terms of the LGP. 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 LGP 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 the retiree premiums. Hardin County does not provide a direct subsidy and is only subject to the implicit subsidy.

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	0
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	0
Active Employees	154
Total	<u>154</u>

An insurance committee, created in accordance with Section 8-27-701, *TCA*, establishes the required payments to the LGP 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. For the fiscal year ended June 30, 2020, the county paid \$3,343 to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance July 1, 2018	\$ 339,731
Changes for the Year:	
Service Cost	\$ 34,709
Interest	13,499
Difference between Expected and Actuarial Experience	(101,532)
Changes in Assumption and Other Inputs	15,114
Benefit Payments	(3,101)
Net Changes	<u>\$ (41,311)</u>
Balance June 30, 2019	<u><u>\$ 298,420</u></u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the county recognized OPEB expense of \$30,065. At June 30, 2020, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 0	\$ 136,687
Changes of Assumptions/Inputs	30,072	12,365
Net Difference Between Projected and Benefits Paid After the Measurement Date of June 30, 2019	<u>3,343</u>	<u>0</u>
Total	<u><u>\$ 33,415</u></u>	<u><u>\$ 149,052</u></u>

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

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ (18,143)
2022	(18,143)
2023	(18,143)
2024	(18,143)
2025	(18,143)
Thereafter	(28,265)

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the county calculated using the current discount rate as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<u>Discount Rate</u>	1% Decrease 2.51%	Current Discount Rate 3.51%	1% Increase 4.51%
Total OPEB Liability	\$ 322,798	\$ 298,420	\$ 275,706

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the county calculated using the current healthcare cost trend rate, as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

<u>Healthcare Cost Trend Rate</u>	1% Decrease 5.03% to 3.5%	Current Rates 6.03% to 4.5%	1% Increase 7.03% to 5.5%
Total OPEB Liability	\$ 263,502	\$ 298,420	\$ 339,793

Closed Local Education (LEP) OPEB Plan - Discretely Presented Hardin County School Department

Plan Description. Employees of the Hardin 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 Hardin 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 Section 8-27-301, *TCA*, 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. The Hardin County School Department provided direct subsidies of \$251 to \$627 per month toward the cost of the insurance plan selected by the retiree. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees' premiums based on years of service. Therefore, retirees with 30 or more years of service will receive 45 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:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	46
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	0
Active Employees	329
Total	375

A state insurance committee, created in accordance with Section 8-27-301, TCA, 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 \$384,083 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	Share of Collective Liability		Total OPEB Liability
	Hardin County School Department 72.177%	State of TN 27.824%	
Balance July 1, 2018	\$ 6,416,791	\$ 2,326,944	\$ 8,743,735
Changes for the Year:			
Service Cost	\$ 283,078	\$ 109,124	\$ 392,202
Interest	230,383	88,811	319,194
Difference between Expected and Actuarial Experience	(98,836)	(38,100)	(136,936)
Change in Proportion	(105,870)	105,870	0
Changes in Assumption and Other Inputs	(438,630)	(169,088)	(607,718)
Benefit Payments	(463,770)	(178,780)	(642,550)
Net Changes	\$ (593,644)	\$ (82,164)	\$ (675,808)
Balance June 30, 2019	\$ 5,823,147	\$ 2,244,780	\$ 8,067,927

The Hardin 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 Hardin County School Department's proportionate share of the collective total OPEB liability was based on a projection of the employers' long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$158,341 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Hardin County School Department's proportionate share of the collective OPEB liability was 72.177 percent and the State of Tennessee's share was 27.824 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department recognized an OPEB expense of \$346,420, 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	\$ 0	\$ 1,261,188
Changes of Assumptions/Inputs	136,874	614,305
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	417,265
Benefits Paid After the Measurement Date of June 30, 2019	<u>384,083</u>	<u>0</u>
Total	<u>\$ 520,957</u>	<u>\$ 2,292,758</u>

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

Year Ending June 30	School Department
2021	\$ (325,382)
2022	(325,382)
2023	(325,382)
2024	(325,382)
2025	(325,382)
Thereafter	(528,974)

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

Proportionate Share of the
Collective Total OPEB
Liability

\$ 6,261,766 \$ 5,823,147 \$ 5,407,046

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>	Current	
	Rates	
1% Decrease		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

\$ 5,212,315 \$ 5,823,147 \$ 6,541,823

G. Purchasing Laws

Office of County Mayor

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

Office of Highway Commissioner

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

Office of Director of Schools

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

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

A. General Information

1. General

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

2. Reporting Entity

Park Rest is a department of Hardin County, Tennessee. Park Rest is not a legally separate entity, and the Hardin County Commission is responsible for appointing each member of the nursing home committee, which oversees Park Rest's operations. In addition, the nursing home revenues were the source of repayment for bonds issued to finance construction of the facility.

B. Summary of Significant Accounting Policies

1. Basis of Presentation

The accounts of Park Rest are organized on the basis of funds. Government resources are allocated to and accounted for in individual

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

Proprietary Funds

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

2. Measurement Focus and Basis of Accounting

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

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

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

Cash and Cash Equivalents

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

Receivables

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

Inventory

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

Capital Assets

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

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

Operating Revenues and Expenses

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Park Rest does not have any items that qualify for reporting in this category as of June 30, 2020.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that

time. Park Rest does not have any items that qualify for reporting in this category as of June 30, 2020.

Net Position Flow Assumption

Sometimes Park Rest will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

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

Net Position

In Park Rest's financial statements, equity is classified as net position and displayed in three components:

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

C. Related-party Transactions

During the year, Hardin Home (an independent nursing home facility owned by the manager of Park Rest) provided Park Rest with laundry services. The charges for the laundry services approximated Hardin Home's actual costs of providing the services. The total laundry charges for the year were \$129,879.

Park Rest prepared meals for residents of Hardin Home. The charges for the meals approximated Park Rest's actual costs of providing the meals. The dietary charges for the year totaled \$269,862.

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

Hardin County has contracted with the owner of Hardin Home to manage Park Rest. The management fee was five percent of the revenues received by the facility from all sources and equaled \$157,840 in 2020.

Park Rest is responsible to pay the county a monthly administrative fee equal to three percent of revenues. For 2020, that fee totaled \$94,704.

D. Risk Management

Park Rest is subject to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is carried for employees' bonds, personal and professional liability, and property destruction. There have been no significant reductions in insurance coverage. Settled claims have not exceeded insurance coverage for any of the past three fiscal years.

E. Custodial Credit Risk – Deposits

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

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

As of June 30, 2020, Park Rest's deposits were not exposed to custodial credit risk due to being entirely covered by federal depository insurance.

F. Concentration of Credit Risk

Approximately 78 percent of the patients in Park Rest participate in the Medicaid program. As a result, a portion of their care is paid for by the State of Tennessee. Approximately 80 percent of the accounts receivable balance at June 30, 2020, was due from the State of Tennessee under the Medicaid program.

G. Compensated Absences

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

H. Trust Funds

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

I. Capital Assets

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

	Balance 7-1-19	Increases	Balance 6-30-20
Capital Assets Not Depreciated:			
Land	\$ 26,700	\$ 0	\$ 26,700
Capital Assets Depreciated:			
Building and Improvements	\$ 1,163,361	\$ 0	\$ 1,163,361
Furniture and Fixtures	101,740	0	101,740
Equipment	397,296	0	397,296
Total Capital Assets Depreciated	\$ 1,662,397	\$ 0	\$ 1,662,397
Less Accumulated Depreciation For:			
Building and Improvements	\$ (964,520)	\$ (27,695)	\$ (992,215)
Furniture and Fixtures	(79,022)	(3,449)	(82,471)
Equipment	(383,063)	(6,051)	(389,114)
Total Accumulated Depreciation	\$ (1,426,605)	\$ (37,195)	\$ (1,463,800)
Total Capital Assets Depreciated, Net	\$ 235,792	\$ (37,195)	\$ 198,597
Total Capital Assets, Net	\$ 262,492	\$ (37,195)	\$ 225,297

Fully depreciated assets at June 30, 2020, totaled \$554,583.

J. Estimates and Assumptions

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

K. Prior-period Adjustment

During the prior year, Park Rest reached a settlement with United Healthcare, one of their insurance providers, over disputed claims over the past few years. United Healthcare agreed to pay \$211,771 and absolve Park Rest of any recoupment fees United Healthcare had previously assessed. This was incorrectly recorded as a bad debt recovery in the previous year instead of as a reduction of accounts receivable. This was corrected in the current year as a prior-period adjustment.

VII. OTHER NOTES – DISCRETELY PRESENTED HARDIN MEDICAL CENTER

A. Nature of Operations

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

B. Summary of Significant Accounting Policies

1. Basis of Presentation

The medical center utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis, which is an economic resources measurement focus approach to accounting. Governmental Accounting Standards Board (GASB) *Accounting Standards Codification* is the sole source of authoritative accounting technical literature for governmental entities in the United States of America.

2. Principles of Consolidation

These consolidated financial statements include the medical center, HMCHRC, and the HMC Physician Services, Inc. All significant intercompany accounts and transactions have been eliminated.

3. Cash, Cash Equivalents, and Investments

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

Cash and cash equivalents include cash on hand and certificates of deposit with original maturities of less than three months with

financial institutions. Investments consist of certificates of deposit, money market funds, equity securities, and mutual funds with original maturities of greater than three months. Those investments with original maturities greater than three months but less than one year are classified as short-term investments, while the remaining amount is classified as long-term.

The medical center makes authorized investments pursuant to the provisions granted under the Private Hospital Authority and applicable state laws. The medical center's investment policy requires that investments be made only in checking and savings accounts; direct obligations of the U. S. Treasury; Security and Exchange Commission registered money market accounts; certificates of deposits; mutual funds; federal agencies; blue chip; S&P 500 stocks; American depository receipts and international stocks; exchange traded funds; real estate investment trusts; inflation protection assets and liquid investment grade corporate and mortgage bonds. These investments are reported at fair market value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Investment income is reported as nonoperating income. Any changes in fair market value in the current year are recognized in the Consolidated Statement of Revenues, Expenses, and Changes in Net Position as a component of investment income. At June 30, 2020, the medical center's investments included certificates of deposits, money market funds, equity securities, and mutual funds.

Custodial credit risk is the risk that, in the event of a bank failure, the medical center's deposits may not be returned to it. State statutes require the medical center's deposits to be secured and collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the medical center's agent in the medical center's name, or by the Federal Reserve Bank acting as third-party agents. All of the medical center's cash and cash equivalents and investments are insured and collateralized by securities held by the financial institutions' trust department in the medical center's name or through the Tennessee Bank Collateral Pool.

At June 30, 2020, the total carrying value of the medical center's cash, cash equivalents, and investments was \$41,408,481, and the bank balance was \$41,460,259.

4. Inventories

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

5. Patient Accounts Receivable

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

6. Fair Value Measurements

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets (Level 1), or significant other observable inputs (Level 2), and the reporting entity's own assumptions about market participant assumptions (Level 3).

As of June 30, 2020, the medical center has \$21,738,793 in money market funds, equity securities, and mutual funds that would be classified as Level 1 under the hierarchy. As of June 30, 2020, the medical center had \$3,929,249 in certificates of deposit that would be classified as Level 2 under the hierarchy above. The medical center does not have any fair value measurements using significant unobservable inputs (Level 3) as of June 30, 2020.

7. Property and Equipment

Property and equipment acquisitions are recorded at cost. The medical center capitalizes purchases that cost a minimum of \$3,500 and have a useful life greater than one year. Assets are depreciated on a straight-line basis over their estimated useful lives as follows: land improvements 8-25 years; buildings and improvements 5-50 years; equipment 3-20 years; and furniture and fixtures 5-30 years. Assets under capital lease obligations are included in property and equipment and the related amortization and accumulated amortization are included in depreciation and amortization expense and accumulated depreciation and amortization, respectively.

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

8. Patient Service Revenue

The medical center has agreements with third-party payors that provide for payments to the medical center at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per-diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Patient service revenue is net of contractual adjustments and policy discounts of approximately \$138 million for the year ended June 30, 2020. Approximately 35 percent of net patient service revenue was from Medicare for the year ended June 30, 2020. Approximately 23 percent of net patient service revenue was from Medicaid/TennCare for the year ended June 30, 2020. Approximately 21 percent of net patient service revenue was derived from one commercial insurance payor for the year ended June 30, 2020.

The medical center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the medical center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The costs of providing charity care are estimated based on the ratio of total costs to gross charges and totaled approximately \$213,000 for the year ended June 30, 2020.

9. Operating Activities

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

10. Employee Benefit Plans

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

11. Pension

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

12. Compensated Absences

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

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

Employees must use paid time off days for the first two days of an illness and paid sick days thereafter. No payment is made for accumulated sick leave when an employee terminates employment.

13. Risk Management

The medical center is exposed to various risks of loss from medical malpractice; torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters. Commercial insurance is purchased for claims arising from such matters. The medical center is self-insured for employee health claims and judgments.

14. Net Position

The medical center's net position is classified in three components. Net investment in capital assets consists of capital assets net of

accumulated depreciation and reduced by the remaining balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted net position is the noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the medical center, including amounts related to the county's contributions and bond indebtedness restricted for specific purposes. The unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted. The medical center first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. As of June 30, 2020, there was no permanently or temporarily restricted net position.

15. Income Taxes

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

16. Performance Indicator

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

17. Use of Estimates

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

18. COVID-19 Pandemic

In January 2020, the Secretary of the U.S. Department of Health and Human Services ("HHS") declared a national public health emergency due to a novel strain of coronavirus ("COVID-19"). In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. The COVID-19 pandemic has caused unprecedented disruption and risk to individuals, governments, businesses, and financial markets and remains a rapidly evolving situation. While it is not possible to predict the future impacts of the pandemic on the medical center's financial condition and results of operations, significant disruptions to key business drivers, such as lower patient volumes and workforce did occur during fiscal year 2020 and continue

to occur during fiscal year 2021. In response to the economic impact of COVID-19, the medical center has received assistance from the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") and other grants and funding mechanisms available to eligible health care providers.

During the year ended June 30, 2020, the medical center participated in certain provider relief programs offered through the CARES Act, including general and targeted distributions from the Public Health and Social Services Emergency Fund ("PHSSE Fund"). Amounts received from the PHSSE Fund are recognized upon the provision of care for individuals with possible or actual cases of COVID-19 after January 1, 2020, certification that payment will be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for health care related expenses or lost revenues that are attributable to coronavirus, and receipt of the funds. For the year ended June 30, 2020, the medical center received approximately \$4,976,000 from the PHSSE Fund, which includes general and targeted distributions. The medical center used approximately \$2,698,000 of funding from the PHSSE Fund for the year ended June 30, 2020, which is included in other nonoperating income in the accompanying Statement of Revenue, Expenses and Changes in Net Position. The remaining funds totaling approximately \$2,278,000, which are included in deferred revenue in the accompanying Statement of Net Position at June 30, 2020, are expected to be recognized in fiscal year 2021 for reimbursement of additional health care related expenses and lost revenues.

The medical center qualified for and received approximately \$776,000 in loans pursuant to the Paycheck Protection Program ("PPP"), a program implemented by the U.S. Small Business Administration under the CARES Act. The principal amount of the PPP loans is subject to forgiveness upon the medical center's request to the extent that the PPP loans are used to pay covered payroll costs, interest on mortgages, rent and utilities (collectively, "covered expenses"). The PPP loan proceeds are included in long-term debt in the accompanying Statement of Net Position as of June 30, 2020. See Note VII. H. for further discussion.

The medical center also received various state funding totaling approximately \$116,000 which is included other nonoperating income in the accompanying Statement of Revenue, Expenses and Changes in Net Position for the year ended June 30, 2020.

19. Reclassifications

Certain reclassifications have been made to the 2019 consolidated financial statements in order for them to conform to the 2020

presentation. These reclassifications have no effect on net position or changes in net position as previously reported.

20. Events Occurring After Reporting Date

The medical center has evaluated events and transactions that occurred between year-end and the date the consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements.

C. Investments

A summary of investments as of June 30, 2020 follows:

	<u>6-30-20</u>
Certificate of Deposit	\$ 3,929,249
Money Market	1,291,397
Equity Securities	3,199,949
Mutual Funds	<u>17,247,447</u>
Total	<u>\$ 25,668,042</u>

Interest and dividends related to investments totaled approximately \$1,400,000 for the year ended June 30, 2020.

D. Third-party Reimbursement Programs

The medical center receives revenue under various third-party reimbursement programs, which include Medicare, Medicaid, TennCare, and other third-party payors. Contractual adjustments under third-party reimbursement programs represent the difference between the medical center's billings at its established rates and the amounts reimbursed by third-party payors. They also include any differences between estimated third-party reimbursement settlements for prior years and subsequent tentative or final settlements. The adjustments resulting from tentative or final settlements to estimated reimbursement amounts resulted in a decrease to patient service revenue of approximately \$113,000 for the year ended June 30, 2020.

1. Medicare

The medical center is paid for substantially all services rendered to inpatient Medicare program beneficiaries under prospectively determined rates-per-discharge. Those rates vary according to a classification system that is based on clinical, diagnostic, and other factors. The medical center is paid for outpatient and emergency medical services under a Medicare program known as the Ambulatory Payment Classification (APC) system. Under the APC system, outpatient services are classified into APC categories based on standard

procedure codes for the service provided and payment for the APC categories are determined using prospectively determined federal payment rates adjusted for geographical area wage differences. The medical center receives cash payments at an interim rate with final settlement determined after the medical center's submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The medical center's classification of patients under the Medicare Prospective Payment System and the appropriateness of the patients' admissions are subject to validation reviews by the Medicare peer review organization.

2. Medicaid

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

3. TennCare

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

4. Commercial Payors

The medical center has entered into payment agreements with certain commercial insurance carriers, HMOs, and Preferred Provider Organizations. The basis for payment to the medical center under these agreements includes prospectively determined rates per discharge and discounts from established rates.

5. Credit Concentration

The medical center grants credit to patients and generally does not require collateral or other security in extending credit; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies. At June 30, 2020, the medical center had net receivables from the federal government (Medicare) of approximately \$870,000, and from Medicaid/TennCare of approximately \$320,000.

E. Inventories

A summary of inventories as of June 30, 2020, is as follows:

Pharmacy	\$ 503,765
Dietary	11,221
Departmental	<u>677,526</u>
Total	<u>\$ 1,192,512</u>

F. Property and Equipment

The major classifications and changes in property and equipment as of and for the year ended June 30, 2020, are as follows:

	Balance 7-1-19	Increases	Decreases	Balance 6-30-20
Capital Assets Not Depreciated:				
Land	\$ 301,033	\$ 0	\$ 0	\$ 301,033
Construction in Progress	27,268	1,040,901	108,997	959,172
Total Capital Assets Not Depreciated	<u>\$ 328,301</u>	<u>\$ 1,040,901</u>	<u>\$ 108,997</u>	<u>\$ 1,260,205</u>
Capital Assets Depreciated:				
Land Improvements	\$ 187,257	\$ 0	\$ 0	\$ 187,257
Buildings	19,805,650	40,823	0	19,846,473
Equipment	11,251,410	375,451	48,382	11,578,479
Furniture and Fixtures	283,374	0	0	283,374
Assets Under Capital Lease	1,371,376	0	0	1,371,376
Total Capital Assets Depreciated	<u>\$ 32,899,067</u>	<u>\$ 416,274</u>	<u>\$ 48,382</u>	<u>\$ 33,266,959</u>
Less Accumulated Depreciation For:				
Land Improvements	\$ 186,953	\$ 78	\$ 0	\$ 187,031
Buildings	10,231,110	697,153	0	10,928,263
Equipment	8,298,966	814,183	31,510	9,081,639
Furniture and Fixtures	255,454	5,701	0	261,155
Assets Under Capital Lease	1,368,338	3,037	0	1,371,375
Total Accumulated Depreciation	<u>\$ 20,340,821</u>	<u>\$ 1,520,152</u>	<u>\$ 31,510</u>	<u>\$ 21,829,463</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,558,246</u>	<u>\$ (1,103,878)</u>	<u>\$ 16,872</u>	<u>\$ 11,437,496</u>
Total Capital Assets, Net	<u>\$ 12,886,547</u>	<u>\$ (62,977)</u>	<u>\$ 125,869</u>	<u>\$ 12,697,701</u>

No interest costs were capitalized during the year ended June 30, 2020.

Construction in progress at June 30, 2020, consists primarily of the pharmacy and equipment conversion projects. Estimated costs to complete these projects amount to \$3,900,000 at June 30, 2020.

G. Ambulance Service

Hardin County paid the construction cost of a building to house ambulance facilities and has also purchased ambulances and related equipment, but the medical center is responsible for operating the ambulance service. Expenditures by the county since the medical center began operating the ambulance service in 1997 totaled \$2,520,617 at June 30, 2020. This amount is not reflected within property and equipment in the accompanying consolidated financial statements. In addition, the county provides an annual subsidy to defray costs incurred in operating the ambulance service. For the year ended June 30, 2020, there was no annual subsidy.

H. Long-term Debt and Capital Lease Obligations

The major types and changes in the medical center's long-term debt and capital lease obligations as of and for the year ended June 30, 2020, is as follows:

	Balance 7-1-19	Increases	Reductions	Balance 6-30-20	Due Within One Year
Tennessee Valley - Electric Cooperative Series 2010	\$ 102,781	\$ 0	\$ 82,241	\$ 20,540	\$ 20,540
CARES Act - PPP Loan - HMCPS	-	276,356	-	276,356	121,541
CARES Act - PPP Loan - Medical Center	-	500,000	-	500,000	192,021
Public Building Authority of the County of Montgomery - Series 2003	4,330,000	0	300,000	4,030,000	311,000
Capital Lease Obligations	1,116,330	0	162,561	953,769	166,623
Total	\$ 5,549,111	\$ 776,356	\$ 544,802	\$ 5,780,665	\$ 811,725

During July 2003, the medical center entered into a loan agreement with the Public Building Authority of the County of Montgomery, Tennessee, (building authority) whereby, the building authority loaned the medical center \$8 million for improvements to the medical center. The loan agreement bears interest at an adjustable rate (.57 percent as of June 30, 2020), and is due May 31, 2031. The variable interest rate is adjusted weekly as determined by the remarketing agent. The loan is guaranteed by Hardin County.

The agreement with the building authority loan provides for certain events of default to include failure to pay obligations, failure to observe and perform covenants, making false representations or defaulting under other loan agreements. In the event of default, all amounts due under the loan may become immediately due and payable. The full faith and credit of Hardin County, Tennessee, is irrevocably pledged to pay principal, redemption premiums, if any, and interest on the building authority loan. The building authority agreement also contains provisions allowing ad valorem taxes to be levied and collected by Hardin County, Tennessee, on all taxable property within Hardin County should funds from the medical center be insufficient to pay amounts due under the loan.

Pursuant to the agreements for the building authority loan, if the principal of all bonds issued under such loans are accelerated and the bonds are paid by the remarketing agent, the repayment schedule applicable to such loans shall be recalculated over a term of 60 months from the date of such acceleration. The interest rate on the loan amounts after such acceleration shall adjust to the prime rate as defined in the agreements.

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

On April 29, 2020, HMCPS qualified for and received a loan pursuant to the PPP from a qualified lender, for an aggregate principal amount of \$276,356. The loan bears interest at a fixed rate of one percent per year, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. HMCPS intends to apply for forgiveness of the loan with respect to covered expenses. To the extent that all or part of these funds are not forgiven, HMCPS will be required to make monthly principal and interest payments totaling \$15,552, commencing on November 29, 2020 through April 29, 2022. The terms of the loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The loan may be accelerated upon the occurrence of an event of default. Outstanding borrowings under this agreement as of June 30, 2020 totaled \$275,356.

On May 8, 2020, the medical center qualified for and received a loan pursuant to the PPP from a qualified lender, for an aggregate principal amount of \$500,000. The loan bears interest at a fixed rate of one percent per year, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The medical center intends to apply for forgiveness of the loan with respect to covered expenses. To the extent that all or part of these funds are not forgiven, the medical center will be required to make monthly principal and interest payments totaling \$28,139, commencing on December 8, 2020 through May 8, 2022. The terms of the loan provide for customary events of

default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The loan may be accelerated upon the occurrence of an event of default. Outstanding borrowings under this agreement as of June 30, 2020 totaled \$500,000.

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

A summary of approximate future maturities and interest of long-term debt and capital lease obligations as of June 30, 2020, is as follows:

Year Ending June 30	Bonds		
	Principal	Estimated Interest	Total Payments
2021	\$ 311,000	\$ 23,000	\$ 334,000
2022	321,000	21,000	342,000
2023	331,000	19,000	350,000
2024	342,000	18,000	360,000
2025	354,000	16,000	370,000
2026-2030	1,956,000	46,000	2,002,000
2031	415,000	2,000	417,000
Total	\$ 4,030,000	\$ 145,000	\$ 4,175,000

Year Ending June 30	PPP Loans		
	Principal	Estimated Interest	Total Payments
2021	\$ 314,000	\$ 8,000	\$ 322,000
2022	462,356	2,000	464,356
Total	\$ 776,356	\$ 10,000	\$ 786,356

Year Ending June 30	Other Long-term Debt	
	Principal	Total Payments
2021	\$ 20,540	\$ 20,540
Total	\$ 20,540	\$ 20,540

Year Ending June 30	Capital Lease Obligations		
	Principal	Estimated Interest	Total Payments
2021	\$ 167,000	\$ 22,000	\$ 189,000
2022	171,000	18,000	189,000
2023	175,000	13,000	188,000
2024	179,000	9,000	188,000
2025	184,000	4,000	188,000
2026	77,769	1,000	78,769
Total	\$ 953,769	\$ 67,000	\$ 1,020,769

Year Ending June 30	Total - All Debt		
	Principal	Estimated Interest	Total Payments
2021	\$ 812,540	\$ 53,000	\$ 865,540
2022	954,356	41,000	995,356
2023	506,000	32,000	538,000
2024	521,000	27,000	548,000
2025	538,000	20,000	558,000
2026-2030	2,033,769	42,000	2,075,769
2031	415,000	7,000	422,000
Total	\$ 5,780,665	\$ 222,000	\$ 6,002,665

I. Pension Plan

General Information About the Pension Plan

Plan Description. Employees of the medical center are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent-multiple-employer pension plan administered by TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <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	141
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	119
Active Employees	<u>41</u>
Total	<u><u>301</u></u>

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

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. For employees hired before July 1, 1986, the medical center had adopted a non-contributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. Employees

hired on and after July 1, 1986, contribute five percent of salary. The medical center makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, employer contributions for the medical center were \$495,552 based on a rate of 27.98 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the medical center’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contribution (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

The medical center’s net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 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 4.0%
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 historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS

investment policy target asset allocation for each major class are summarized in the following table:

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

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

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, July 1, 2018	\$ 31,686,229	\$ 29,394,302	\$ 2,291,927
Changes for the year:			
Service Cost	\$ 266,172	\$ 0	\$ 266,172
Interest	2,238,965	0	2,238,965
Differences Between Expected and Actual Experience	(457,322)	0	(457,322)
Contributions-Employer	0	470,531	(470,531)
Contributions-Employees	0	91,332	(91,332)
Net Investment Income	0	2,129,795	(2,129,795)
Benefit Payments, Including Refunds of Employee Contributions	(2,140,240)	(2,140,240)	0
Administrative Expense	0	(3,560)	3,560
Net Changes	\$ (92,425)	\$ 547,858	\$ (640,283)
Balance, June 30, 2019	\$ 31,593,804	\$ 29,942,160	\$ 1,651,644

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Medical Center			

Net Pension Liability (Asset) \$ 5,195,046 \$ 1,651,644 \$ (1,319,041)

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

Pension Expense. For the year ended June 30, 2020, the medical center recognized pension expense of \$132,845. Pension expense is reported within employee benefits on the accompanying consolidated Statement of Revenue, Expenses, and Changes in Net Position.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the medical center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 0	\$ 360,956
Contributions Subsequent to the Measurement Date of June 30, 2019 (1)	495,552	N/A
Total	<u>\$ 495,552</u>	<u>\$ 360,956</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 in the following measurement period.

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

Year Ending June 30	Amount
2021	\$ (5,682)
2022	(274,145)
2023	(69,921)
2024	(11,208)
2025	0
Thereafter	0

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

I. Deferred Contribution Plan

During July 2008, the medical center established the Hardin County General Hospital Retirement Savings Plan, a 403(b) plan, which covers full-time employees who choose not to participate, or are not allowed to participate, in the defined benefit pension plan described above. The plan is administered by the medical center and covers all full-time employees who are 18 years or older and have completed six months of service.

The medical center contributes three percent of compensation plus it will match half of each employee's contribution (up to an additional three percent). Employees are immediately vested in their elective salary deferral contributions plus actual earnings or losses thereon. Employees vest in the employer's contributions based on a five-year cliff and are fully vested after five years of continuous service.

Forfeitures are created when employees terminate employment prior to becoming fully vested in the employer contribution portion of their accounts. Such forfeitures first reduce plan expenses and then reduce the employer contributions to the plan. The board of trustees of the medical center have the authority to establish and amend the terms of the plan.

The total retirement plan expense associated with this plan for the year ended June 30, 2020, was \$590,664. Employee contributions to the plan for the year ended June 30, 2020, were \$617,467.

At June 30, 2020, the medical center reported a payable of \$44,486 for the outstanding amount of required contributions to the plan. This amount is included within accrued expenses and other current liabilities on the Statement of Net Position.

K. Commitments and Contingencies

1. Operating Commitments

The medical center leases various equipment and space under operating lease agreements. Rent expense was \$591,810 in 2020. The medical center does not have any material future minimum payments as all of the leases are on month-to-month terms. It is expected that in the normal course of business, leases that expire will be renewed or replaced by other leases; thus, it is anticipated that future lease payments will not be less than the expense for 2020.

The medical center generates rental income primarily from operating leases of medical office buildings and houses. Rental income was \$201,766 in 2020 and is included in other operating revenue. Lease terms are yearly or month-to-month.

2. Insurance

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

Management is unaware of any incidents, which would ultimately result in a loss in excess of the medical center's insurance coverages.

The medical center is self-insured for a portion of employee medical and other health care benefits and workers' compensation claims. The risk of loss retained by the medical center is limited to \$125,000 per year for each employee's medical claims. The medical center has purchased excess insurance to provide coverage for claims in excess of the self-insured plan. Claims expenditures and liabilities are reported under the self-insurance plan when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Reserves included within accrued expenses on the accompanying Statement of Net Position, related to employee medical and other health care benefits totaled \$275,000 in 2020.

3. Health Care Industry

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

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigation and/or allegations concerning possible violations of fraud and abuse statutes and/or regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as repayments for patient services previously billed. Management believes that the medical center is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

Management continues to implement policies, procedures, and a compliance overview organizational structure to enforce and monitor compliance with the Health Insurance Portability and Accountability

Act of 1996 and other government statutes and regulations. The medical center's compliance with such laws and regulations is subject to future government review and interpretations, as well as regulatory actions, which are unknown or unasserted at this time.

The Centers for Medicare and Medicaid Services (CMS) have implemented a Recovery Audit Contractors (RAC) program. The purpose of the program is to reduce improper Medicare and Medicaid payments through the detection and recovery of overpayments. CMS has engaged subcontractors to perform these audits, and they are being compensated on a contingency basis based on the amount of overpayments that are recovered. While management believes that all Medicare and Medicaid billings are proper and adequate support is maintained, certain aspects of Medicare and Medicaid billing, coding, and support are subject to interpretation and may be viewed differently by the RAC auditors. At June 30, 2020, the medical center recorded a reserve for potential recoveries. The reserve of \$150,000 is included within accrued expenses on the accompanying Statement of Net Position at June 30, 2020. The reserve is based on the percentage success rate and the total dollar of potential claims that are under audit.

4. Health Care Reform

The health care industry in the United States is subject to fundamental changes due to ongoing health care reform efforts and related political, economic and regulatory influences. Notably, the Patient Care Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, the "Health Care Reform Legislation") resulted in expanded health care coverage to millions of previously uninsured people beginning in 2014 and has resulted in significant changes to the U.S. health care system. To help fund this expansion, the Health Care Reform Legislation outlines certain reductions in Medicare reimbursements for various health care providers as well as certain other changes to Medicare payment methodologies. This comprehensive health care legislation has resulted and will continue to result in extensive rulemaking by regulatory authorities, and also may be altered, amended, repealed, or replaced.

Due to the complexity of the Health Care Reform Legislation, reconciliation and implementation of the legislation continues to be under consideration by lawmakers, and it is not certain as to what changes may be made in the future regarding health care policies. The State of Tennessee has elected not to adopt Medicaid expansion, as proposed under the Health Care Reform Legislation, at this time. As such, the medical center does not anticipate a significant impact to occur for the Medicaid population. While the full impact of the Health Care Reform Legislation is not fully known, changes to policies

regarding reimbursement, universal health insurance and managed competition may materially impact the medical center's operations.

L. Subsequent Events

In July 2020, the medical center invested an additional \$5,500,000 in money market funds, equity securities and mutual funds. In September 2020, the medical center purchased a building for \$280,000.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service Cost	\$ 667,595	\$ 632,337	\$ 619,117	\$ 638,234	\$ 661,453	\$ 674,778
Interest	1,662,170	1,737,824	1,831,745	1,884,199	1,923,317	1,973,482
Differences Between Actual and Expected Experience	(360,377)	(95,122)	(662,250)	(362,700)	(361,652)	(272,936)
Change of Assumptions	0	0	0	667,803	0	0
Benefit Payments, Including Refunds of Employee Contributions	(904,547)	(946,272)	(1,072,791)	(1,143,902)	(1,745,901)	(1,343,105)
Net Change in Total Pension Liability	\$ 1,064,841	\$ 1,328,767	\$ 715,821	\$ 1,683,634	\$ 477,217	\$ 1,032,219
Total Pension Liability, Beginning	21,946,940	23,011,781	24,340,548	25,056,369	26,740,003	27,217,220
Total Pension Liability, Ending (a)	\$ 23,011,781	\$ 24,340,548	\$ 25,056,369	\$ 26,740,003	\$ 27,217,220	\$ 28,249,439
Plan Fiduciary Net Position						
Contributions - Employer	\$ 782,221	\$ 757,660	\$ 720,802	\$ 719,981	\$ 716,390	\$ 516,985
Contributions - Employee	393,205	364,967	344,947	360,166	385,737	391,000
Net Investment Income	3,385,111	739,667	658,870	2,880,843	2,316,217	2,208,020
Benefit Payments, Including Refunds of Employee Contributions	(904,547)	(946,272)	(1,072,791)	(1,143,902)	(1,745,901)	(1,343,105)
Administrative Expense	(12,425)	(15,754)	(22,461)	(24,806)	(28,165)	(26,021)
Other	0	0	5,329	0	0	0
Net Change in Plan Fiduciary Net Position	\$ 3,643,565	\$ 900,268	\$ 634,696	\$ 2,792,282	\$ 1,644,278	\$ 1,746,879
Plan Fiduciary Net Position, Beginning	20,269,401	23,912,966	24,813,234	25,447,930	28,240,212	29,884,490
Plan Fiduciary Net Position, Ending (b)	\$ 23,912,966	\$ 24,813,234	\$ 25,447,930	\$ 28,240,212	\$ 29,884,490	\$ 31,631,369
Net Pension Liability (Asset), Ending (a - b)	\$ (901,185)	\$ (472,686)	\$ (391,561)	\$ (1,500,209)	\$ (2,667,270)	\$ (3,381,930)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.92%	101.94%	101.56%	105.61%	109.80%	111.97%
Covered Payroll	\$ 7,389,084	\$ 7,297,440	\$ 6,926,286	\$ 7,199,804	\$ 7,163,884	\$ 7,385,493
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(12.2)%	(6.48)%	(5.65)%	(20.84)%	(37.23)%	(45.79)%

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

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

	2014	2015	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 782,221	\$ 757,660	\$ 720,802	\$ 299,512	\$ 318,793	\$ 328,655	\$ 278,352
Less Contributions in Relation to the Actuarially Determined Contribution	(782,221)	(757,660)	(720,802)	(719,981)	(716,390)	(516,985)	(556,706)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ (420,469)	\$ (397,597)	\$ (188,330)	\$ (278,354)
Covered Payroll	\$ 7,389,084	\$ 7,297,440	\$ 6,926,286	\$ 7,199,804	\$ 7,163,884	\$ 7,385,493	\$ 7,952,904
Contributions as a Percentage of Covered Payroll	10.59%	10.38%	10.41%	10.00%	10.00%	7.00%	7.00%

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

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

	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 6,511	\$ 32,298	\$ 52,196	\$ 62,858	\$ 38,262	\$ 52,226
Less Contributions in Relation to the Contractually Required Contribution	(6,511)	(32,298)	(52,196)	(62,858)	(38,262)	(52,226)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 162,771	\$ 807,463	\$ 1,304,902	\$ 1,571,423	\$ 1,972,238	\$ 2,572,714
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.03%

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

Exhibit F-4

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

	2014	2015	2016	2017	2018	2019	2020
Contractually Required Contribution	\$ 1,256,719	\$ 1,180,701	\$ 1,167,681	\$ 1,162,499	\$ 1,134,251	\$ 1,273,054	\$ 1,285,150
Less Contributions in Relation to the							
Contractually Required Contribution	(1,256,719)	(1,180,701)	(1,167,681)	(1,162,499)	(1,134,251)	(1,273,054)	(1,285,150)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 14,152,240	\$ 13,060,845	\$ 12,916,828	\$ 12,859,527	\$ 12,491,715	\$ 12,170,688	\$ 12,089,856
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%

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

Exhibit F-5

Hardin County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Retirement Plan of TCRS
Discretely Presented Hardin 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)	0.076724%	0.183511%	0.198816%	0.179823%	0.186379%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (3,152)	\$ (19,104)	\$ (52,454)	\$ (81,555)	\$ (105,208)
Covered Payroll	\$ 162,771	\$ 807,463	\$ 1,304,902	\$ 1,571,423	\$ 1,972,238
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%	(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

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

	2014	2015	2016	2017	2018	2019
School Department's Proportion of the Net Pension Liability (Asset)	0.360567%	0.348894%	0.357827%	0.363782%	0.356736%	0.362964%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (58,591)	\$ 142,919	\$ 2,236,219	\$ (119,025)	\$ (1,255,325)	\$ (3,731,919)
Covered Payroll	\$ 14,152,240	\$ 13,060,845	\$ 12,916,828	\$ 12,859,527	\$ 12,491,715	\$ 12,170,688
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%	17.31%	(0.93)%	(1.05)%	(30.66)%
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

Hardin County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Government Plan
Primary Government
For the Fiscal Year Ended June 30

Hardin County Government

Total OPEB Liability

	2017	2018	2019
Service Cost	\$ 32,759	\$ 30,322	\$ 34,709
Interest	10,268	13,162	13,499
Differences Between Actual and Expected Experience	0	(62,420)	(101,532)
Changes in Assumptions or Other Inputs	(18,074)	21,646	15,114
Benefit Payments	(4,089)	(4,757)	(3,101)
Net Change in Total OPEB Liability	\$ 20,864	\$ (2,047)	\$ (41,311)
Total OPEB Liability, Beginning	320,914	341,778	339,731
Total OPEB Liability, Ending	<u>\$ 341,778</u>	<u>\$ 339,731</u>	<u>\$ 298,420</u>

Covered Employee Payroll	\$ 4,882,721	\$ 4,141,886	\$ 4,493,960
Net OPEB Liability as a Percentage of Covered Employee Payroll	7.00%	8.20%	6.64%

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

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

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

(b) The assumed initial trend rate applicable to plan years was revised as follows:

For the 2019 plan year - from 5.4% to 6.75%

For the 2020 plan year - from 6.75% to 6.03%

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

Exhibit F-8

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

	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 659,166	\$ 614,279	\$ 392,202
Interest	350,503	423,383	319,194
Changes in Benefit Terms	0	(1,386,052)	0
Differences Between Actual and Expected Experience	0	(2,113,834)	(136,936)
Changes in Assumptions or Other Inputs	(486,902)	246,246	(607,718)
Benefit Payments	(539,627)	(637,587)	(642,550)
Net Change in Total OPEB Liability	\$ (16,860)	\$ (2,853,565)	\$ (675,808)
Total OPEB Liability, Beginning	11,614,160	11,597,300	8,743,735
Total OPEB Liability, Ending	<u>\$ 11,597,300</u>	<u>\$ 8,743,735</u>	<u>\$ 8,067,927</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 2,691,838	\$ 2,326,944	\$ 2,244,780
Employer Proportionate Share of the Total OPEB Liability	8,905,462	6,416,791	5,823,147
Covered Employee Payroll	\$ 14,740,669	\$ 14,471,923	\$ 14,484,612
Net OPEB Liability as a Percentage of Covered Employee Payroll	60.41%	44.34%	40.20%

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

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

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

(b) The assumed initial trend rate applicable to plan years was revised as follows:

For the 2019 plan year - from 5.4% to 6.75%

For the 2020 plan year - from 6.75% to 6.03%

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

HARDIN 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	7.25%, 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.

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

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

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

Exhibit G-1

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

ASSETS

Cash
Equity in Pooled Cash and Investments
Accounts Receivable
Due from Other Governments
Due from Other Funds
Property Taxes Receivable
Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES

Accounts Payable
Accrued Payroll
Payroll Deductions Payable
Due to Other Funds
Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
Deferred Delinquent Property Taxes
Other Deferred/Unavailable Revenue
Total Deferred Inflows of Resources

Special Revenue Funds				Total Nonmajor Governmental Funds
Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees		
\$ 0	\$ 0	\$ 617	\$	617
652,276	44,045	0		696,321
23,301	0	0		23,301
193,394	0	0		193,394
27	262	0		289
243,210	0	0		243,210
(11,260)	0	0		(11,260)
<hr/>				
\$ 1,100,948	\$ 44,307	\$ 617	\$	1,145,872
<hr/>				
\$ 35,091	\$ 0	\$ 0	\$	35,091
17,117	1,012	0		18,129
1,518	83	0		1,601
1,196	0	617		1,813
<hr/>				
\$ 54,922	\$ 1,095	\$ 617	\$	56,634
<hr/>				
\$ 225,614	\$ 0	\$ 0	\$	225,614
5,592	0	0		5,592
97,103	0	0		97,103
<hr/>				
\$ 328,309	\$ 0	\$ 0	\$	328,309
<hr/>				

(Continued)

Exhibit G-1

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

FUND BALANCES

Restricted:

 Restricted for Public Safety

Committed:

 Committed for Public Health and Welfare

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Special Revenue Funds			Total Nonmajor Governmental Funds
Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
\$ 0	\$ 43,212	\$ 0	\$ 43,212
717,717	0	0	717,717
<u>\$ 717,717</u>	<u>\$ 43,212</u>	<u>\$ 0</u>	<u>\$ 760,929</u>
<u>\$ 1,100,948</u>	<u>\$ 44,307</u>	<u>\$ 617</u>	<u>\$ 1,145,872</u>

Exhibit G-2

Hardin County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
<u>Revenues</u>				
Local Taxes	\$ 1,251,329	\$ 0	\$ 0	\$ 1,251,329
Fines, Forfeitures, and Penalties	0	10,387	0	10,387
Charges for Current Services	322,962	0	10,581	333,543
Other Local Revenues	0	3,805	0	3,805
State of Tennessee	27	5,127	0	5,154
Other Governments and Citizens Groups	7,849	0	0	7,849
Total Revenues	\$ 1,582,167	\$ 19,319	\$ 10,581	\$ 1,612,067
<u>Expenditures</u>				
Current:				
Administration of Justice	\$ 0	\$ 0	\$ 10,581	\$ 10,581
Public Safety	0	43,006	0	43,006
Public Health and Welfare	1,308,130	0	0	1,308,130
Other Operations	186,506	14,756	0	201,262
Total Expenditures	\$ 1,494,636	\$ 57,762	\$ 10,581	\$ 1,562,979
Excess (Deficiency) of Revenues Over Expenditures	\$ 87,531	\$ (38,443)	\$ 0	\$ 49,088
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 9,932	\$ 0	\$ 0	\$ 9,932
Transfers In	0	31,000	0	31,000
Total Other Financing Sources (Uses)	\$ 9,932	\$ 31,000	\$ 0	\$ 40,932

(Continued)

Exhibit G-2

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

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	
Net Change in Fund Balances	\$ 97,463	\$ (7,443)	\$ 0	\$ 90,020
Fund Balance, July 1, 2019	620,254	50,655	0	670,909
Fund Balance, June 30, 2020	<u>\$ 717,717</u>	<u>\$ 43,212</u>	<u>\$ 0</u>	<u>\$ 760,929</u>

Exhibit G-3

Hardin County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 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	\$ 1,251,329	\$ 0	\$ 0	\$ 1,251,329	\$ 1,075,805	\$ 1,075,805	\$ 175,524
Charges for Current Services	322,962	0	0	322,962	359,000	359,000	(36,038)
State of Tennessee	27	0	0	27	0	0	27
Other Governments and Citizens Groups	7,849	0	0	7,849	16,326	16,326	(8,477)
Total Revenues	\$ 1,582,167	\$ 0	\$ 0	\$ 1,582,167	\$ 1,451,131	\$ 1,451,131	\$ 131,036
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Management	\$ 94,363	\$ (250)	\$ 258	\$ 94,371	\$ 97,934	\$ 97,934	\$ 3,563
Waste Pickup	473,457	0	0	473,457	464,405	491,253	17,796
Convenience Centers	385,818	(66)	0	385,752	371,000	395,859	10,107
Landfill Operation and Maintenance	354,492	0	0	354,492	329,500	369,500	15,008
<u>Other Operations</u>							
Other Charges	69,511	0	0	69,511	66,535	70,496	985
Employee Benefits	116,995	0	0	116,995	118,702	118,702	1,707
Total Expenditures	\$ 1,494,636	\$ (316)	\$ 258	\$ 1,494,578	\$ 1,448,076	\$ 1,543,744	\$ 49,166
Excess (Deficiency) of Revenues Over Expenditures	\$ 87,531	\$ 316	\$ (258)	\$ 87,589	\$ 3,055	\$ (92,613)	\$ 180,202
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 9,932	\$ 0	\$ 0	\$ 9,932	\$ 0	\$ 9,932	\$ 0
Total Other Financing Sources	\$ 9,932	\$ 0	\$ 0	\$ 9,932	\$ 0	\$ 9,932	\$ 0
Net Change in Fund Balance	\$ 97,463	\$ 316	\$ (258)	\$ 97,521	\$ 3,055	\$ (82,681)	\$ 180,202
Fund Balance, July 1, 2019	620,254	(316)	0	619,938	543,520	543,520	76,418
Fund Balance, June 30, 2020	\$ 717,717	\$ 0	\$ (258)	\$ 717,459	\$ 546,575	\$ 460,839	\$ 256,620

Exhibit G-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 10,387	\$ 27,500	\$ 27,500	\$ (17,113)
Other Local Revenues	3,805	0	0	3,805
State of Tennessee	5,127	5,800	5,800	(673)
Total Revenues	<u>\$ 19,319</u>	<u>\$ 33,300</u>	<u>\$ 33,300</u>	<u>\$ (13,981)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 43,006	\$ 47,982	\$ 47,982	\$ 4,976
<u>Other Operations</u>				
Other Charges	2,158	2,300	2,300	142
Employee Benefits	12,598	14,007	14,007	1,409
Total Expenditures	<u>\$ 57,762</u>	<u>\$ 64,289</u>	<u>\$ 64,289</u>	<u>\$ 6,527</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (38,443)</u>	<u>\$ (30,989)</u>	<u>\$ (30,989)</u>	<u>\$ (7,454)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 31,000	0	0	31,000
Total Other Financing Sources	<u>\$ 31,000</u>	<u>0</u>	<u>0</u>	<u>31,000</u>
Net Change in Fund Balance	\$ (7,443)	\$ (30,989)	\$ (30,989)	23,546
Fund Balance, July 1, 2019	<u>50,655</u>	<u>48,374</u>	<u>48,374</u>	<u>2,281</u>
Fund Balance, June 30, 2020	<u><u>\$ 43,212</u></u>	<u><u>\$ 17,385</u></u>	<u><u>\$ 17,385</u></u>	<u><u>\$ 25,827</u></u>

Major Governmental Funds

Debt Service Funds

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

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

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

Exhibit H-1

Hardin County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 29, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 248,441	\$ 249,014	\$ 249,014	\$ (573)
Other Local Revenues	142,423	144,500	144,500	(2,077)
State of Tennessee	21,427	20,000	20,000	1,427
Other Governments and Citizens Groups	660,977	550,350	826,919	(165,942)
Total Revenues	<u>\$ 1,073,268</u>	<u>\$ 963,864</u>	<u>\$ 1,240,433</u>	<u>\$ (167,165)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 983,384	\$ 986,885	\$ 985,773	\$ 2,389
Highways and Streets	175,000	175,000	175,000	0
Education	234,848	0	234,848	0
<u>Interest on Debt</u>				
General Government	244,594	404,394	405,506	160,912
Highways and Streets	29,900	29,900	29,900	0
Education	41,721	0	41,721	0
<u>Other Debt Service</u>				
General Government	38,577	44,076	44,276	5,699
Total Expenditures	<u>\$ 1,748,024</u>	<u>\$ 1,640,255</u>	<u>\$ 1,917,024</u>	<u>\$ 169,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (674,756)</u>	<u>\$ (676,391)</u>	<u>\$ (676,591)</u>	<u>\$ 1,835</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 725,000	\$ 725,000	\$ 725,000	\$ 0
Total Other Financing Sources	<u>\$ 725,000</u>	<u>\$ 725,000</u>	<u>\$ 725,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 50,244	\$ 48,609	\$ 48,409	\$ 1,835
Fund Balance, July 1, 2019	<u>1,921,103</u>	<u>1,991,522</u>	<u>1,911,522</u>	<u>9,581</u>
Fund Balance, June 30, 2020	<u>\$ 1,971,347</u>	<u>\$ 2,040,131</u>	<u>\$ 1,959,931</u>	<u>\$ 11,416</u>

Exhibit H-2

Hardin County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Rural Debt Service Fund
For the Year Ended June 29, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 498,637	\$ 403,491	\$ 403,491	\$ 95,146
Other Local Revenues	8,770	6,100	6,100	2,670
Federal Government	207,222	537,004	537,004	(329,782)
Other Governments and Citizens Groups	2,208,272	2,035,998	2,035,998	172,274
Total Revenues	<u>\$ 2,922,901</u>	<u>\$ 2,982,593</u>	<u>\$ 2,982,593</u>	<u>\$ (59,692)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 1,080,000	\$ 985,000	\$ 985,000	\$ (95,000)
<u>Interest on Debt</u>				
Education	662,822	1,653,333	1,028,819	365,997
<u>Other Debt Service</u>				
Education	309,122	7,719	310,552	1,430
Total Expenditures	<u>\$ 2,051,944</u>	<u>\$ 2,646,052</u>	<u>\$ 2,324,371</u>	<u>\$ 272,427</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 870,957</u>	<u>\$ 336,541</u>	<u>\$ 658,222</u>	<u>\$ 212,735</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 26,575,000	0	\$ 26,575,000	0
Premiums on Debt Sold	2,641,404	0	2,641,404	0
Payments to Refunded Debt Escrow Agent	(29,539,185)	0	(29,539,185)	0
Total Other Financing Sources	<u>\$ (322,781)</u>	<u>0</u>	<u>\$ (322,781)</u>	<u>0</u>
Net Change in Fund Balance	<u>\$ 548,176</u>	<u>\$ 336,541</u>	<u>\$ 335,441</u>	<u>\$ 212,735</u>
Fund Balance, July 1, 2019	<u>2,609,662</u>	<u>2,351,076</u>	<u>2,351,076</u>	<u>258,586</u>
Fund Balance, June 30, 2020	<u><u>\$ 3,157,838</u></u>	<u><u>\$ 2,687,617</u></u>	<u><u>\$ 2,686,517</u></u>	<u><u>\$ 471,321</u></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 and general sessions courts clerk, clerk and master, register of deeds, and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit I-1

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

	Agency Funds		
	Cities - Sales Tax	Constitu - tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 610,281	\$ 610,281
Due from Other Governments	781,752	0	781,752
Total Assets	<u>\$ 781,752</u>	<u>\$ 610,281</u>	<u>\$ 1,392,033</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 781,752	\$ 0	\$ 781,752
Due to Litigants, Heirs, and Others	0	610,281	610,281
Total Liabilities	<u>\$ 781,752</u>	<u>\$ 610,281</u>	<u>\$ 1,392,033</u>

Exhibit I-2

Hardin 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	\$ 3,939,399	\$ 3,939,399	\$ 0
Due from Other Governments	675,640	781,752	675,640	781,752
Total Assets	\$ 675,640	\$ 4,721,151	\$ 4,615,039	\$ 781,752
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 675,640	\$ 4,721,151	\$ 4,615,039	\$ 781,752
Total Liabilities	\$ 675,640	\$ 4,721,151	\$ 4,615,039	\$ 781,752
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 592,248	\$ 7,153,152	\$ 7,135,119	\$ 610,281
Total Assets	\$ 592,248	\$ 7,153,152	\$ 7,135,119	\$ 610,281
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 592,248	\$ 7,153,152	\$ 7,135,119	\$ 610,281
Total Liabilities	\$ 592,248	\$ 7,153,152	\$ 7,135,119	\$ 610,281
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 592,248	\$ 7,153,152	\$ 7,135,119	\$ 610,281
Equity in Pooled Cash and Investments	0	3,939,399	3,939,399	0
Due from Other Governments	675,640	781,752	675,640	781,752
Total Assets	\$ 1,267,888	\$ 11,874,303	\$ 11,750,158	\$ 1,392,033
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 675,640	\$ 4,721,151	\$ 4,615,039	\$ 781,752
Due to Litigants, Heirs, and Others	592,248	7,153,152	7,135,119	610,281
Total Liabilities	\$ 1,267,888	\$ 11,874,303	\$ 11,750,158	\$ 1,392,033

Hardin County School Department

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

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

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

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

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

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

Exhibit J-1

Hardin County, Tennessee
Statement of Activities
Discretely Presented Hardin 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	\$ 20,196,485	\$ 43,605	\$ 1,443,970	\$ 424,533	\$ (18,284,377)
Support Services	12,604,069	28,544	335,997	35,476	(12,204,052)
Operation of Non-instructional Services	3,281,194	164,569	2,695,604	66,340	(354,681)
Total Governmental Activities	<u>\$ 36,081,748</u>	<u>\$ 236,718</u>	<u>\$ 4,475,571</u>	<u>\$ 526,349</u>	<u>\$ (30,843,110)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 8,940,360
Local Option Sales Taxes					5,433,846
Other Local Taxes					21,529
Grants and Contributions Not Restricted to Specific Programs					18,127,434
Miscellaneous					222,260
Total General Revenues					<u>\$ 32,745,429</u>
Change in Net Position					\$ 1,902,319
Net Position, July 1, 2019					<u>32,374,583</u>
Net Position, June 30, 2020					<u><u>\$ 34,276,902</u></u>

Exhibit J-2

Hardin County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hardin County School Department
June 29, 2020

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 4,962,112	\$ 1,062,392	\$ 6,024,504
Accounts Receivable	2,624	0	2,624
Due from Other Governments	1,226,597	47,805	1,274,402
Due from Other Funds	139,521	0	139,521
Due from Primary Government	991	0	991
Property Taxes Receivable	8,917,684	0	8,917,684
Allowance for Uncollectible Property Taxes	(412,836)	0	(412,836)
Restricted Assets	94,988	0	94,988
Total Assets	<u>\$ 14,931,681</u>	<u>\$ 1,110,197</u>	<u>\$ 16,041,878</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 57,341	\$ 299	\$ 57,640
Payroll Deductions Payable	174,502	0	174,502
Due to Other Funds	0	139,521	139,521
Due to Primary Government	357,567	0	357,567
Total Liabilities	<u>\$ 589,410</u>	<u>\$ 139,820</u>	<u>\$ 729,230</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 8,272,528	\$ 0	\$ 8,272,528
Deferred Delinquent Property Taxes	205,058	0	205,058
Other Deferred/Unavailable Revenue	517,019	0	517,019
Total Deferred Inflows of Resources	<u>\$ 8,994,605</u>	<u>\$ 0</u>	<u>\$ 8,994,605</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 0	\$ 399	\$ 399
Restricted for Operation of Non-instructional Services	0	967,359	967,359
Restricted for Capital Projects	0	2,619	2,619
Restricted for Hybrid Retirement Stabilization Funds	94,988	0	94,988
Committed:			
Committed for Education	1,746,518	0	1,746,518
Unassigned	3,506,160	0	3,506,160
Total Fund Balances	<u>\$ 5,347,666</u>	<u>\$ 970,377</u>	<u>\$ 6,318,043</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,931,681</u>	<u>\$ 1,110,197</u>	<u>\$ 16,041,878</u>

Exhibit J-3

Hardin County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Discretely Presented Hardin County School Department
June 30, 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)		\$	6,318,043
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,217,760	
Add: buildings and improvements net of accumulated depreciation		32,008,914	
Add: other capital assets net of accumulated depreciation		<u>492,633</u>	33,719,307
(2) Internal service funds are used by management to charge the costs of employee insurance benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.			106,229
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on primary government debt for capital lease	\$	(933,542)	
Less: contributions due on primary government debt for other loan		(1,021,507)	
Less: compensated absences payable		(493,071)	
Less: net OPEB liability		<u>(5,823,147)</u>	(8,271,267)
(4)			
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	\$	2,327,831	
Less: deferred inflows of resources related to pensions		(3,764,453)	
Add: deferred outflows related to OPEB		520,957	
Less: deferred inflows related to OPEB		<u>(2,292,758)</u>	(3,208,423)
(5) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	1,053,809	
Add: net pension asset - teacher retirement plan		105,208	
Add: net pension asset - teacher legacy pension plan		<u>3,731,919</u>	4,890,936
(6) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>722,077</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>34,276,902</u></u>

Exhibit J-4

Hardin County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Hardin County School Department
For the Year Ended June 30, 2020

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 14,411,714	\$ 0	\$ 14,411,714
Licenses and Permits	812	0	812
Charges for Current Services	31,249	136,870	168,119
Other Local Revenues	247,298	22,785	270,083
State of Tennessee	18,091,833	0	18,091,833
Federal Government	20,951	4,872,475	4,893,426
Total Revenues	<u>\$ 32,803,857</u>	<u>\$ 5,032,130</u>	<u>\$ 37,835,987</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 15,964,288	\$ 1,415,572	\$ 17,379,860
Support Services	11,400,785	1,151,100	12,551,885
Operation of Non-Instructional Services	743,667	2,326,090	3,069,757
Capital Outlay	986,463	0	986,463
Debt Service:			
Other Debt Service	2,187,901	0	2,187,901
Capital Projects	0	18,700	18,700
Total Expenditures	<u>\$ 31,283,104</u>	<u>\$ 4,911,462</u>	<u>\$ 36,194,566</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 1,520,753</u>	<u>\$ 120,668</u>	<u>\$ 1,641,421</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 6,131	\$ 0	\$ 6,131
Total Other Financing Sources (Uses)	<u>\$ 6,131</u>	<u>\$ 0</u>	<u>\$ 6,131</u>
Net Change in Fund Balances	\$ 1,526,884	\$ 120,668	\$ 1,647,552
Fund Balance, July 1, 2019	<u>3,820,782</u>	<u>849,709</u>	<u>4,670,491</u>
Fund Balance, June 30, 2020	<u>\$ 5,347,666</u>	<u>\$ 970,377</u>	<u>\$ 6,318,043</u>

Exhibit J-5

Hardin County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Hardin County School Department
For the Year Ended June 30, 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)		\$ 1,647,552
(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	\$ 1,533,983	
Less: current-year depreciation expense	<u>(2,585,256)</u>	(1,051,273)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: loss on the disposal of capital assets		(147,325)
(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	\$ 722,077	
Less: deferred delinquent property taxes and other deferred June 30, 2019	<u>(642,226)</u>	79,851
(4) The contributions of long-term debt (e.g., leases and 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 lease to primary government	\$ 127,952	
Add: principal contributions on other loan to primary government	<u>106,896</u>	234,848
(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 compensated absences payable	\$ (33,177)	
Change in net OPEB liability	593,644	
Change in deferred outflows related to OPEB	(111,625)	
Change in deferred inflows related to OPEB	(286,014)	
Change in net pension asset - agent plan	206,417	
Change in net pension asset - teacher retirement plan	23,653	
Change in net pension asset - teacher legacy pension plan	2,476,594	
Change in deferred outflows related to pensions	(344,220)	
Change in deferred inflows related to pensions	<u>(1,400,637)</u>	1,124,635
(6) Internal service funds are used by management to charge the costs of employee insurance benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>14,031</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,902,319</u>

Exhibit J-6

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

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 92,414	\$ 967,359	\$ 1,059,773	\$ 2,619	\$ 1,062,392
Due from Other Governments	47,805	0	47,805	0	47,805
Total Assets	<u>\$ 140,219</u>	<u>\$ 967,359</u>	<u>\$ 1,107,578</u>	<u>\$ 2,619</u>	<u>\$ 1,110,197</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 299	\$ 0	\$ 299	\$ 0	\$ 299
Due to Other Funds	139,521	0	139,521	0	139,521
Total Liabilities	<u>\$ 139,820</u>	<u>\$ 0</u>	<u>\$ 139,820</u>	<u>\$ 0</u>	<u>\$ 139,820</u>
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Education	\$ 399	\$ 0	\$ 399	\$ 0	\$ 399
Restricted for Operation of Non-instructional Services	0	967,359	967,359	0	967,359
Restricted for Capital Projects	0	0	0	2,619	2,619
Total Fund Balances	<u>\$ 399</u>	<u>\$ 967,359</u>	<u>\$ 967,758</u>	<u>\$ 2,619</u>	<u>\$ 970,377</u>
Total Liabilities and Fund Balances	<u>\$ 140,219</u>	<u>\$ 967,359</u>	<u>\$ 1,107,578</u>	<u>\$ 2,619</u>	<u>\$ 1,110,197</u>

Exhibit J-7

Hardin County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Hardin County School Department
For the Year Ended June 30, 2020

	<u>Special Revenue Funds</u>			<u>Capital</u> <u>Projects Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>School</u> <u>Federal</u> <u>Projects</u>	<u>Central</u> <u>Cafeteria</u>	<u>Total</u>	<u>Education</u> <u>Capital</u> <u>Projects</u>	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 136,870	\$ 136,870	\$ 0	\$ 136,870
Other Local Revenues	0	22,785	22,785	0	22,785
Federal Government	2,727,111	2,145,364	4,872,475	0	4,872,475
Total Revenues	<u>\$ 2,727,111</u>	<u>\$ 2,305,019</u>	<u>\$ 5,032,130</u>	<u>\$ 0</u>	<u>\$ 5,032,130</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 1,415,572	\$ 0	\$ 1,415,572	\$ 0	\$ 1,415,572
Support Services	1,151,100	0	1,151,100	0	1,151,100
Operation of Non-Instructional Services	163,802	2,162,288	2,326,090	0	2,326,090
Capital Projects	0	0	0	18,700	18,700
Total Expenditures	<u>\$ 2,730,474</u>	<u>\$ 2,162,288</u>	<u>\$ 4,892,762</u>	<u>\$ 18,700</u>	<u>\$ 4,911,462</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,363)</u>	<u>\$ 142,731</u>	<u>\$ 139,368</u>	<u>\$ (18,700)</u>	<u>\$ 120,668</u>
Net Change in Fund Balances	\$ (3,363)	\$ 142,731	\$ 139,368	\$ (18,700)	\$ 120,668
Fund Balance, July 1, 2019	3,762	824,628	828,390	21,319	849,709
Fund Balance, June 30, 2020	<u>\$ 399</u>	<u>\$ 967,359</u>	<u>\$ 967,758</u>	<u>\$ 2,619</u>	<u>\$ 970,377</u>

Exhibit J-8

Hardin County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Hardin County School Department
General Purpose School Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 14,411,714	\$ 12,841,264	\$ 12,841,264	\$ 1,570,450
Licenses and Permits	812	750	750	62
Charges for Current Services	31,249	24,000	24,000	7,249
Other Local Revenues	247,298	31,950	241,385	5,913
State of Tennessee	18,091,833	17,980,261	18,161,835	(70,002)
Federal Government	20,951	56,000	56,000	(35,049)
Total Revenues	\$ 32,803,857	\$ 30,934,225	\$ 31,325,234	\$ 1,478,623
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 12,993,207	\$ 13,337,970	\$ 13,363,470	\$ 370,263
Alternative Instruction Program	211,043	213,214	215,714	4,671
Special Education Program	1,620,775	1,695,011	1,716,711	95,936
Career and Technical Education Program	1,139,263	1,084,653	1,175,903	36,640
<u>Support Services</u>				
Attendance	211,673	198,332	216,582	4,909
Health Services	413,265	426,872	433,122	19,857
Other Student Support	867,033	1,023,899	966,993	99,960
Regular Instruction Program	940,171	969,437	971,437	31,266
Alternative Instruction Program	94,507	98,646	98,646	4,139
Special Education Program	278,051	356,877	356,917	78,866
Career and Technical Education Program	134,853	139,346	139,346	4,493
Technology	383,428	397,224	397,224	13,796
Board of Education	865,979	940,312	992,373	126,394
Director of Schools	258,360	269,064	269,064	10,704
Office of the Principal	1,524,890	1,530,812	1,540,812	15,922
Fiscal Services	239,296	239,397	247,597	8,301
Operation of Plant	2,193,490	2,386,454	2,364,454	170,964
Maintenance of Plant	895,830	818,730	901,690	5,860
Transportation	2,099,959	2,215,507	2,215,507	115,548
<u>Operation of Non-Instructional Services</u>				
Food Service	206,744	223,116	223,366	16,622
Early Childhood Education	536,923	537,797	545,547	8,624
<u>Capital Outlay</u>				
Regular Capital Outlay	986,463	293,338	1,050,961	64,498
<u>Principal on Debt</u>				
Education	0	259,348	0	0
<u>Interest on Debt</u>				
Education	0	49,471	0	0
<u>Other Debt Service</u>				
Education	2,187,901	1,616,398	2,158,659	(29,242)
Total Expenditures	\$ 31,283,104	\$ 31,321,225	\$ 32,562,095	\$ 1,278,991
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,520,753	\$ (387,000)	\$ (1,236,861)	\$ 2,757,614

(Continued)

Exhibit J-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 387,000	\$ 0	\$ 0
Insurance Recovery	6,131	0	6,131	0
Total Other Financing Sources	<u>\$ 6,131</u>	<u>\$ 387,000</u>	<u>\$ 6,131</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 1,526,884	\$ 0	\$ (1,230,730)	\$ 2,757,614
Fund Balance, July 1, 2019	<u>3,820,782</u>	<u>3,517,106</u>	<u>3,517,106</u>	<u>303,676</u>
Fund Balance, June 30, 2020	<u>\$ 5,347,666</u>	<u>\$ 3,517,106</u>	<u>\$ 2,286,376</u>	<u>\$ 3,061,290</u>

Exhibit J-9

Hardin County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Hardin County School Department
School Federal Projects Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 2,727,111	\$ 2,851,046	\$ 3,063,193	\$ (336,082)
Total Revenues	\$ 2,727,111	\$ 2,851,046	\$ 3,063,193	\$ (336,082)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 880,776	\$ 882,772	\$ 908,782	\$ 28,006
Special Education Program	468,450	496,241	491,926	23,476
Career and Technical Education Program	66,346	69,483	66,346	0
<u>Support Services</u>				
Other Student Support	127,324	138,975	151,467	24,143
Regular Instruction Program	599,611	526,726	648,591	48,980
Special Education Program	309,259	278,675	336,074	26,815
Career and Technical Education Program	1,955	4,019	1,955	0
Transportation	112,951	114,055	117,951	5,000
<u>Operation of Non-Instructional Services</u>				
Community Services	163,802	340,100	340,100	176,298
Total Expenditures	\$ 2,730,474	\$ 2,851,046	\$ 3,063,192	\$ 332,718
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,363)	\$ 0	\$ 1	\$ (3,364)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 185,686	\$ 0	\$ 0
Transfers Out	0	(185,686)	0	0
Total Other Financing Sources	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ (3,363)	\$ 0	\$ 1	\$ (3,364)
Fund Balance, July 1, 2019	3,762	199	199	3,563
Fund Balance, June 30, 2020	\$ 399	\$ 199	\$ 200	\$ 199

Exhibit J-10

Hardin County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Hardin County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2020

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 136,870	\$ 190,000	\$ 190,000	\$ (53,130)
Other Local Revenues	22,785	28,500	28,500	(5,715)
Federal Government	2,145,364	2,014,741	2,014,741	130,623
Total Revenues	<u>\$ 2,305,019</u>	<u>\$ 2,233,241</u>	<u>\$ 2,233,241</u>	<u>\$ 71,778</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,754,777	\$ 2,313,274	\$ 1,905,763	\$ 150,986
COVID-19 Expenditures	407,511	0	407,511	0
Total Expenditures	<u>\$ 2,162,288</u>	<u>\$ 2,313,274</u>	<u>\$ 2,313,274</u>	<u>\$ 150,986</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 142,731</u>	<u>\$ (80,033)</u>	<u>\$ (80,033)</u>	<u>\$ 222,764</u>
Net Change in Fund Balance	\$ 142,731	\$ (80,033)	\$ (80,033)	\$ 222,764
Fund Balance, July 1, 2019	<u>824,628</u>	<u>777,482</u>	<u>777,482</u>	<u>47,146</u>
Fund Balance, June 30, 2020	<u><u>\$ 967,359</u></u>	<u><u>\$ 697,449</u></u>	<u><u>\$ 697,449</u></u>	<u><u>\$ 269,910</u></u>

Exhibit J-11

Hardin County, Tennessee
Statement of Net Position - Proprietary Fund
Discretely Presented Hardin County School Department
June 30, 2020

		Governmental Activities - Internal Service Fund
		<hr/>
		Employee Insurance - Fund
		<hr/>
	<u>ASSETS</u>	
Current Assets:		
Equity in Pooled Cash and Investments	\$	106,229
Total Assets	\$	<hr/> 106,229 <hr/>
	<u>NET POSITION</u>	
Restricted for Other Purposes	\$	<hr/> 106,229 <hr/>
Total Net Position	\$	<hr/> <hr/> 106,229 <hr/>

Exhibit J-12

Hardin County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Hardin County School Department
Proprietary Fund
For the Year Ended June 30, 2020

	Governmental Activities - Internal Service Fund
	Employee Insurance Fund
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Self-Insurance Premiums/Contributions	\$ 213,005
Total Operating Revenues	<u>\$ 213,005</u>
<u>Operating Expenses</u>	
<u>Employee Benefits</u>	
Handling Charges and Administrative Costs	\$ 17,667
Medical Claims	181,307
Total Operating Expenses	<u>\$ 198,974</u>
Operating Income (Loss)	<u>\$ 14,031</u>
Change in Net Position	\$ 14,031
Net Position, July 1, 2019	<u>92,198</u>
Net Position, June 30, 2020	<u><u>\$ 106,229</u></u>

Exhibit J-13

Hardin County, Tennessee
Statement of Cash Flows
Discretely Presented Hardin County School Department
Proprietary Fund
For the Year Ended June 30, 2020

	Governmental Activities - Internal Service Fund Employee Insurance Fund
<u>Cash Flows from Operating Activities</u>	
Receipts from Self-Insurance Premiums	\$ 213,005
Payments to Fiscal Agents	(17,667)
Payments for Claims	(194,373)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 965</u>
Increase (Decrease) in Cash	\$ 965
Cash, July 1, 2019	<u>105,264</u>
Cash, June 30, 2020	<u><u>\$ 106,229</u></u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 14,031
Adjustments to Reconcile Net Operating Income	
to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
Decrease in Accounts Payable	<u>(13,066)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 965</u></u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Cash Per Net Position	<u>\$ 106,229</u>
Cash, June 30, 2020	<u><u>\$ 106,229</u></u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Hardin County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, 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	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-20
<u>NOTES PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
Capital Outlay Notes, Series 2015	\$ 750,000	2.25 %	10-20-15	10-20-20	\$ 300,000	\$ 0	\$ 150,000	\$ 0	\$ 150,000
Capital Outlay Note, Series 2017 - Courthouse Parking	160,000	2.74	10-2-17	10-1-20	106,667	0	50,434	0	56,233
Capital Outlay Note, Series 2017 - Jail Expansion/Parking	250,000	2.75	12-4-17	12-4-27	227,976	0	22,654	0	205,322
Total Notes Payable					<u>\$ 634,643</u>	<u>\$ 0</u>	<u>\$ 223,088</u>	<u>\$ 0</u>	<u>\$ 411,555</u>
<u>CAPITAL LEASES PAYABLE</u>									
<u>Payable through General Fund</u>									
Fire Truck	224,189	5.1	6-28-10	2-15-20	\$ 27,483	\$ 0	\$ 27,483	\$ 0	\$ 0
Commercial Pumper	241,750	3.79	3-31-14	5-1-23	104,001	0	24,569	0	79,432
Commercial Pumper	418,200	2.98	4-18-17	7-31-26	336,611	0	37,828	0	298,783
Patrol Cars	123,435	5.5	12-8-17	12-8-19	41,105	0	41,105	0	0
Fire Tanker	197,834	2.95	10-21-19	10-24-26	0	197,834	0	0	197,834
Total Payable through General Fund					<u>\$ 509,200</u>	<u>\$ 197,834</u>	<u>\$ 130,985</u>	<u>\$ 0</u>	<u>\$ 576,049</u>
<u>Payable through Highway/Public Works Fund</u>									
Weiler Paver	178,636	4.69	12-19-18	7-2-21	\$ 147,618	\$ 0	\$ 56,962	\$ 0	\$ 90,656
Total Payable through Highway/Public Works Fund					<u>\$ 147,618</u>	<u>\$ 0</u>	<u>\$ 56,962</u>	<u>\$ 0</u>	<u>\$ 90,656</u>
<u>Payable through General Debt Service Fund</u>									
Refuse Collection Truck	223,915	2.845	7-29-16	9-29-19	\$ 57,021	\$ 0	\$ 57,021	\$ 0	\$ 0
Front Loader	216,074	3.18	12-1-17	12-31-20	108,269	0	53,275	0	54,994
Total Payable through General Debt Service Fund					<u>\$ 165,290</u>	<u>\$ 0</u>	<u>\$ 110,296</u>	<u>\$ 0</u>	<u>\$ 54,994</u>
<u>Contributions Due by the School Department from the General Purpose School Fund to the General Debt Service Fund</u>									
Energy Management Project	1,782,319	3.05	6-20-12	11-20-26	\$ 1,061,494	\$ 0	\$ 127,952	\$ 0	\$ 933,542
Total Capital Leases Payable					<u>\$ 1,883,602</u>	<u>\$ 197,834</u>	<u>\$ 426,195</u>	<u>\$ 0</u>	<u>\$ 1,655,241</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 Schools Initiative	1,330,336	1	7-14-16	7-1-29	\$ 1,128,403	\$ 0	\$ 106,896	\$ 0	\$ 1,021,507
Total Other Loan Payable					<u>\$ 1,128,403</u>	<u>\$ 0</u>	<u>\$ 106,896</u>	<u>\$ 0</u>	<u>\$ 1,021,507</u>

(Continued)

Exhibit K-1

Hardin County, Tennessee

Schedule of Changes in Long-term Notes, Capital Leases, Other Loan, and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-19	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-20
<u>BONDS PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
General Obligation Refunding Bonds, Series 2016A	\$ 8,500,000	2 to 2.75 %	5-20-16	6-1-37	\$ 7,505,000	\$ 0	\$ 350,000	\$ 0	\$ 7,155,000
General Obligation Refunding Bonds, Series 2016B	2,000,000	2	5-20-16	6-1-27	1,495,000	0	175,000	0	1,320,000
Total Payable through General Debt Service Fund					<u>\$ 9,000,000</u>	<u>\$ 0</u>	<u>\$ 525,000</u>	<u>\$ 0</u>	<u>\$ 8,475,000</u>
<u>Payable through Rural Debt Service Fund</u>									
G.O. BAB School Bonds, Series 2009	10,000,000	3.89	9-15-09	10-18-19	\$ 10,000,000	\$ 0	\$ 0	\$ 10,000,000	\$ 0
G.O. BAB School Bonds, Series 2009B	20,000,000	3.78	10-20-09	10-18-19	16,055,000	0	0	16,055,000	0
G.O. BAB School Bonds, Series 2010	6,000,000	2.84	3-25-10	10-18-19	2,855,000	0	0	2,855,000	0
General Obligation Refunding Bonds, Series 2019	26,575,000	3 to 5	10-18-19	6-1-39	0	26,575,000	1,080,000	0	25,495,000
Total Payable through Rural Debt Service Fund					<u>\$ 28,910,000</u>	<u>\$ 26,575,000</u>	<u>\$ 1,080,000</u>	<u>\$ 28,910,000</u>	<u>\$ 25,495,000</u>
Total Bonds Payable					<u>\$ 37,910,000</u>	<u>\$ 26,575,000</u>	<u>\$ 1,605,000</u>	<u>\$ 28,910,000</u>	<u>\$ 33,970,000</u>

Exhibit K-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2021	\$ 229,487	\$ 8,921	\$ 238,408
2022	23,917	5,077	28,994
2023	24,584	4,410	28,994
2024	25,270	3,725	28,995
2025	25,966	3,028	28,994
2026	26,698	2,296	28,994
2027	27,442	1,552	28,994
2028	28,191	786	28,977
Total	\$ 411,555	\$ 29,795	\$ 441,350

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2021	\$ 336,936	\$ 50,017	\$ 386,953
2022	260,138	38,494	298,632
2023	236,395	30,675	267,070
2024	215,310	23,253	238,563
2025	221,887	16,675	238,562
2026	228,664	9,897	238,561
2027	155,911	3,216	159,127
Total	\$ 1,655,241	\$ 172,227	\$ 1,827,468

Year Ending June 30	Other Loan		
	Principal	Interest	Total
2021	\$ 107,976	\$ 9,720	\$ 117,696
2022	109,056	8,640	117,696
2023	110,160	7,536	117,696
2024	111,264	6,432	117,696
2025	112,380	5,316	117,696
2026	113,508	4,188	117,696
2027	114,648	3,048	117,696
2028	115,800	1,896	117,696
2029	116,964	732	117,696
2030	9,751	14	9,765
Total	\$ 1,021,507	\$ 47,522	\$ 1,069,029

(Continued)

Exhibit K-2

Hardin County, TennesseeSchedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
2021	\$ 1,955,000	\$ 1,205,525	\$ 3,160,525
2022	2,005,000	1,123,825	3,128,825
2023	2,035,000	1,039,775	3,074,775
2024	2,105,000	954,675	3,059,675
2025	2,170,000	866,375	3,036,375
2026	2,205,000	775,125	2,980,125
2027	1,850,000	682,425	2,532,425
2028	1,660,000	607,925	2,267,925
2029	1,670,000	537,225	2,207,225
2030	1,685,000	465,815	2,150,815
2031	1,695,000	418,813	2,113,813
2032	1,705,000	371,225	2,076,225
2033	1,715,000	322,300	2,037,300
2034	1,730,000	273,125	2,003,125
2035	1,745,000	229,875	1,974,875
2036	1,755,000	178,725	1,933,725
2037	1,765,000	127,300	1,892,300
2038	1,260,000	75,600	1,335,600
2039	1,260,000	37,800	1,297,800
Total	\$ 33,970,000	\$ 10,293,453	\$ 44,263,453

Exhibit K-3

Hardin County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2020

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Drug Control	Operations	\$ 31,000
General	General Debt Service	Debt retirement	520,100
Highway/Public Works	"	"	<u>204,900</u>
Total Transfers			<u><u>\$ 756,000</u></u>

Exhibit K-4

Hardin County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Hardin County School Department
For the Year Ended June 30, 2020

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i> , and Chapter 113, Private Acts of 1929, as amended	\$ 91,751 (1)	\$ 100,000	RLI Insurance Company
Highway Commissioner	Section 8-24-102, <i>TCA</i>	85,768	100,000	"
Director of Schools	State Board of Education and Hardin County Board of Education	98,055 (2)	400,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, <i>TCA</i>	77,971	1,312,589	Auto Owners Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	77,971	50,000	RLI Insurance Company
County Clerk	Section 8-24-102, <i>TCA</i>	77,971	100,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <i>TCA</i>	77,971	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	77,971 (3)	105,000	Western Surety Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	77,971	100,000	RLI Insurance Company
Sheriff		85,768 (4)	100,000	"
Employee Blanket Bonds:				
Office of County Mayor:				
Director of Accounts and Budget			100,000	RLI Insurance Company
All Other Employees			150,000	Local Government Property and Casualty Fund
Office of Highway Commissioner			150,000	"
Office of Director of Schools			400,000	Tennessee Risk Management Trust

(1) Does not include a vehicle allowance of \$6,000. Includes serving as a secretary to the Highway Commission of \$1,696.

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

(3) Does not include special commissioner fees of \$10,581.

(4) Does not include a law enforcement training supplement of \$800.

Exhibit K-5

Hardin County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 29, 2020

	Special Revenue Funds					Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 5,847,417	\$ 219,278	\$ 0	\$ 0	\$ 730,929	\$ 219,280
Trustee's Collections - Prior Year	404,096	14,955	0	0	49,390	16,380
Circuit Clerk/Clerk and Master Collections - Prior Years	137,153	5,073	0	0	16,742	5,581
Interest and Penalty	99,407	3,724	0	0	12,324	4,076
Payments in-Lieu-of Taxes - T.V.A.	1,585	59	0	0	198	59
Payments in-Lieu-of Taxes - Local Utilities	1,593	60	0	0	199	60
Payments in-Lieu-of Taxes - Other	10,407	391	0	0	1,301	391
<u>County Local Option Taxes</u>						
Local Option Sales Tax	124,796	753,894	0	0	0	0
Hotel/Motel Tax	242,685	0	0	0	0	0
Wheel Tax	1,024,868	0	0	0	118,991	0
Litigation Tax - General	93,365	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	24,200	0	0	0	0	0
Business Tax	373,048	0	0	0	0	0
Mixed Drink Tax	18,380	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	108,539	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	69,695	2,614	0	0	8,712	2,614
Wholesale Beer Tax	0	251,281	0	0	0	0
Total Local Taxes	\$ 8,472,695	\$ 1,251,329	\$ 0	\$ 0	\$ 1,047,325	\$ 248,441
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 812	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	103,153	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 4,623	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 108,588	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 1,520	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	7,075	0	0	0	0	0
Drug Control Fines	7,926	0	4,416	0	0	0
Drug Court Fees	1,678	0	0	0	0	0
DUI Treatment Fines	570	0	0	0	0	0
Data Entry Fee - Circuit Court	1,528	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	19,962	0	0	0	0	0
Officers Costs	39,975	0	0	0	0	0
Game and Fish Fines	1,432	0	0	0	0	0
Drug Control Fines	5,813	0	314	0	0	0
Drug Court Fees	4,322	0	0	0	0	0
Jail Fees	2,387	0	0	0	0	0
DUI Treatment Fines	10,041	0	0	0	0	0
Data Entry Fee - General Sessions Court	9,152	0	0	0	0	0
Courtroom Security Fee	1,273	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	52	0	0	0	0	0
<u>Chancery Court</u>						
Data Entry Fee - Chancery Court	5,814	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 5,657	\$ 0	\$ 0	\$ 0
Total Fines, Forfeitures, and Penalties	\$ 120,520	\$ 0	\$ 10,387	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 290,097	\$ 0	\$ 0	\$ 0	\$ 0
Surcharge - Waste Tire Disposal	0	32,865	0	0	0	0
Other General Service Charges	8,910	0	0	0	0	0
<u>Fees</u>						
Library Fees	4,588	0	0	0	0	0
Greenbelt Late Application Fee	200	0	0	0	0	0
Telephone Commissions	107,309	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	10,581	0	0
Data Processing Fee - Register	10,643	0	0	0	0	0
Data Processing Fee - Sheriff	2,474	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,400	0	0	0	0	0
Data Processing Fee - County Clerk	2,412	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	785	0	0	0	0	0
Total Charges for Current Services	\$ 139,721	\$ 322,962	\$ 0	\$ 10,581	\$ 0	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 121,081	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	82,752	0	0	0	0	47,997
Miscellaneous Refunds	128,857	0	0	0	18,586	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Other Local Revenues (Cont.)</u>						
<u>Nonrecurring Items</u>						
Sale of Equipment	\$ 57,041	\$ 0	\$ 3,805	\$ 0	\$ 98,573	\$ 0
Sale of Property	5,250	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0	0	94,426
Total Other Local Revenues	\$ 394,981	\$ 0	\$ 3,805	\$ 0	\$ 117,159	\$ 142,423
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 359,030	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	85,020	0	0	0	0	0
General Sessions Court Clerk	176,012	0	0	0	0	0
Clerk and Master	114,509	0	0	0	0	0
Register	141,558	0	0	0	0	0
Sheriff	13,189	0	0	0	0	0
Trustee	550,291	0	0	0	0	0
Total Fees Received From County Officials	\$ 1,439,609	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aging Programs	28,292	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	20,000	0	5,127	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	162,278	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants</u>						
Bridge Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,623,603	\$ 0
Litter Program	55,220	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	30,739	0	0	0	0	0
Resort District Sales Tax	1,032,359	0	0	0	0	0
Beer Tax	18,175	0	0	0	0	0
Vehicle Certificate of Title Fees	4,886	0	0	0	0	0
Alcoholic Beverage Tax	82,424	0	0	0	0	0
State Revenue Sharing - T.V.A.	644,150	0	0	0	42,800	21,400
State Revenue Sharing - Telecommunications	38,048	27	0	0	90	27
Contracted Prisoner Boarding	339,612	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	2,554,086	0
Petroleum Special Tax	0	0	0	0	18,779	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	49,604	0	0	0	0	0
Other State Revenues	37,626	0	0	0	0	0
Total State of Tennessee	\$ 2,567,577	\$ 27	\$ 5,127	\$ 0	\$ 4,239,358	\$ 21,427
<u>Federal Government</u>						
<u>Federal Through State</u>						
Homeland Security Grants	\$ 127,708	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
COVID-19 Grant C	5,157	0	0	0	0	0
COVID-19 Grant D	7,348	0	0	0	0	0
Other Federal through State	5,420	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Funds
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue</u>						
Tax Credit Bond Rebate	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Federal Government	\$ 145,633	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 1,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 660,977
Contracted Services	121,195	7,849	0	0	0	0
<u>Citizens Groups</u>						
Donations	36,375	0	0	0	0	0
<u>Other</u>						
Other	34,304	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 192,874	\$ 7,849	\$ 0	\$ 0	\$ 0	\$ 660,977
Total	\$ 13,582,198	\$ 1,582,167	\$ 19,319	\$ 10,581	\$ 5,403,842	\$ 1,073,268

(Continued)

Exhibit K-5

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

	<u>Debt Service</u>	
	<u>Fund</u>	
	Rural Debt Service	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 0	\$ 7,016,904
Trustee's Collections - Prior Year	0	484,821
Circuit Clerk/Clerk and Master Collections - Prior Years	0	164,549
Interest and Penalty	0	119,531
Payments in-Lieu-of Taxes - T.V.A.	0	1,901
Payments in-Lieu-of Taxes - Local Utilities	0	1,912
Payments in-Lieu-of Taxes - Other	0	12,490
<u>County Local Option Taxes</u>		
Local Option Sales Tax	498,637	1,377,327
Hotel/Motel Tax	0	242,685
Wheel Tax	0	1,143,859
Litigation Tax - General	0	93,365
Litigation Tax - Jail, Workhouse, or Courthouse	0	24,200
Business Tax	0	373,048
Mixed Drink Tax	0	18,380
Mineral Severance Tax	0	108,539
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	83,635
Wholesale Beer Tax	0	251,281
Total Local Taxes	<u>\$ 498,637</u>	<u>\$ 11,518,427</u>
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Marriage Licenses	\$ 0	\$ 812
Cable TV Franchise	0	103,153

(Continued)

Exhibit K-5

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

	Debt Service Fund	
	Rural Debt Service	Total
<u>Licenses and Permits (Cont.)</u>		
<u>Permits</u>		
Beer Permits	\$ 0	\$ 4,623
Total Licenses and Permits	\$ 0	\$ 108,588
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	\$ 0	\$ 1,520
Officers Costs	0	7,075
Drug Control Fines	0	12,342
Drug Court Fees	0	1,678
DUI Treatment Fines	0	570
Data Entry Fee - Circuit Court	0	1,528
<u>General Sessions Court</u>		
Fines	0	19,962
Officers Costs	0	39,975
Game and Fish Fines	0	1,432
Drug Control Fines	0	6,127
Drug Court Fees	0	4,322
Jail Fees	0	2,387
DUI Treatment Fines	0	10,041
Data Entry Fee - General Sessions Court	0	9,152
Courtroom Security Fee	0	1,273
<u>Juvenile Court</u>		
Fines	0	52
<u>Chancery Court</u>		
Data Entry Fee - Chancery Court	0	5,814

(Continued)

Exhibit K-5

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

	Debt Service Fund	
	Rural Debt Service	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	\$ 0	\$ 5,657
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 130,907
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 290,097
Surcharge - Waste Tire Disposal	0	32,865
Other General Service Charges	0	8,910
<u>Fees</u>		
Library Fees	0	4,588
Greenbelt Late Application Fee	0	200
Telephone Commissions	0	107,309
Constitutional Officers' Fees and Commissions	0	10,581
Data Processing Fee - Register	0	10,643
Data Processing Fee - Sheriff	0	2,474
Sexual Offender Registration Fee - Sheriff	0	2,400
Data Processing Fee - County Clerk	0	2,412
Vehicle Insurance Coverage and Reinstatement Fees	0	785
Total Charges for Current Services	\$ 0	\$ 473,264
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 8,770	\$ 129,851
Lease/Rentals	0	130,749
Miscellaneous Refunds	0	147,443

(Continued)

Exhibit K-5

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

	<u>Debt Service</u>	
	<u>Fund</u>	
	Rural Debt Service	Total
<u>Other Local Revenues (Cont.)</u>		
<u>Nonrecurring Items</u>		
Sale of Equipment	\$ 0	\$ 159,419
Sale of Property	0	5,250
<u>Other Local Revenues</u>		
Other Local Revenues	0	94,426
Total Other Local Revenues	\$ 8,770	\$ 667,138
<u>Fees Received From County Officials</u>		
<u>Fees In-Lieu-of Salary</u>		
County Clerk	\$ 0	\$ 359,030
Circuit Court Clerk	0	85,020
General Sessions Court Clerk	0	176,012
Clerk and Master	0	114,509
Register	0	141,558
Sheriff	0	13,189
Trustee	0	550,291
Total Fees Received From County Officials	\$ 0	\$ 1,439,609
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
Juvenile Services Program	\$ 0	\$ 9,000
Aging Programs	0	28,292
<u>Public Safety Grants</u>		
Law Enforcement Training Programs	0	25,127
<u>Health and Welfare Grants</u>		
Health Department Programs	0	162,278

(Continued)

Exhibit K-5

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

	<u>Debt Service</u>	
	<u>Fund</u>	
	Rural Debt Service	Total
<u>State of Tennessee (Cont.)</u>		
<u>Public Works Grants</u>		
Bridge Program	\$ 0	\$ 1,623,603
Litter Program	0	55,220
<u>Other State Revenues</u>		
Income Tax	0	30,739
Resort District Sales Tax	0	1,032,359
Beer Tax	0	18,175
Vehicle Certificate of Title Fees	0	4,886
Alcoholic Beverage Tax	0	82,424
State Revenue Sharing - T.V.A.	0	708,350
State Revenue Sharing - Telecommunications	0	38,192
Contracted Prisoner Boarding	0	339,612
Gasoline and Motor Fuel Tax	0	2,554,086
Petroleum Special Tax	0	18,779
Registrar's Salary Supplement	0	15,164
Other State Grants	0	49,604
Other State Revenues	0	37,626
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 6,833,516</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
Homeland Security Grants	\$ 0	\$ 127,708
COVID-19 Grant C	0	5,157
COVID-19 Grant D	0	7,348
Other Federal through State	0	5,420

(Continued)

Exhibit K-5

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

	Debt Service Fund	
	Rural Debt Service	Total
<hr/>		
<u>Federal Government (Cont.)</u>		
<u>Direct Federal Revenue</u>		
Tax Credit Bond Rebate	\$ 207,222	\$ 207,222
Total Federal Government	<u>\$ 207,222</u>	<u>\$ 352,855</u>
 <u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 2,208,272	\$ 2,870,249
Contracted Services	0	129,044
<u>Citizens Groups</u>		
Donations	0	36,375
<u>Other</u>		
Other	0	34,304
Total Other Governments and Citizens Groups	<u>\$ 2,208,272</u>	<u>\$ 3,069,972</u>
Total	<u>\$ 2,922,901</u>	<u>\$ 24,594,276</u>

Exhibit K-6

Hardin County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Hardin County School Department
For the Year Ended June 29, 2020

	Special Revenue Funds			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 8,040,212	\$ 0	\$ 0	\$ 8,040,212
Trustee's Collections - Prior Year	551,784	0	0	551,784
Circuit Clerk/Clerk and Master Collections - Prior Years	187,211	0	0	187,211
Interest and Penalty	137,620	0	0	137,620
Payments in-Lieu-of Taxes - T.V.A.	2,180	0	0	2,180
Payments in-Lieu-of Taxes - Local Utilities	2,190	0	0	2,190
Payments in-Lieu-of Taxes - Other	14,310	0	0	14,310
<u>County Local Option Taxes</u>				
Local Option Sales Tax	5,359,582	0	0	5,359,582
Mixed Drink Tax	20,795	0	0	20,795
<u>Statutory Local Taxes</u>				
Bank Excise Tax	95,830	0	0	95,830
Total Local Taxes	\$ 14,411,714	\$ 0	\$ 0	\$ 14,411,714
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 812	\$ 0	\$ 0	\$ 812
Total Licenses and Permits	\$ 812	\$ 0	\$ 0	\$ 812
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Adults	\$ 0	\$ 0	\$ 52,267	\$ 52,267
A la Carte Sales	0	0	84,603	84,603
Receipts from Individual Schools	11,078	0	0	11,078

(Continued)

Exhibit K-6

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

	Special Revenue Funds			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
Other Charges for Services	\$ 20,171	\$ 0	\$ 0	\$ 20,171
Total Charges for Current Services	\$ 31,249	\$ 0	\$ 136,870	\$ 168,119
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 2,904	\$ 0	\$ 3,994	\$ 6,898
Lease/Rentals	370	0	0	370
Miscellaneous Refunds	201,262	0	18,291	219,553
<u>Nonrecurring Items</u>				
Sale of Equipment	9,353	0	0	9,353
Damages Recovered from Individuals	7	0	0	7
Contributions and Gifts	2,200	0	500	2,700
<u>Other Local Revenues</u>				
Other Local Revenues	31,202	0	0	31,202
Total Other Local Revenues	\$ 247,298	\$ 0	\$ 22,785	\$ 270,083
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 163,638	\$ 0	\$ 0	\$ 163,638
<u>State Education Funds</u>				
Basic Education Program	16,329,881	0	0	16,329,881
Early Childhood Education	534,591	0	0	534,591
School Food Service	20,949	0	0	20,949
Driver Education	21,721	0	0	21,721

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Other State Education Funds	\$ 271,514	\$ 0	\$ 0	\$ 271,514
Coordinated School Health	100,000	0	0	100,000
Statewide Student Management System (SSMS)	5,293	0	0	5,293
Career Ladder Program	75,435	0	0	75,435
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	467,500	0	0	467,500
State Revenue Sharing - Telecommunications	991	0	0	991
Other State Grants	36,000	0	0	36,000
Safe Schools	64,320	0	0	64,320
Total State of Tennessee	<u>\$ 18,091,833</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,091,833</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,067,282	\$ 1,067,282
USDA - Commodities	0	0	172,797	172,797
Breakfast	0	0	385,567	385,567
USDA - Other	0	0	100,009	100,009
USDA Food Service Equipment Grant	0	0	12,198	12,198
Vocational Education - Basic Grants to States	0	83,966	0	83,966
Title I Grants to Local Education Agencies	0	1,223,067	0	1,223,067
Special Education - Grants to States	20,951	888,292	0	909,243
Safe and Drug-free Schools - State Grants	0	163,801	0	163,801
Rural Education	0	83,903	0	83,903
Eisenhower Professional Development State Grants	0	152,167	0	152,167

(Continued)

Exhibit K-6

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

	<u>Special Revenue Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Federal Government (Cont.)</u>				
<u>Federal Through State (Cont.)</u>				
COVID-19 Grant #1	\$ 0	\$ 0	\$ 156,141	\$ 156,141
COVID-19 Grant #2	0	0	251,370	251,370
Other Federal through State	0	131,915	0	131,915
Total Federal Government	<u>\$ 20,951</u>	<u>\$ 2,727,111</u>	<u>\$ 2,145,364</u>	<u>\$ 4,893,426</u>
Total	<u>\$ 32,803,857</u>	<u>\$ 2,727,111</u>	<u>\$ 2,305,019</u>	<u>\$ 37,835,987</u>

Exhibit K-7

Hardin County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 29, 2020

General FundGeneral GovernmentCounty Commission

Clerical Personnel	\$	8,823	
Board and Committee Members Fees		33,650	
Audit Services		9,890	
Dues and Memberships		1,700	
Operating Lease Payments		5,000	
Travel		5,025	
Other Charges		1,590	
Total County Commission			\$ 65,678

Board of Equalization

Board and Committee Members Fees	\$	1,200	
Total Board of Equalization			1,200

Beer Board

Board and Committee Members Fees	\$	2,950	
Office Supplies		311	
Total Beer Board			3,261

Other Boards and Committees

Board and Committee Members Fees	\$	800	
Total Other Boards and Committees			800

County Mayor/Executive

County Official/Administrative Officer	\$	90,055	
Secretary(ies)		31,108	
Clerical Personnel		6,230	
Educational Incentive - Other County Employees		1,500	
Other Fringe Benefits		6,000	
Communication		4,996	
Postal Charges		5,623	
Travel		2,854	
Other Contracted Services		426	
Office Supplies		6,276	
Office Equipment		1,519	
Total County Mayor/Executive			156,587

County Attorney

Legal Services	\$	1,419	
Total County Attorney			1,419

Election Commission

County Official/Administrative Officer	\$	70,174	
Deputy(ies)		20,388	
Part-time Personnel		6,090	
Board and Committee Members Fees		2,805	
Election Workers		16,811	
In-service Training		537	

(Continued)

Exhibit K-7

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

General Fund (Cont.)General Government (Cont.)Election Commission (Cont.)

Communication	\$	2,132	
Data Processing Services		31,833	
Legal Notices, Recording, and Court Costs		2,093	
Postal Charges		2,998	
Printing, Stationery, and Forms		8,946	
Travel		590	
Other Contracted Services		624	
Office Supplies		8,218	
Liability Insurance		2,111	
Total Election Commission			\$ 176,350

Register of Deeds

County Official/Administrative Officer	\$	77,971	
Deputy(ies)		48,838	
Communication		1,220	
Contracts with Private Agencies		1,051	
Data Processing Services		10,236	
Postal Charges		300	
Travel		529	
Other Contracted Services		5,206	
Office Supplies		5,774	
Office Equipment		500	
Total Register of Deeds			151,625

County Buildings

Custodial Personnel	\$	101,308	
Communication		1,016	
Engineering Services		750	
Maintenance and Repair Services - Buildings		38,960	
Maintenance and Repair Services - Equipment		2,176	
Maintenance and Repair Services - Vehicles		755	
Pest Control		2,500	
Other Contracted Services		12,054	
Custodial Supplies		7,810	
Food Supplies		2,342	
Gasoline		679	
Small Tools		497	
Utilities		91,439	
Other Supplies and Materials		7,596	
Building and Contents Insurance		1,514	
Liability Insurance		362,840	
Premiums on Corporate Surety Bonds		3,898	
Other Charges		14,312	
Building Improvements		57,428	
Maintenance Equipment		677	
Motor Vehicles		225	
Other Capital Outlay		6,630	
Total County Buildings			717,406

(Continued)

Exhibit K-7

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

General Fund (Cont.)FinanceAccounting and Budgeting

Accountants/Bookkeepers	\$	58,000	
Clerical Personnel		54,852	
Part-time Personnel		10,486	
Educational Incentive - Other County Employees		4,000	
In-service Training		830	
Communication		2,078	
Data Processing Services		18,669	
Dues and Memberships		25	
Printing, Stationery, and Forms		900	
Travel		225	
Other Contracted Services		122	
Office Supplies		3,586	
Office Equipment		186	
Total Accounting and Budgeting			\$ 153,959

Property Assessor's Office

County Official/Administrative Officer	\$	77,971	
Clerical Personnel		90,013	
Communication		2,034	
Contracts with Government Agencies		1,426	
Data Processing Services		7,690	
Postal Charges		705	
Travel		2,362	
Other Contracted Services		1,436	
Office Supplies		5,044	
Total Property Assessor's Office			188,681

Reappraisal Program

Assessment Personnel	\$	14,026	
Contracts with Private Agencies		17,640	
Data Processing Services		5,171	
Postal Charges		962	
Travel		5,552	
Office Supplies		1,987	
Total Reappraisal Program			45,338

County Trustee's Office

County Official/Administrative Officer	\$	77,971	
Deputy(ies)		20,614	
Clerical Personnel		23,096	
Part-time Personnel		17,640	
Communication		1,220	
Data Processing Services		40,856	
Dues and Memberships		1,246	
Postal Charges		6,975	
Travel		365	
Other Contracted Services		426	
Office Supplies		1,053	
Total County Trustee's Office			191,462

(Continued)

Exhibit K-7

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

General Fund (Cont.)Finance (Cont.)County Clerk's Office

County Official/Administrative Officer	\$	77,971	
Deputy(ies)		54,720	
Clerical Personnel		89,012	
Part-time Personnel		15,141	
Educational Incentive - Other County Employees		2,250	
In-service Training		450	
Communication		4,462	
Data Processing Services		30,934	
Postal Charges		6,971	
Travel		823	
Other Contracted Services		1,536	
Office Supplies		7,819	
Total County Clerk's Office			\$ 292,089

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	77,971	
Deputy(ies)		185,254	
Jury and Witness Expense		9,756	
Communication		3,303	
Data Processing Services		48,627	
Postal Charges		3,709	
Travel		971	
Other Contracted Services		3,210	
Office Supplies		11,418	
Other Charges		1,005	
Office Equipment		263	
Total Circuit Court			345,487

General Sessions Court

Judge(s)	\$	122,292	
Secretary(ies)		30,555	
Communication		1,179	
Postal Charges		55	
Travel		2,587	
Other Contracted Services		3,267	
Office Supplies		1,781	
Total General Sessions Court			161,716

Drug Court

Remittance of Revenue Collected	\$	5,814	
Total Drug Court			5,814

Chancery Court

County Official/Administrative Officer	\$	77,971	
Deputy(ies)		30,415	
Part-time Personnel		21,135	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Administration of Justice (Cont.)Chancery Court (Cont.)

Educational Incentive - Other County Employees	\$	1,500	
Communication		1,466	
Data Processing Services		21,012	
Maintenance Agreements		420	
Postal Charges		400	
Travel		1,561	
Office Supplies		4,747	
Total Chancery Court			\$ 160,627

Public SafetySheriff's Department

County Official/Administrative Officer	\$	85,768	
Assistant(s)		31,724	
Deputy(ies)		991,678	
Salary Supplements		20,000	
Secretary(ies)		30,799	
Part-time Personnel		48,548	
Other Salaries and Wages		38,528	
In-service Training		1,630	
Communication		12,387	
Data Processing Services		23,538	
Dues and Memberships		2,000	
Maintenance and Repair Services - Equipment		758	
Maintenance and Repair Services - Vehicles		59,830	
Postal Charges		2,382	
Travel		3,242	
Other Contracted Services		79,978	
Gasoline		79,483	
Instructional Supplies and Materials		2,472	
Law Enforcement Supplies		7,212	
Office Supplies		8,982	
Uniforms		7,637	
Utilities		2,684	
Other Charges		1,500	
Communication Equipment		7,500	
Law Enforcement Equipment		1,516	
Motor Vehicles		102,856	
Total Sheriff's Department			1,654,632

Traffic Control

Deputy(ies)	\$	15,479	
Other Fringe Benefits		3,774	
Travel		550	
Total Traffic Control			19,803

Administration of the Sexual Offender Registry

Office Supplies	\$	928	
Uniforms		237	
Total Administration of the Sexual Offender Registry			1,165

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Teachers	\$	7,392	
Medical Personnel		57,547	
Guards		716,302	
Attendants		1,000	
Part-time Personnel		68,626	
Other Salaries and Wages		26,641	
In-service Training		150	
Communication		12,472	
Maintenance and Repair Services - Buildings		67,386	
Maintenance and Repair Services - Equipment		16,069	
Medical and Dental Services		82,760	
Other Contracted Services		22,542	
Custodial Supplies		18,156	
Food Preparation Supplies		5,849	
Food Supplies		189,455	
Office Supplies		6,392	
Prisoners Clothing		4,302	
Uniforms		5,421	
Utilities		154,445	
Other Supplies and Materials		39,781	
Other Charges		64,509	
Other Capital Outlay		43,704	
Total Jail			\$ 1,610,901

Juvenile Services

Probation Officer(s)	\$	28,663	
Youth Service Officer(s)		50,882	
Educational Assistants		33,248	
In-service Training		811	
Communication		2,942	
Data Processing Services		8,234	
Transportation - Other than Students		325	
Travel		311	
Office Supplies		3,090	
Office Equipment		959	
Total Juvenile Services			129,465

Fire Prevention and Control

Assistant(s)	\$	5,116	
Supervisor/Director		49,410	
Mechanic(s)		141,441	
Part-time Personnel		31,842	
In-service Training		20,200	
Advertising		1,000	
Communication		8,888	
Dues and Memberships		1,195	
Maintenance and Repair Services - Buildings		29,497	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Public Safety (Cont.)Fire Prevention and Control (Cont.)

Maintenance and Repair Services - Equipment	\$	8,161	
Maintenance and Repair Services - Vehicles		76,673	
Travel		1,938	
Remittance of Revenue Collected		28,744	
Other Contracted Services		2,888	
Drugs and Medical Supplies		1,145	
Gasoline		29,031	
Instructional Supplies and Materials		3,080	
Office Supplies		1,680	
Uniforms		11,717	
Utilities		53,456	
Other Supplies and Materials		1,492	
Other Charges		40,676	
Building Improvements		200	
Site Development		3,600	
Other Equipment		276,984	
Other Capital Outlay		21,960	
Total Fire Prevention and Control			\$ 852,014

Civil Defense

Assistant(s)	\$	35,876	
Supervisor/Director		7,777	
Clerical Personnel		42,241	
Educational Incentive - Other County Employees		1,500	
Communication		407	
Maintenance and Repair Services - Equipment		539	
Maintenance and Repair Services - Vehicles		524	
Travel		881	
Equipment and Machinery Parts		1,000	
Gasoline		376	
Office Supplies		3,704	
Other Supplies and Materials		4,658	
Motor Vehicles		65,954	
Total Civil Defense			165,437

Other Public Safety

Supervisor/Director	\$	3,169	
Communication		505	
Contracts with Government Agencies		288,757	
Office Supplies		345	
Total Other Public Safety			292,776

Public Health and WelfareLocal Health Center

Medical Personnel	\$	111,428	
Communication		2,120	
Contracts with Government Agencies		33,240	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Local Health Center (Cont.)

Janitorial Services	\$	5,700	
Maintenance and Repair Services - Buildings		3,546	
Postal Charges		134	
Travel		3,077	
Custodial Supplies		373	
Drugs and Medical Supplies		974	
Office Supplies		2,220	
Utilities		9,770	
Other Charges		20,000	
Total Local Health Center			\$ 192,582

Rabies and Animal Control

Assistant(s)	\$	43,288	
Supervisor/Director		34,650	
Part-time Personnel		99,882	
Advertising		494	
Communication		4,359	
Maintenance and Repair Services - Buildings		2,838	
Maintenance and Repair Services - Equipment		302	
Maintenance and Repair Services - Vehicles		933	
Travel		1,509	
Other Contracted Services		48,348	
Animal Food and Supplies		16,417	
Custodial Supplies		2,681	
Drugs and Medical Supplies		21,755	
Gasoline		5,223	
Office Supplies		2,760	
Uniforms		1,443	
Utilities		16,198	
Other Supplies and Materials		4,449	
Other Charges		2,021	
Building Improvements		2,192	
Motor Vehicles		64,741	
Office Equipment		2,903	
Other Equipment		953	
Total Rabies and Animal Control			380,339

Ambulance/Emergency Medical Services

Other Contracted Services	\$	405	
Utilities		3,836	
Motor Vehicles		145,610	
Total Ambulance/Emergency Medical Services			149,851

Alcohol and Drug Programs

Guidance Personnel	\$	15,000	
Communication		283	
Other Supplies and Materials		2,376	
Total Alcohol and Drug Programs			17,659

(Continued)

Exhibit K-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Crippled Children Services

Contributions	\$ 2,005	
Total Crippled Children Services		\$ 2,005

General Welfare Assistance

Contributions	\$ 4,100	
Total General Welfare Assistance		4,100

Other Local Welfare Services

Supervisor/Director	\$ 9,139	
Social Security	566	
Unemployment Compensation	162	
Employer Medicare	133	
Total Other Local Welfare Services		10,000

Sanitation Education/Information

Foremen	\$ 39,035	
Laborers	37,986	
Maintenance and Repair Services - Equipment	1,342	
Gasoline	2,725	
Instructional Supplies and Materials	10,590	
Other Supplies and Materials	18,248	
Motor Vehicles	34,780	
Total Sanitation Education/Information		144,706

Social, Cultural, and Recreational ServicesSenior Citizens Assistance

Assistant(s)	\$ 8,003	
Supervisor/Director	25,071	
Social Workers	2,302	
Custodial Personnel	5,112	
Part-time Personnel	7,686	
Communication	3,467	
Maintenance and Repair Services - Buildings	5,068	
Maintenance and Repair Services - Vehicles	1,040	
Postal Charges	100	
Travel	475	
Other Contracted Services	3,176	
Gasoline	1,002	
Office Supplies	823	
Utilities	6,506	
Other Supplies and Materials	1,194	
Other Charges	641	
Total Senior Citizens Assistance		71,666

Libraries

Assistant(s)	\$ 28,705	
Supervisor/Director	35,999	

(Continued)

Exhibit K-7

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

General Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Libraries (Cont.)

Librarians	\$	77,507	
Custodial Personnel		3,766	
Part-time Personnel		16,625	
Communication		2,657	
Maintenance and Repair Services - Buildings		3,361	
Travel		822	
Other Contracted Services		3,920	
Custodial Supplies		1,883	
Office Supplies		17,002	
Utilities		28,061	
Other Charges		12,383	
Total Libraries			\$ 232,691

Other Social, Cultural, and Recreational

Contracts with Government Agencies	\$	23,840	
Contributions		21,500	
Total Other Social, Cultural, and Recreational			45,340

Agriculture and Natural ResourcesAgricultural Extension Service

County Official/Administrative Officer	\$	18,138	
Assistant(s)		11,852	
Deputy(ies)		12,805	
Secretary(ies)		6,807	
Part-time Personnel		5,500	
Longevity Pay		92	
Social Security		3,278	
Pensions		6,905	
Medical Insurance		6,439	
Unemployment Compensation		11	
Employer Medicare		774	
Other Fringe Benefits		74	
Communication		900	
Contracts with Private Agencies		1,118	
Other Contracted Services		246	
Office Supplies		5,000	
Total Agricultural Extension Service			79,939

Forest Service

Forest Resource Services	\$	1,000	
Total Forest Service			1,000

Soil Conservation

Contributions	\$	27,732	
Total Soil Conservation			27,732

(Continued)

Exhibit K-7

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

General Fund (Cont.)Agriculture and Natural Resources (Cont.)Flood Control

Contributions	\$	33,000	
Office Supplies		<u>3,350</u>	
Total Flood Control			\$ 36,350

Other Agriculture and Natural Resources

Part-time Personnel	\$	3,121	
Food Preparation Supplies		530	
Utilities		<u>1,069</u>	
Total Other Agriculture and Natural Resources			4,720

Other OperationsTourism

Contributions	\$	<u>257,932</u>	
Total Tourism			257,932

Tourism - Resort District

Contributions	\$	106,433	
Remittance of Revenue Collected		<u>788,710</u>	
Total Tourism - Resort District			895,143

Industrial Development

Contracts with Government Agencies	\$	65,000	
Dues and Memberships		12,506	
Other Charges		<u>1,835</u>	
Total Industrial Development			79,341

Other Economic and Community Development

Other Charges	\$	<u>12,066</u>	
Total Other Economic and Community Development			12,066

Airport

Contributions	\$	35,000	
Airport Improvement		<u>42,204</u>	
Total Airport			77,204

Veterans' Services

Supervisor/Director	\$	26,501	
Secretary(ies)		24,874	
Educational Incentive - Other County Employees		1,500	
Communication		1,941	
Data Processing Services		1,063	
Travel		1,664	
Other Contracted Services		152	
Office Supplies		1,490	
Office Equipment		<u>489</u>	
Total Veterans' Services			59,674

(Continued)

Exhibit K-7

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

General Fund (Cont.)Other Operations (Cont.)Other Charges

Trustee's Commission	\$ 159,321	
Workers' Compensation Insurance	167,081	
Other Self-insured Claims	9,382	
Total Other Charges		\$ 335,784

Contributions to Other Agencies

Contributions	\$ 19,250	
Total Contributions to Other Agencies		19,250

Employee Benefits

Social Security	\$ 298,298	
Pensions	291,668	
Life Insurance	14,421	
Medical Insurance	899,321	
Dental Insurance	29,165	
Unemployment Compensation	3,338	
Employer Medicare	70,079	
Total Employee Benefits		1,606,290

COVID-19 Grant #1

Other Charges	\$ 5,157	
Total COVID-19 Grant #1		5,157

COVID-19 Grant #2

Other Charges	\$ 7,348	
Total COVID-19 Grant #2		7,348

Miscellaneous

Medical and Dental Services	\$ 197	
Other Charges	8,424	
Total Miscellaneous		8,621

Principal on DebtGeneral Government

Principal on Capital Leases	\$ 130,985	
Total General Government		130,985

Interest on DebtGeneral Government

Interest on Capital Leases	\$ 17,771	
Total General Government		17,771

Total General Fund \$ 12,458,938

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation FundPublic Health and WelfareSanitation Management

Supervisor/Director	\$	57,187	
Secretary(ies)		25,846	
Educational Incentive - Other County Employees		3,000	
In-service Training		821	
Communication		2,975	
Maintenance and Repair Services - Equipment		339	
Travel		715	
Office Supplies		2,587	
Office Equipment		893	
Total Sanitation Management			\$ 94,363

Waste Pickup

Mechanic(s)	\$	44,687	
Truck Drivers		195,974	
Maintenance and Repair Services - Equipment		111,761	
Gasoline		90,513	
Small Tools		1,462	
Tires and Tubes		26,622	
Other Supplies and Materials		2,438	
Total Waste Pickup			473,457

Convenience Centers

Laborers	\$	241,769	
Advertising		297	
Communication		9,970	
Maintenance and Repair Services - Buildings		40,739	
Disposal Fees		21,279	
Utilities		18,940	
Other Supplies and Materials		15,184	
Other Charges		52	
Solid Waste Equipment		37,588	
Total Convenience Centers			385,818

Landfill Operation and Maintenance

Disposal Fees	\$	338,866	
Other Contracted Services		15,294	
Site Development		332	
Total Landfill Operation and Maintenance			354,492

Other OperationsOther Charges

Trustee's Commission	\$	17,840	
Workers' Compensation Insurance		51,671	
Total Other Charges			69,511

Employee Benefits

Social Security	\$	34,974	
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(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)Other Operations (Cont.)Employee Benefits (Cont.)

Pensions	\$	18,692	
Life Insurance		853	
Medical Insurance		51,812	
Dental Insurance		1,758	
Unemployment Compensation		727	
Employer Medicare		8,179	
Total Employee Benefits			\$ 116,995

Total Solid Waste/Sanitation Fund \$ 1,494,636

Drug Control FundPublic SafetyDrug Enforcement

Investigator(s)	\$	36,686	
Salary Supplements		5,127	
Office Supplies		473	
Law Enforcement Equipment		720	
Total Drug Enforcement			\$ 43,006

Other OperationsOther Charges

Workers' Compensation Insurance	\$	2,158	
Total Other Charges			2,158

Employee Benefits

Social Security	\$	2,330	
Pensions		2,521	
Life Insurance		119	
Medical Insurance		6,820	
Dental Insurance		242	
Unemployment Compensation		21	
Employer Medicare		545	
Total Employee Benefits			12,598

Total Drug Control Fund 57,762

Constitutional Officers - Fees FundAdministration of JusticeChancery Court

Special Commissioner Fees	\$	10,581	
Total Chancery Court			\$ 10,581

Total Constitutional Officers - Fees Fund 10,581

(Continued)

Exhibit K-7

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

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$	85,768	
Assistant(s)		58,807	
Secretary to Board		1,696	
Accountants/Bookkeepers		99,225	
Board and Committee Members Fees		4,125	
Communication		16,051	
Data Processing Services		13,504	
Dues and Memberships		3,526	
Postal Charges		170	
Printing, Stationery, and Forms		749	
Travel		250	
Electricity		11,088	
Food Preparation Supplies		1,120	
Natural Gas		2,923	
Office Supplies		4,790	
Water and Sewer		1,739	
Other Charges		10,140	
Total Administration			\$ 315,671

Highway and Bridge Maintenance

Laborers	\$	718,197	
Engineering Services		68,778	
Other Contracted Services		769,151	
Asphalt - Cold Mix		27,166	
Asphalt - Hot Mix		264,422	
Crushed Stone		144,873	
Pipe		36,628	
Road Signs		12,880	
Wood Products		383	
Gravel and Chert		16,940	
Other Supplies and Materials		3,584	
Other Charges		4,332	
Total Highway and Bridge Maintenance			2,067,334

Operation and Maintenance of Equipment

Mechanic(s)	\$	37,285	
Laborers		35,510	
Maintenance Personnel		38,952	
Maintenance and Repair Services - Equipment		22,368	
Maintenance and Repair Services - Vehicles		2,432	
Diesel Fuel		78,971	
Equipment and Machinery Parts		101,818	
Garage Supplies		11,951	
Gasoline		24,714	
Lubricants		1,160	
Propane Gas		339	
Tires and Tubes		33,305	
Other Supplies and Materials		2,527	
Total Operation and Maintenance of Equipment			391,332

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Other Charges

Liability Insurance	\$	41,632	
Trustee's Commission		44,824	
Workers' Compensation Insurance		116,964	
Total Other Charges			\$ 203,420

Employee Benefits

Social Security	\$	83,153	
Pensions		74,493	
Life Insurance		3,013	
Medical Insurance		221,341	
Dental Insurance		7,481	
Unemployment Compensation		6,265	
Total Employee Benefits			395,746

Capital Outlay

Maintenance and Repair Services - Buildings	\$	591	
Bridge Construction		1,479,395	
Building Improvements		2,235	
Highway Equipment		322,605	
Other Construction		20,251	
Total Capital Outlay			1,825,077

Principal on DebtHighways and Streets

Principal on Capital Leases	\$	56,962	
Total Highways and Streets			56,962

Interest on DebtHighways and Streets

Interest on Capital Leases	\$	6,158	
Total Highways and Streets			6,158

Total Highway/Public Works Fund \$ 5,261,700

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Bonds	\$	350,000	
Principal on Notes		223,088	
Principal on Capital Leases		110,296	
Principal on Other Loans		300,000	
Total General Government			\$ 983,384

Highways and Streets

Principal on Bonds	\$	175,000	
Total Highways and Streets			175,000

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)Principal on Debt (Cont.)Education

Principal on Capital Leases	\$	127,952	
Principal on Other Loans		<u>106,896</u>	
Total Education			\$ 234,848

Interest on DebtGeneral Government

Interest on Bonds	\$	170,100	
Interest on Notes		14,367	
Interest on Capital Leases		5,133	
Interest on Other Loans		<u>54,994</u>	
Total General Government			244,594

Highways and Streets

Interest on Bonds	\$	29,900	
Total Highways and Streets			29,900

Education

Interest on Capital Leases	\$	30,921	
Interest on Other Loans		<u>10,800</u>	
Total Education			41,721

Other Debt ServiceGeneral Government

Trustee's Commission	\$	5,663	
Other Debt Service		<u>32,914</u>	
Total General Government			<u>38,577</u>

Total General Debt Service Fund \$ 1,748,024

Rural Debt Service FundPrincipal on DebtEducation

Principal on Bonds	\$	1,080,000	
Total Education			\$ 1,080,000

Interest on DebtEducation

Interest on Bonds	\$	662,822	
Total Education			662,822

Other Debt ServiceEducation

Trustee's Commission	\$	4,977	
Underwriter's Discount		91,076	
Other Debt Issuance Charges		210,657	
Other Debt Service		<u>2,412</u>	
Total Education			<u>309,122</u>

Total Rural Debt Service Fund 2,051,944

Total Governmental Funds - Primary Government \$ 23,083,585

Exhibit K-8

Hardin County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hardin County School Department
For the Year Ended June 29, 2020

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	8,283,433	
Career Ladder Program		45,262	
Career Ladder Extended Contracts		20,537	
Educational Assistants		232,968	
Bonus Payments		226,171	
Other Salaries and Wages		42,469	
Certified Substitute Teachers		90,263	
Social Security		522,121	
Pensions		852,728	
Medical Insurance		1,773,116	
Dental Insurance		64,482	
Employer Medicare		122,626	
Maintenance and Repair Services - Equipment		2,806	
Instructional Supplies and Materials		241,311	
Textbooks - Bound		373,611	
Software		35,097	
Other Supplies and Materials		21,862	
Fee Waivers		20,000	
Regular Instruction Equipment		22,344	
Total Regular Instruction Program			\$ 12,993,207

Alternative Instruction Program

Teachers	\$	154,534	
Career Ladder Program		2,448	
Certified Substitute Teachers		1,678	
Social Security		6,166	
Pensions		16,687	
Medical Insurance		26,298	
Dental Insurance		1,002	
Employer Medicare		1,459	
Instructional Supplies and Materials		265	
Other Supplies and Materials		506	
Total Alternative Instruction Program			211,043

Special Education Program

Teachers	\$	962,536	
Career Ladder Program		1,912	
Homebound Teachers		41,243	
Educational Assistants		56,294	
Speech Pathologist		66,958	
Certified Substitute Teachers		7,964	
Social Security		66,852	
Pensions		113,015	
Medical Insurance		231,661	
Dental Insurance		8,683	
Employer Medicare		15,636	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)Instruction (Cont.)Special Education Program (Cont.)

Instructional Supplies and Materials	\$	7,386	
Other Supplies and Materials		4,044	
Other Charges		36,591	
Total Special Education Program			\$ 1,620,775

Career and Technical Education Program

Teachers	\$	735,860	
Certified Substitute Teachers		7,122	
Social Security		43,580	
Pensions		68,445	
Medical Insurance		144,997	
Dental Insurance		5,649	
Employer Medicare		10,205	
Contracts with Other School Systems		53,483	
Contracts with Private Agencies		7,000	
Instructional Supplies and Materials		26,300	
Other Supplies and Materials		1,022	
Vocational Instruction Equipment		35,600	
Total Career and Technical Education Program			1,139,263

Support ServicesAttendance

Supervisor/Director	\$	75,231	
Clerical Personnel		64,522	
Social Security		8,348	
Pensions		12,194	
Medical Insurance		44,425	
Dental Insurance		1,948	
Employer Medicare		1,952	
Travel		1,590	
Other Supplies and Materials		953	
In Service/Staff Development		510	
Total Attendance			211,673

Health Services

Supervisor/Director	\$	52,237	
Medical Personnel		223,417	
Other Salaries and Wages		11,228	
Social Security		16,608	
Pensions		21,807	
Medical Insurance		66,996	
Dental Insurance		3,006	
Employer Medicare		3,887	
Travel		2,972	
Drugs and Medical Supplies		3,057	
Other Supplies and Materials		8,035	
In Service/Staff Development		15	
Total Health Services			413,265

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

Career Ladder Program	\$	3,000	
Guidance Personnel		518,102	
Attendants		28,589	
Other Salaries and Wages		13,230	
Social Security		33,158	
Pensions		51,859	
Medical Insurance		105,415	
Dental Insurance		3,674	
Employer Medicare		7,755	
Communication		4,856	
Contracts with Government Agencies		43,936	
Evaluation and Testing		1,694	
Operating Lease Payments		2,184	
Travel		2,667	
Other Contracted Services		38,957	
Other Supplies and Materials		7,214	
In Service/Staff Development		743	
Total Other Student Support			\$ 867,033

Regular Instruction Program

Supervisor/Director	\$	158,509	
Career Ladder Program		7,980	
Librarians		331,203	
Clerical Personnel		26,028	
Educational Assistants		31,413	
Other Salaries and Wages		73,371	
Social Security		37,905	
Pensions		63,396	
Medical Insurance		101,339	
Dental Insurance		4,008	
Employer Medicare		8,865	
Operating Lease Payments		25,060	
Travel		8,355	
Library Books/Media		26,619	
Software		18,993	
Other Supplies and Materials		10,364	
In Service/Staff Development		6,763	
Total Regular Instruction Program			940,171

Alternative Instruction Program

Supervisor/Director	\$	69,718	
Social Security		4,116	
Pensions		7,411	
Medical Insurance		8,539	
Dental Insurance		334	
Employer Medicare		963	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Alternative Instruction Program (Cont.)

Operating Lease Payments	\$	1,961	
Travel		1,010	
In Service/Staff Development		275	
Other Charges		180	
Total Alternative Instruction Program			\$ 94,507

Special Education Program

Supervisor/Director	\$	73,919	
Career Ladder Program		1,000	
Assessment Personnel		46,737	
Other Salaries and Wages		48,300	
Social Security		9,535	
Pensions		16,370	
Medical Insurance		29,734	
Dental Insurance		918	
Employer Medicare		2,230	
Contracts with Private Agencies		6,714	
Travel		1,909	
Other Contracted Services		31,577	
Other Supplies and Materials		2,921	
In Service/Staff Development		6,187	
Total Special Education Program			278,051

Career and Technical Education Program

Supervisor/Director	\$	66,922	
Secretary(ies)		12,842	
Other Salaries and Wages		18,000	
Social Security		4,533	
Pensions		8,013	
Medical Insurance		20,464	
Dental Insurance		668	
Employer Medicare		1,321	
Travel		1,430	
Other Supplies and Materials		360	
In Service/Staff Development		300	
Total Career and Technical Education Program			134,853

Technology

Supervisor/Director	\$	80,485	
Career Ladder Program		1,000	
Data Processing Personnel		100,099	
Social Security		11,174	
Pensions		15,669	
Medical Insurance		37,140	
Dental Insurance		1,670	
Employer Medicare		2,613	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Technology (Cont.)

Maintenance and Repair Services - Equipment	\$	525	
Internet Connectivity		56,949	
Other Contracted Services		20,258	
Software		17,993	
Other Supplies and Materials		2,232	
Other Charges		39	
Other Equipment		35,582	
Total Technology			\$ 383,428

Board of Education

Board and Committee Members Fees	\$	8,999	
Dental Insurance		2,672	
Unemployment Compensation		13,355	
On-behalf Payments to OPEB		163,638	
Other Fringe Benefits		146,026	
Audit Services		17,000	
Dues and Memberships		9,469	
Legal Services		8,553	
Travel		11,225	
Other Contracted Services		3,500	
Other Supplies and Materials		810	
Liability Insurance		62,458	
Trustee's Commission		278,272	
Workers' Compensation Insurance		128,873	
In Service/Staff Development		5,025	
Criminal Investigation of Applicants - TBI		5,272	
Other Charges		832	
Total Board of Education			865,979

Director of Schools

County Official/Administrative Officer	\$	97,055	
Career Ladder Program		1,000	
Secretary(ies)		25,800	
Clerical Personnel		26,790	
Social Security		9,232	
Pensions		14,105	
Medical Insurance		23,587	
Dental Insurance		1,002	
Employer Medicare		2,159	
Communication		11,110	
Dues and Memberships		2,460	
Operating Lease Payments		3,480	
Maintenance and Repair Services - Equipment		780	
Postal Charges		3,433	
Travel		2,695	
Office Supplies		2,496	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Director of Schools (Cont.)

Other Supplies and Materials	\$	2,485	
In Service/Staff Development		835	
Other Charges		369	
Administration Equipment		27,487	
Total Director of Schools			\$ 258,360

Office of the Principal

Principals	\$	465,629	
Career Ladder Program		3,000	
Accountants/Bookkeepers		102,169	
Assistant Principals		415,231	
Secretary(ies)		65,448	
Clerical Personnel		15,674	
Social Security		62,815	
Pensions		106,677	
Medical Insurance		224,488	
Dental Insurance		8,377	
Employer Medicare		14,691	
Communication		3,000	
Dues and Memberships		6,250	
Operating Lease Payments		15,688	
Travel		4,265	
Other Contracted Services		4,530	
Other Supplies and Materials		5,033	
In Service/Staff Development		1,925	
Total Office of the Principal			1,524,890

Fiscal Services

Supervisor/Director	\$	80,000	
Accountants/Bookkeepers		51,542	
Clerical Personnel		30,275	
Social Security		9,980	
Pensions		11,327	
Medical Insurance		22,572	
Dental Insurance		1,002	
Employer Medicare		2,334	
Data Processing Services		13,393	
Dues and Memberships		85	
Maintenance and Repair Services - Equipment		3,045	
Travel		1,410	
Data Processing Supplies		1,523	
Office Supplies		1,452	
In Service/Staff Development		1,231	
Other Charges		348	
Administration Equipment		7,777	
Total Fiscal Services			239,296

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Operation of Plant

Supervisor/Director	\$	38,223	
Social Security		2,151	
Pensions		4,063	
Medical Insurance		12,940	
Dental Insurance		334	
Employer Medicare		503	
Janitorial Services		824,424	
Disposal Fees		19,948	
Other Contracted Services		22,409	
Electricity		799,769	
Natural Gas		89,279	
Water and Sewer		69,407	
Other Supplies and Materials		34,963	
Boiler Insurance		8,109	
Building and Contents Insurance		157,647	
Other Charges		5,754	
Plant Operation Equipment		103,567	
Total Operation of Plant			\$ 2,193,490

Maintenance of Plant

Supervisor/Director	\$	68,563	
Maintenance Personnel		297,862	
Social Security		21,292	
Pensions		26,517	
Medical Insurance		73,324	
Dental Insurance		3,006	
Employer Medicare		5,166	
Maintenance and Repair Services - Buildings		113,653	
Maintenance and Repair Services - Equipment		75,729	
Equipment and Machinery Parts		66,060	
General Construction Materials		29,399	
Other Supplies and Materials		7,653	
Other Charges		60	
Administration Equipment		39,078	
Maintenance Equipment		68,468	
Total Maintenance of Plant			895,830

Transportation

Supervisor/Director	\$	38,223
Clerical Personnel		10,287
Social Security		2,151
Pensions		4,063
Employer Medicare		644
Contracts with Other School Systems		16,665
Contracts with Private Agencies		1,711,039
Contracts with Parents		2,071

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Transportation (Cont.)

Medical and Dental Services	\$	253	
Travel		337	
Diesel Fuel		4,224	
Gasoline		10,308	
Tires and Tubes		3,146	
Vehicle Parts		3,238	
Vehicle and Equipment Insurance		26,017	
Other Charges		741	
Transportation Equipment		266,552	
Total Transportation			\$ 2,099,959

Operation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	74,562	
Career Ladder Program		3,000	
Other Salaries and Wages		2,468	
Social Security		4,660	
Pensions		8,387	
Medical Insurance		110,909	
Employer Medicare		1,090	
Travel		1,196	
Other Supplies and Materials		372	
In Service/Staff Development		100	
Total Food Service			206,744

Early Childhood Education

Supervisor/Director	\$	1,100	
Teachers		271,768	
Career Ladder Program		1,000	
Educational Assistants		95,910	
Certified Substitute Teachers		852	
Social Security		21,428	
Pensions		33,762	
Medical Insurance		99,747	
Dental Insurance		4,008	
Employer Medicare		5,016	
Travel		612	
In Service/Staff Development		911	
Other Charges		809	
Total Early Childhood Education			536,923

Capital OutlayRegular Capital Outlay

Building Construction	\$	196,446	
Building Improvements		129,045	
Plant Operation Equipment		480,191	
Other Capital Outlay		180,781	
Total Regular Capital Outlay			986,463

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)Other Debt ServiceEducation

Debt Service Contribution to Primary Government	\$ 2,187,901	
Total Education		\$ 2,187,901

Total General Purpose School Fund \$ 31,283,104

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$ 422,225	
Educational Assistants	112,156	
Certified Substitute Teachers	9,388	
Social Security	31,789	
Pensions	52,141	
Medical Insurance	157,285	
Dental Insurance	6,345	
Employer Medicare	7,437	
Contracts for Substitute Teachers - Certified	165	
Other Contracted Services	34,887	
Instructional Supplies and Materials	26,166	
Regular Instruction Equipment	20,792	
Total Regular Instruction Program		\$ 880,776

Special Education Program

Educational Assistants	\$ 215,273	
Speech Pathologist	56,684	
Social Security	15,878	
Pensions	19,403	
Medical Insurance	143,689	
Dental Insurance	6,457	
Employer Medicare	3,713	
Instructional Supplies and Materials	1,276	
Special Education Equipment	6,077	
Total Special Education Program		468,450

Career and Technical Education Program

Maintenance and Repair Services - Equipment	\$ 650	
Other Contracted Services	2,000	
Instructional Supplies and Materials	5,248	
Vocational Instruction Equipment	58,448	
Total Career and Technical Education Program		66,346

Support ServicesOther Student Support

Social Workers	\$ 27,000	
Other Salaries and Wages	7,000	
Social Security	2,103	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)Support Services (Cont.)Other Student Support (Cont.)

Pensions	\$	1,578	
Medical Insurance		6,270	
Dental Insurance		278	
Employer Medicare		492	
Contracts with Government Agencies		43,936	
Travel		994	
Other Contracted Services		16,658	
Other Supplies and Materials		11,336	
In Service/Staff Development		9,679	
Total Other Student Support			\$ 127,324

Regular Instruction Program

Supervisor/Director	\$	79,852	
Other Salaries and Wages		315,912	
Social Security		23,317	
Pensions		41,367	
Medical Insurance		69,106	
Dental Insurance		2,338	
Employer Medicare		5,453	
Travel		54	
Other Contracted Services		12,888	
Other Supplies and Materials		3,778	
In Service/Staff Development		44,228	
Other Equipment		1,318	
Total Regular Instruction Program			599,611

Special Education Program

Psychological Personnel	\$	60,767	
Other Salaries and Wages		115,177	
Social Security		10,517	
Pensions		15,862	
Medical Insurance		25,107	
Dental Insurance		946	
Employer Medicare		2,460	
Travel		1,568	
Other Contracted Services		71,253	
Other Supplies and Materials		1,751	
In Service/Staff Development		3,851	
Total Special Education Program			309,259

Career and Technical Education Program

In Service/Staff Development	\$	1,955	
Total Career and Technical Education Program			1,955

Transportation

Contracts with Private Agencies	\$	112,951	
Total Transportation			112,951

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	9,100	
Teachers		53,805	
Educational Assistants		28,504	
Other Salaries and Wages		37,627	
Social Security		7,779	
Pensions		12,012	
Employer Medicare		1,819	
Instructional Supplies and Materials		10,144	
Other Supplies and Materials		1,624	
In Service/Staff Development		1,288	
Other Charges		100	
Total Community Services			\$ 163,802

Total School Federal Projects Fund \$ 2,730,474

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Accountants/Bookkeepers	\$	20,600	
Cafeteria Personnel		599,131	
Other Salaries and Wages		34,782	
Social Security		38,124	
Pensions		34,787	
Medical Insurance		156,960	
Dental Insurance		11,967	
Employer Medicare		9,001	
Communication		1,409	
Maintenance and Repair Services - Equipment		12,960	
Transportation - Other than Students		20,146	
Other Contracted Services		26,986	
Food Preparation Supplies		44,748	
Food Supplies		491,238	
Office Supplies		4,598	
USDA - Commodities		172,797	
Other Supplies and Materials		30,721	
In Service/Staff Development		3,869	
Other Charges		560	
Food Service Equipment		39,393	
Total Food Service			\$ 1,754,777

COVID-19 Expenditures

Food Supplies	\$	407,511	
Total COVID-19 Expenditures			407,511

Total Central Cafeteria Fund 2,162,288

(Continued)

Exhibit K-8

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

<u>Education Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Other Capital Outlay	\$	18,700	
Total Education Capital Projects			\$ 18,700
Total Education Capital Projects Fund			\$ 18,700
Total Governmental Funds - Hardin County School Department			\$ 36,194,566

Exhibit K-9

Hardin County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2020

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 3,939,399
Total Cash Receipts	<u>\$ 3,939,399</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 3,900,005
Trustee's Commission	39,394
Total Cash Disbursements	<u>\$ 3,939,399</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



JASON E. MUMPOWER
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

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardin County, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Hardin County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated February 23, 2021. Our report includes a reference to other auditors who audited the financial statements of the Park Rest Hardin County Health Center and the discretely presented Hardin Medical Center, as described in our report on Hardin County's financial statements. This report does not include the results of other auditors testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hardin County's internal control over financial reporting (internal control) 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 Hardin County's internal control. Accordingly, we do not express an opinion on the effectiveness of Hardin County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be a significant deficiency: 2020-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hardin County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Question Costs as item: 2020-001.

Hardin County's Responses to the Findings

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

Purpose of this Report

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

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 23, 2021

JEM/sl



JASON E. MUMPOWER
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

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Hardin County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hardin County's major federal programs for the year ended June 30, 2020. Hardin County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the 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 Hardin County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Hardin County's compliance with those

requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Hardin County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Hardin County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hardin County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Hardin County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

requirements of 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 Hardin County, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Hardin County's basic financial statements. We issued our report thereon dated February 23, 2021, 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,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 23, 2021

JEM/sl

Hardin County, Tennessee, and the Hardin County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (7) (8)
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: (3)			
School Breakfast Program	10.553	N/A	\$ 385,567 (5)
COVID 19 - School Breakfast Program	10.553	N/A	156,141 (5)
National School Lunch Program	10.555	N/A	1,067,282 (5)
COVID 19 - National School Lunch Program	10.555	N/A	251,370 (5)
Summer Food Service Program for Children	10.559	N/A	11,973
Fresh Fruit and Vegetable Program	10.582	N/A	78,091
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	12,198
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (3)			
National School Lunch Program - Commodities (Noncash Assistance)	10.555	N/A	172,797 (5)
National School Lunch Program - Commodity Rebate	10.555	N/A	9,945 (5)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	G-20-63525-00	20,925
Total U.S. Department of Agriculture			<u>\$ 2,166,289</u>
U.S. Department of Defense:			
Passed through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	(4)	\$ 58,201 (6)
Total U.S. Department of Defense			<u>\$ 58,201</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(4)	\$ 9,000
Total U.S. Department of Justice			<u>\$ 9,000</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(4)	\$ 25,089
Total U.S. Department of Transportation			<u>\$ 25,089</u>
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	30504-00315-55	\$ 2,656
Total U.S. Institute of Museum and Library Services			<u>\$ 2,656</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,224,459
Special Education Cluster: (3)			
Special Education - Grants to States	84.027	N/A	868,737 (5)
COVID 19 - Special Education - Grants to States	84.027	N/A	5,502 (5)
Special Education - Preschool Grants	84.173	N/A	37,373
Career and Technical Education - Basic Grants to States	84.048	N/A	83,966
Twenty-first Century Community Learning Centers	84.287	N/A	163,801
Rural Education	84.358	N/A	83,903
Supporting Effective Instruction State Grant	84.367	N/A	152,167
Student Support and Academic Enrichment Program	84.424	N/A	131,516
Total U.S. Department of Education			<u>\$ 2,751,424</u>

(Continued)

Hardin County, Tennessee, and the Hardin County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (7) (8) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Election Assistance Commission:			
Passed through Tennessee Secretary of State:			
2020 HAVA Election Security Grants	90.404	N/A	\$ 1,820 (5)
COVID 19 - 2020 Supplemental Election Security Grants	90.404	N/A	7,348 (5)
Total U.S. Election Assistance Commission			<u>\$ 9,168</u>
U.S. Department of Health and Human Services:			
Passed through State Commission on Aging and Disability:			
Aging Cluster: (3)			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(4)	\$ 28,292
Passed-through State Department of Health:			
Family Planning Services	93.217	G-20-63525-00	9,566
Maternal and Child Health Services Block Grant to the States	93.994	G-20-63525-00	17,287
Total U.S. Department of Health and Human Services			<u>\$ 55,145</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(4)	\$ 35,000
Assistance to Firefighters Grant	97.044	(4)	20,727
Homeland Security Grant Program	97.067	(4)	31,050
Staffing for Adequate Fire and Emergency Response	97.083	(4)	40,931
Total U.S. Department of Homeland Security			<u>\$ 127,708</u>
Total Expenditures of Federal Awards			<u>\$ 5,204,680</u>
State Grants:		Contract Number	
Coordinated School Health - State Department of Education	N/A	N/A	\$ 100,000
Early Childhood Education - State Department of Education	N/A	N/A	534,591
Supporting Postsecondary Access in Rural Counties (SPARC) - State Department of Education	N/A	N/A	36,000
Safe Schools Act - State Department of Education	N/A	N/A	64,320
Health Department Grant - State Department of Health	N/A	G-20-63525-01	114,500
T.O.P. Grant - State Department of Economic and Community Development	N/A	N/A	459
Litter Program - Tennessee Department of Transportation	N/A	N/A	55,220
Animal Friendly Grant - State Department of Agriculture	N/A	N/A	1,400
Tennessee Certified Recovery Court Program - State Department of Mental Health and Substance Abuse Services	N/A	N/A	22,592
Healthy and Active Built Environments - State Department of Health	N/A	N/A	20,000
Total State Grants			<u>\$ 949,082</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) Hardin County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) Child Nutrition Cluster total \$2,055,075; Special Education Cluster total \$911,612; Aging Cluster total \$28,292.
- (4) Information not available.
- (5) Total for CFDA No. 10.553 is \$541,708; Total for CFDA No. 10.555 is \$1,501,394; Total for CFDA No. 84.027 is \$874,239;
Total for CFDA No. 90.404 is \$9,168.
- (6) During the year ended June 30, 2020, Hardin County received excess military equipment from the U.S. Department of
Defense valued at \$58,201.
- (7) For the year ended June 30, 2020, Hardin County received donated PPE valued at \$5,157 (\$3,868 federal and \$1,289 state) from
the State Department of Military. These donations were unaudited.
- (8) No amounts (\$0) were passed-through to subrecipients.

Hardin 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 Hardin 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
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OFFICE OF TRUSTEE

2019	226	2019-001	The office maintained a duplicate set of receipts.	N/A	Not Corrected - See Explanation on Corrective Action Plan
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Prior-year Federal Awards Findings

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

HARDIN 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 Hardin County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Number: 84.010 Title I Grants to Local Educational Agencies
 - * 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.

OFFICES OF COUNTY MAYOR AND DIRECTOR OF SCHOOLS

FINDING 2020-001 **THE OFFICES HAD DEFICIENCIES IN BUDGET OPERATIONS**
(Noncompliance Under *Government Auditing Standards*)

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

- A. Expenditures exceeded appropriations approved by the county commission in one of 57 major appropriation categories (the legal level of control) of the General Fund, in one of four major appropriation categories of the Rural Debt Service Fund, and in one of 25 major appropriation categories of the General Purpose School Fund as reflected in the following table:

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General:	
Other Operations - Tourism - Resort District	\$ 15,049
Rural Debt Service:	
Principal on Debt - Education	95,000
General Purpose School:	
Other Debt Service - Education	29,242

- B. Salaries exceeded appropriations in one of 105 salary line-items of the General Fund by \$426 and in one of eight salary line-items of the Solid Waste/Sanitation Fund by \$5,841. The budget resolution approved by the county commission states that the salary, wages, or remuneration of each official, employee, or agent of the county will not exceed appropriations that accompany the 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 these findings. We always do our best to ensure that expenditures are held within appropriations and proper budget amendments are made when necessary. Due to the coronavirus pandemic, river resort tax collections increased to a level that was unexpectedly higher than the amended budget. Also, the pandemic caused unforeseen amounts of overtime. Going forward, we will take any necessary amounts that involve transfers between categories to the county legislative body for approval.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

We concur with this finding. We always do our best to ensure that expenditures are held within appropriations and proper budget amendments are made when necessary. In this situation, the budget was amended, and we originally had sufficient funds there. This line item is the portion of sales tax that we have to give back to the Rural Debt Service Fund. For every dollar we get in sales tax, approximately 35 cents have to be given back to the county for debt service. When the pandemic started, sales tax collection went up considerably. For the months of January through July (November through May collections), sales tax increased almost \$319,000 from the previous year. Of that amount, we had to remit over \$110,000 extra to the Rural Debt Service Fund. This line item is difficult to control because it is based on sales tax collections. The budget has been amended to put an additional \$85,000 in the line item, but collections were considerably more than anyone could have expected.

OFFICE OF TRUSTEE

FINDING 2020-002

THE OFFICE MAINTAINED A DUPLICATE SET OF RECEIPTS

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

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

RECOMMENDATION

The office should discontinue the use of manual receipts and only issue receipts electronically.

MANAGEMENT'S RESPONSE – TRUSTEE

To serve the landowners of Hardin County effectively, I use prenumbered receipts. These receipts match the computer numbers. The hard copy allows us to cross reference delinquent tax numbers of prior-year to current-year. We show on the receipt when a business has closed with the prior year's taxes. As to excess cost, a receipt would be printed from the computer, so no extra cost would be incurred by the county. When this system does not work efficiently, an electronic one will be put in place.

AUDITOR'S COMMENT

The office should discontinue the use of manual receipts. Receipts should be issued electronically, giving consideration to the costs associated with the acquisition and on-going maintenance of the computer system, and additional labor costs for maintaining manual accounting records.

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.

Hardin 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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OFFICES OF COUNTY MAYOR

2020-001	The offices had deficiencies in budget operations.	236
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DIRECTOR OF SCHOOLS

2020-001	The offices had deficiencies in budget operations.	237
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OFFICE OF TRUSTEE

2020-002	The office maintained a duplicate det of receipts.	238
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HARDIN COUNTY, TENNESSEE

KEVIN C. DAVIS
COUNTY MAYOR

Finding : THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

Response and Corrective Action Plan Prepared by:
Kevin C. Davis, County Mayor

Person Responsible for Implementing the Corrective Action:
Dianne Prince, Finance Director

Anticipated Completion Date of Corrective Action:
June 30, 2021

Repeat Finding:
No

Planned Corrective Action:
We will monitor expenditures more closely to ensure that expenditures do not exceed appropriations.
Appropriate amendments will be submitted to the county commission for approval in the future.

Signature:

Michael Davis
Director of Schools
Ron Ashe
Chairman



155 Guinn Street
Savannah, TN 38372
Ph (731) 925-3943
Fax (731) 925-7313

Corrective Action Plan

FINDING: THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS

Response and Corrective Action Plan Prepared by:
Michael Davis, Director of Schools

Person Responsible for Implementing the Corrective Action:
Larry Mabry, Finance Director

Anticipated Completion Date of Corrective Action:
June 30, 2021

Repeat Finding:
No

Planned Corrective Action:
We will attempt to estimate expenditures more closely to actual to ensure that expenditures do not exceed appropriations. Appropriate amendments will be submitted to the county commission for approval.

Signature: _____

A handwritten signature in black ink that reads "Michael Davis". The signature is written in a cursive style with a large, sweeping "M" and a long, horizontal stroke at the end.

School Board Members

David Baker Gary Vickery Justin Johnson David Burgess
Jeanell Dennis Janie Milender Olga Turnbow Bobby Tucker Brad Jones



SAVANNAH, TENN.

Corrective Action Plan

FINDING

THE OFFICE MAINTAINED A DUPLICATE SET OF RECEIPTS

Response and Corrective Action Plan Prepared by:

Linda McCasland, Trustee

Person Responsible for Implementing the Corrective Action:

Linda McCasland, Trustee

Anticipated Completion Date of Corrective Action:

N/A

Repeat Finding:

Yes

Reason Corrective Action was Not Taken in the Prior Year:

The official feels that corrective action is not cost effective or necessary.

Planned Corrective Action:

Management has no corrective action plan.

Signature:

Linda McCasland
Linda McCasland, Trustee

BEST PRACTICE

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

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

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

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

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

AUDITOR'S COMMENT

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