
ANNUAL FINANCIAL REPORT HARDIN COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2007



ANNUAL FINANCIAL REPORT
HARDIN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2007

DEPARTMENT OF AUDIT
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HARDIN COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Hardin County, Tennessee
For the Year Ended June 30, 2007

Scope

We have audited the basic financial statements of Hardin County as of and for the year ended June 30, 2007.

Results

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

Our audit resulted in five 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 are summaries of the audit findings:

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Expenditures and encumbrances exceeded appropriations approved by the County Commission at the major appropriation category level of control (the legal level of control) in the General Purpose School Fund. Also, in numerous instances, General Purpose School Fund and School Federal Projects Fund salaries exceeded line-item appropriations approved by the Board of Education.
- ◆ The School Federal Projects Fund had a deficit of \$10,528 in unreserved fund balance at June 30, 2007.

OFFICE OF REGISTER

- ◆ The register did not adequately control access to her office. Individuals who were not office employees had unsupervised access to the office after business hours.

OTHER FINDINGS

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately among officials and employees in the Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Register, and Sheriff.

INTRODUCTORY SECTION

Hardin County Officials

June 30, 2007

Officials

Kevin Davis, County Mayor
Paul Blount, Highway Commissioner
John Thomas, Director of Schools
Linda McCasland, Trustee
Calvin Hinton, Assessor of Property
Connie Stephens, County Clerk
Diane Polk, Circuit and General Sessions Courts Clerk
Martha Smith, Clerk and Master
Julie Gail Adkisson, Register
Sammy Davidson, Sheriff
Linda Franks, Accounting and Budget Director

Board of County Commissioners

Kevin Davis, Chairman	Tracey Grisham
Emery White, Chairman Pro Tem	Tom Haggard
James Berry, Jr.	Wally Hamilton
Ernie Bigbie	Charles Howard
Gene Bryant	Roger Jenkins
Nickie Cagle	Mike Jerrolds
David Childers	Fred McFalls, Jr.
Adam Coleman	Kathy Smith
Gary Combs	Stacey Stricklin
Mike Fowler	James Whitehorn, Sr.
Jimmy Grisham	

Budget Committee

Ernie Bigbie
Gene Bryant
Gary Combs
David Childers
Mike Fowler
Wally Hamilton
Charles Howard
Kathy Smith
Emery White
James Whitehorn, Sr.

Board of Education

Mike Pitts, Chairman
James David Baker
Evelyn Sue Bromley
David Burgess
Jeanelle Dennis
David Long
Janie Milender
Thomas Neill
Olga Turnbow
Ramona Wilkerson

Highway Commission

Kevin Davis, Secretary
Hugh Gresham
Billy Grooms
Carter Horton
Dennis Johnson

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

January 4, 2008

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

To the County Mayor and Board of County Commissioners:

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, 2007, which collectively comprise Hardin County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hardin County's management. 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). Nor did we audit the financial statements of the discretely presented Hardin Medical Center (which represent 54.1 percent and 48.5 percent, respectively, of the assets and revenues of the aggregate discretely presented component units), the discretely presented Hardin County Emergency Communications District (which represent 1.1 percent and .6 percent, respectively, of the assets and revenues of the aggregate discretely presented component units), or the discretely presented Hardin County Convention and Visitors Bureau (which represent .2 percent and .4 percent, respectively, of the assets and revenues of the aggregate discretely presented component units). These financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Park Rest Hardin County Health Center, Hardin Medical Center, Hardin County Emergency Communications District, and Hardin County Convention and Visitors Bureau is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 4, 2008, on our consideration of Hardin County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

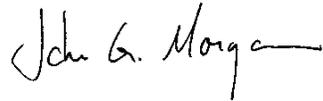
The management of Hardin County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison and pension information on pages 87 through 93 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hardin County's basic financial statements. The introductory section; combining and individual nonmajor fund financial statements; budgetary comparison schedules of nonmajor governmental funds, the General Debt Service Fund, and the Rural Debt Service Fund; combining and individual fund financial statements of the Hardin County School Department (a discretely presented component unit); and miscellaneous schedules are presented for purposes of additional analysis and are not a

required part of the basic financial statements. The combining and individual nonmajor fund financial statements; budgetary comparison schedules of nonmajor governmental funds, the General Debt Service Fund, and the Rural Debt Service Fund; combining and individual fund financial statements of the Hardin County School Department (a discretely presented component unit); and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on it.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Hardin County, Tennessee
Statement of Net Assets
June 30, 2007

	Primary Government			Component Units			
	Governmental Activities	Business- type Activities	Total	Hardin County School Department	Hardin Medical Center	Emergency Communications District	Hardin County Convention and Visitors Bureau
<u>ASSETS</u>							
Cash	\$ 32,488	\$ 4,238	\$ 36,726	\$ 0	\$ 4,156,434	\$ 345,175	\$ 200
Equity in Pooled Cash and Investments	10,126,332	0	10,126,332	1,267,115	0	0	0
Inventories	0	6,802	6,802	0	1,094,899	0	0
Investments	5,133,913	0	5,133,913	0	0	16,773	0
Accounts Receivable	184,195	427,788	611,983	2,347	7,816,735	18,089	86,778
Due from Other Governments	915,321	0	915,321	1,168,955	0	0	0
Due from Component Units	118,953	0	118,953	0	0	0	0
Property Taxes Receivable	4,084,473	0	4,084,473	5,114,601	0	0	0
Allowance for Uncollectible Property Taxes	(176,963)	0	(176,963)	(227,337)	0	0	0
Prepaid Items	0	17,819	17,819	0	190,407	0	1,753
Accrued Interest Receivable	49,394	0	49,394	0	0	0	0
Other Current Assets	0	0	0	0	778,139	0	0
Restricted Assets:							
Patient Trust	0	490	490	0	5,592	0	0
Utility Deposits	0	0	0	0	30	0	0
Deferred Charges - Debt Issuance Cost	194,812	0	194,812	0	0	0	0
Capital Assets:							
Assets Not Depreciated:							
Land	1,796,254	26,700	1,822,954	904,172	34,500	0	0
Construction in Progress	2,838,192	0	2,838,192	0	37,900	0	0
Assets Net of Accumulated Depreciation:							
Land Improvements	0	0	0	0	98,555	0	0
Buildings and Improvements	2,842,939	512,181	3,355,120	13,736,935	9,444,808	34,476	0
Infrastructure	15,132,155	0	15,132,155	0	0	0	0
Other Capital Assets	1,587,053	45,083	1,632,136	885,392	4,063,317	164,294	0
Total Assets	\$ 44,859,511	\$ 1,041,101	\$ 45,900,612	\$ 22,852,180	\$ 27,721,316	\$ 578,807	\$ 88,731

(Continued)

Exhibit A

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

	Primary Government			Component Units			
	Governmental Activities	Business- type Activities	Total	Hardin County School Department	Hardin Medical Center	Emergency Communications District	Hardin
							County Convention and Visitors Bureau
<u>LIABILITIES</u>							
Accounts Payable	\$ 84,861	\$ 33,552	\$ 118,413	\$ 65,872	\$ 714,827	\$ 6,846	\$ 14,806
Accrued Management Fee	0	812,385	812,385	0	0	0	0
Other Accrued Expenses	0	165,211	165,211	0	591,016	202	0
Accrued Payroll	57,047	0	57,047	6,799	448,429	0	0
Payroll Deductions Payable	4,606	0	4,606	192,804	0	0	0
Contracts Payable	786,170	0	786,170	0	0	0	0
Accrued Interest Payable	72,652	0	72,652	972	0	0	0
Due to Primary Government	0	0	0	118,953	0	0	0
Current Liabilities Payable from Restricted Assets:							
Patient Trust	0	490	490	0	5,592	0	0
Deferred Revenue - Current Property Taxes	3,764,135	0	3,764,135	4,696,426	0	0	0
County Drug Court Fees	10,007	0	10,007	0	0	0	0
Noncurrent Liabilities:							
Due Within One Year	1,925,284	0	1,925,284	154,092	617,185		
Due in More Than One Year	13,054,844	0	13,054,844	289,658	7,320,500	0	0
Total Liabilities	\$ 19,759,606	\$ 1,011,638	\$ 20,771,244	\$ 5,525,576	\$ 9,697,549	\$ 7,048	\$ 14,806
<u>NET ASSETS</u>							
Invested in Capital Assets, Net of Related Debt	\$ 19,746,077	\$ 0	\$ 19,746,077	\$ 15,477,904	\$ 6,126,580	\$ 0	\$ 0
Invested in Capital Assets	0	583,964	583,964	0	0	198,770	0
Restricted for:							
Highway/Public Works	416,463	0	416,463	0	0	0	0
Solid Waste/Sanitation	443,687	0	443,687	0	0	0	0
Jail Construction	504,210	0	504,210	0	0	0	0
Resort District	37,123	0	37,123	0	0	0	0
Debt Service	4,992,314	0	4,992,314	0	0	0	0
Capital Projects	252,556	0	252,556	0	0	0	0

(Continued)

Exhibit A

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

	Primary Government			Component Units			
	Governmental Activities	Business- type Activities	Total	Hardin County School Department	Hardin Medical Center	Emergency Communications District	Hardin County Convention and Visitors Bureau
<u>NET ASSETS (Cont.)</u>							
Restricted for: (Cont.)							
Food Service	\$ 0	\$ 0	\$ 0	\$ 791,049	\$ 0	\$ 0	\$ 0
School Federal Projects	0	0	0	179,668	0	0	0
Career Ladder	0	0	0	35,888	0	0	0
Career Ladder - Extended Contract	0	0	0	52,085	0	0	0
Other Local Education	0	0	0	36,400	0	0	0
Other Purposes	243,142	0	243,142	0	0	0	0
Unrestricted	(1,535,667)	(554,501)	(2,090,168)	753,610	11,897,187	372,989	73,925
Total Net Assets	<u>\$ 25,099,905</u>	<u>\$ 29,463</u>	<u>\$ 25,129,368</u>	<u>\$ 17,326,604</u>	<u>\$ 18,023,767</u>	<u>\$ 571,759</u>	<u>\$ 73,925</u>

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, 2007

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets											
	Program Revenues				Primary Government			Component Units				
	Expenses	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	Emergency Communications District	Hardin County Convention and Visitors Bureau	
Primary Government:												
Governmental Activities:												
General Government	\$ 8,981	\$ 278,942	\$ 16,380	\$ 188,338	\$ 474,679	\$ 0	\$ 474,679	\$ 0	\$ 0	\$ 0	\$ 0	
Finance	838,656	640,235	14,840	0	(183,581)	0	(183,581)	0	0	0	0	
Administration of Justice	643,289	551,869	11,674	0	(79,746)	0	(79,746)	0	0	0	0	
Public Safety	3,108,532	60,622	141,310	260,139	(2,646,461)	0	(2,646,461)	0	0	0	0	
Public Health and Welfare	1,523,564	224,230	179,049	0	(1,120,285)	0	(1,120,285)	0	0	0	0	
Social, Cultural, and Recreational Services	415,970	59,708	26,377	0	(329,885)	0	(329,885)	0	0	0	0	
Agriculture and Natural Resources	232,937	76,857	0	0	(156,080)	0	(156,080)	0	0	0	0	
Other Operations	1,505,855	1,200	0	0	(1,504,655)	0	(1,504,655)	0	0	0	0	
Highways/Public Works	5,388,005	0	1,880,797	16,779	(3,490,429)	0	(3,490,429)	0	0	0	0	
Education	256,400	0	0	0	(256,400)	0	(256,400)	0	0	0	0	
Interest on Long-term Debt	592,295	0	1,551,398	0	959,103	0	959,103	0	0	0	0	
Other Debt Service	104,999	0	0	0	(104,999)	0	(104,999)	0	0	0	0	
Total Governmental Activities	\$ 14,619,483	\$ 1,893,663	\$ 3,821,825	\$ 465,256	\$ (8,438,739)	\$ 0	\$ (8,438,739)	\$ 0	\$ 0	\$ 0	\$ 0	
Business-type Activities:												
Park Rest Hardin County												
Health Center	\$ 2,514,059	\$ 2,488,841	\$ 0	\$ 0	\$ 0	\$ (25,218)	\$ (25,218)	\$ 0	\$ 0	\$ 0	\$ 0	
Total Business-type Activities	\$ 2,514,059	\$ 2,488,841	\$ 0	\$ 0	\$ 0	\$ (25,218)	\$ (25,218)	\$ 0	\$ 0	\$ 0	\$ 0	
Total Primary Government	\$ 17,133,542	\$ 4,382,504	\$ 3,821,825	\$ 465,256	\$ (8,438,739)	\$ (25,218)	\$ (8,463,957)	\$ 0	\$ 0	\$ 0	\$ 0	
Component Units:												
School Department	\$ 28,826,858	\$ 896,219	\$ 3,714,790	\$ 256,400	\$ 0	\$ 0	0	\$ (23,959,449)	\$ 0	\$ 0	0	
Hardin Medical Center	26,230,970	26,409,635	447,475	0	0	0	0	0	626,140	0	0	
Emergency Communications District	207,123	168,070	0	0	0	0	0	0	0	(39,053)	0	
Hardin County Convention and Visitors Bureau	174,087	4,473	0	0	0	0	0	0	0	0	(169,614)	
Total Component Units	\$ 55,439,038	\$ 27,478,397	\$ 4,162,265	\$ 256,400	\$ 0	\$ 0	0	\$ (23,959,449)	\$ 626,140	\$ (39,053)	\$ (169,614)	

(Continued)

Exhibit B

Hardin County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets							
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units			
					Total Governmental Activities	Business- type Activities	Total	Hardin County School Department	Hardin Medical Center	Emergency Communications District	Hardin County Convention and Visitors Bureau
General Revenues:											
Taxes:											
Property Taxes Levied for General Purposes					\$ 3,205,662	\$ 0	\$ 3,205,662	\$ 4,475,920	\$ 0	\$ 0	\$ 0
Property Taxes Levied for Debt Service					172,610	0	172,610	0	0	0	0
Local Option Sales Taxes					1,662,420	0	1,662,420	3,161,191	0	0	0
Other Local Taxes					2,076,061	0	2,076,061	230	0	0	196,479
Grants and Contributions Not Restricted to Specific Programs					698,833	0	698,833	15,687,545	100,000	178,833	1,200
Unrestricted Investment Earnings					347,766	359	348,125	0	209,846	2,030	0
Miscellaneous					37,705	5,040	42,745	61,676	0	0	0
Total General Revenues					<u>\$ 8,201,057</u>	<u>\$ 5,399</u>	<u>\$ 8,206,456</u>	<u>\$ 23,386,562</u>	<u>\$ 309,846</u>	<u>\$ 180,863</u>	<u>\$ 197,679</u>
Change in Net Assets					\$ (237,682)	\$ (19,819)	\$ (257,501)	\$ (572,887)	\$ 935,986	\$ 141,810	\$ 28,065
Net Assets, July 1, 2006					8,817,049	49,282	8,866,331	17,899,491	17,087,781	429,949	45,860
Prior-Period Adjustment					16,520,538	0	16,520,538	0	0	0	0
Net Assets, June 30, 2007					<u>\$ 25,099,905</u>	<u>\$ 29,463</u>	<u>\$ 25,129,368</u>	<u>\$ 17,326,604</u>	<u>\$ 18,023,767</u>	<u>\$ 571,759</u>	<u>\$ 73,925</u>

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

Exhibit C-1

Hardin County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2007

	Major Funds				Nonmajor	Total	
	General	Highway/ Public Works	General Debt Service	Rural Debt Service	General Capital Projects		Other Govern- mental Funds
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,512	\$ 17,976	\$ 32,488
Equity in Pooled Cash and Investments	4,162,884	61,406	2,211,922	2,397,482	1,024,214	268,424	10,126,332
Investments	0	0	0	0	5,133,913	0	5,133,913
Accounts Receivable	34,829	20,043	4,083	0	0	125,240	184,195
Due from Other Governments	222,826	334,151	0	244,385	0	113,959	915,321
Due from Other Funds	17,976	0	0	0	0	0	17,976
Due from Component Units	0	0	0	118,953	0	0	118,953
Property Taxes Receivable	3,580,369	321,161	182,943	0	0	0	4,084,473
Allowance for Uncollectible Property Taxes	(155,562)	(12,988)	(8,413)	0	0	0	(176,963)
Accrued Interest Receivable	49,394	0	0	0	0	0	49,394
Total Assets	\$ 7,912,716	\$ 723,773	\$ 2,390,535	\$ 2,760,820	\$ 6,172,639	\$ 525,599	\$ 20,486,082
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 84,861	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 84,861
Accrued Payroll	48,311	0	0	0	0	8,736	57,047
Payroll Deductions Payable	3,918	0	0	0	0	688	4,606
Contracts Payable	0	0	0	0	786,170	0	786,170
Due to Other Funds	0	0	0	0	0	17,976	17,976
Due to State of Tennessee	10,007	0	0	0	0	0	10,007
Deferred Revenue - Current Property Taxes	3,298,138	298,810	167,187	0	0	0	3,764,135
Deferred Revenue - Delinquent Property Taxes	114,989	8,500	6,666	0	0	0	130,155
Other Deferred Revenues	167,491	174,012	0	125,432	0	103,738	570,673
Total Liabilities	\$ 3,727,715	\$ 481,322	\$ 173,853	\$ 125,432	\$ 786,170	\$ 131,138	\$ 5,425,630
<u>Fund Balances</u>							
Reserved for Encumbrances	\$ 237,419	\$ 0	\$ 0	\$ 0	\$ 7,398,191	\$ 46,182	\$ 7,681,792
Reserved for Resort District	37,123	0	0	0	0	0	37,123
Reserved for Purchase of Electronic Fingerprint Imaging System	0	0	0	0	0	5,000	5,000
Reserved for Alcohol and Drug Treatment	104,797	0	0	0	0	0	104,797

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor	Total
	General	Highway/ Public Works	General Debt Service	Rural Debt Service	General Capital Projects	Funds Other Govern- mental Funds	
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>							
<u>Fund Balances (Cont.)</u>							
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	\$ 33,125	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,125
Reserved for Sexual Offender Registration	1,532	0	0	0	0	0	1,532
Reserved for Courtroom Security	330	0	0	0	0	0	330
Reserved for Computer System - Register	1,525	0	0	0	0	0	1,525
Reserved for Automation Purposes - Circuit Court	1,396	0	0	0	0	0	1,396
Reserved for Automation Purposes - General Sessions Court	13,432	0	0	0	0	0	13,432
Reserved for Automation Purposes - Chancery Court	7,129	0	0	0	0	0	7,129
Reserved for Automation Purposes - Sheriff	37,531	0	0	0	0	0	37,531
Reserved for Capital Outlay	0	16,610	0	0	0	0	16,610
Reserved for Other General Purposes	504,210	0	0	0	0	0	504,210
Unreserved, Reported In:							
General Fund	3,205,452	0	0	0	0	0	3,205,452
Special Revenue Funds	0	225,841	0	0	0	343,279	569,120
Debt Service Funds	0	0	2,216,682	2,635,388	0	0	4,852,070
Capital Projects Funds (Deficit)	0	0	0	0	(2,011,722)	0	(2,011,722)
Total Fund Balances	\$ 4,185,001	\$ 242,451	\$ 2,216,682	\$ 2,635,388	\$ 5,386,469	\$ 394,461	\$ 15,060,452
Total Liabilities and Fund Balances	\$ 7,912,716	\$ 723,773	\$ 2,390,535	\$ 2,760,820	\$ 6,172,639	\$ 525,599	\$ 20,486,082

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 Assets
June 30, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 15,060,452
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,796,254	
Add: construction in progress	2,838,192	
Add: buildings and improvements net of accumulated depreciation	2,842,939	
Add: infrastructure net of accumulated depreciation	15,132,155	
Add: other capital assets net of accumulated depreciation	<u>1,587,053</u>	24,196,593
(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	\$ (704,700)	
Less: capital leases payable	(786,811)	
Less: bonds payable	(13,140,000)	
Add: deferred amount on refunding	73,694	
Add: deferred charges - debt issuance costs	194,812	
Add: other deferred revenue - discount on debt	2,384	
Less: compensated absences payable	(95,553)	
Less: landfill closure/postclosure care costs	(299,756)	
Less: accrued interest on bonds, notes, and capital leases	(72,652)	
Less: other deferred revenue - premium on debt	<u>(29,386)</u>	(14,857,968)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>700,828</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 25,099,905</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 30, 2007

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	Rural Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>							
Local Taxes	\$ 4,500,936	\$ 434,869	\$ 176,392	\$ 1,195,259	\$ 0	\$ 854,890	\$ 7,162,346
Licenses and Permits	98,796	0	0	0	0	0	98,796
Fines, Forfeitures, and Penalties	174,420	0	0	0	0	20,902	195,322
Charges for Current Services	32,219	0	0	0	0	231,408	263,627
Other Local Revenues	406,914	9,910	83,027	40,492	14,593	691	555,627
Fees Received from County Officials	1,165,363	0	0	0	0	0	1,165,363
State of Tennessee	808,489	1,892,964	16,344	0	0	31,492	2,749,289
Federal Government	530,314	16,779	0	0	0	0	547,093
Other Governments and Citizens Groups	44,795	0	520,366	1,195,259	0	4,602	1,765,022
Total Revenues	\$ 7,762,246	\$ 2,354,522	\$ 796,129	\$ 2,431,010	\$ 14,593	\$ 1,143,985	\$ 14,502,485
<u>Expenditures</u>							
Current:							
General Government	\$ 1,115,832	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,115,832
Finance	665,429	0	0	0	0	0	665,429
Administration of Justice	473,035	0	0	0	0	11,780	484,815
Public Safety	2,493,376	0	0	0	0	75,254	2,568,630
Public Health and Welfare	341,798	0	0	0	0	1,105,423	1,447,221
Social, Cultural, and Recreational Services	233,341	0	0	0	0	0	233,341
Agriculture and Natural Resources	98,613	0	0	0	0	0	98,613
Other Operations	1,469,850	0	0	0	0	160,721	1,630,571
Highways	0	3,343,821	0	0	0	0	3,343,821
Debt Service:							
Principal on Debt	115,840	0	650,750	1,180,000	0	0	1,946,590
Interest on Debt	38,214	4,913	323,114	186,938	0	0	553,179
Other Debt Service	0	0	42,009	12,270	0	0	54,279
Capital Projects	0	0	0	0	2,984,395	256,400	3,240,795
Total Expenditures	\$ 7,045,328	\$ 3,348,734	\$ 1,015,873	\$ 1,379,208	\$ 2,984,395	\$ 1,609,578	\$ 17,383,116
Excess (Deficiency) of Revenues Over Expenditures	\$ 716,918	\$ (994,212)	\$ (219,744)	\$ 1,051,802	\$ (2,969,802)	\$ (465,593)	\$ (2,880,631)
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,600,000	\$ 0	\$ 8,600,000
Notes Issued	44,000	0	0	0	0	400,700	444,700

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	Rural Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Capital Leases Issued	\$ 85,753	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 85,753
Insurance Recovery	28,456	0	0	0	0	0	28,456
Transfers In	0	800,000	0	0	552,729	0	1,352,729
Transfers Out	(552,729)	0	0	0	(800,000)	0	(1,352,729)
Discounts on Debt Issued	0	0	0	0	(2,392)	0	(2,392)
Total Other Financing Sources (Uses)	<u>\$ (394,520)</u>	<u>\$ 800,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,350,337</u>	<u>\$ 400,700</u>	<u>\$ 9,156,517</u>
Net Change in Fund Balances	\$ 322,398	\$ (194,212)	\$ (219,744)	\$ 1,051,802	\$ 5,380,535	\$ (64,893)	\$ 6,275,886
Fund Balance, July 1, 2006	3,862,603	436,663	2,436,426	1,583,586	5,934	459,354	8,784,566
Fund Balance, June 30, 2007	<u>\$ 4,185,001</u>	<u>\$ 242,451</u>	<u>\$ 2,216,682</u>	<u>\$ 2,635,388</u>	<u>\$ 5,386,469</u>	<u>\$ 394,461</u>	<u>\$ 15,060,452</u>

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, 2007

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)		\$ 6,275,886
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those 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	\$ 3,642,676	
Less: current year depreciation expense	<u>(2,924,409)</u>	718,267
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$ 700,828	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(631,858)</u>	68,970
(3) 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 assets. Also, governmental funds report the effect of issuance costs, 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: note proceeds	\$ (444,700)	
Less: bond proceeds	(8,600,000)	
Less: capital lease proceeds	(85,753)	
Add: change in premium on debt issuance	7,346	
Add: change in deferred debt issuance costs	130,420	
Add: change in discount on debt issuance	2,384	
Add: principal payments on bonds	1,180,000	
Add: principal payments on notes	453,750	
Add: principal payments on capital leases	115,840	
Less: change in deferred amount on refunding debt	<u>(37,356)</u>	(7,278,069)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in accrued interest payable	\$ (39,116)	
Change in compensated absences	(7,895)	
Change in landfill closure/postclosure care costs	<u>24,275</u>	<u>(22,736)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (237,682)</u>

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

Exhibit D-1

Hardin County, Tennessee
Statement of Net Assets
Proprietary Funds
June 30, 2007

	Business-type Activities - Enterprise Fund
	<u>Major Fund</u>
	<u>Park Rest</u>
	<u>Hardin County</u>
	<u>Health Center</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 4,238
Inventories	6,802
Accounts Receivable	427,788
Prepaid Items	17,819
Restricted Assets:	
Patient Trust	490
Total Current Assets	<u>\$ 457,137</u>
Noncurrent Assets:	
Capital Assets:	
Assets not Depreciated:	
Land	\$ 26,700
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	512,181
Other Capital Assets	45,083
Total Noncurrent Assets	<u>\$ 583,964</u>
Total Assets	<u>\$ 1,041,101</u>
<u>LIABILITIES</u>	
Liabilities	
Accounts Payable	\$ 33,552
Accrued Management Fee	812,385
Other Accrued Expenses	165,211
Current Liabilities Payable from Restricted Assets:	
Patient Trust	490
Total Liabilities	<u>\$ 1,011,638</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 583,964
Unrestricted	<u>(554,501)</u>
Net Assets	<u>\$ 29,463</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 Assets
Proprietary Fund
For the Year Ended June 30, 2007

	Business-type Activities - Enterprise Fund
	<u>Major Fund</u>
	Park Rest Hardin County Health Center
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Patient Revenues	\$ 2,488,841
Total Operating Revenues	<u>\$ 2,488,841</u>
<u>Operating Expenses</u>	
Administrative	\$ 920,151
Dietary	207,500
Housekeeping	99,523
Laundry	120,029
Operation and Maintenance	124,494
Nursing	945,598
Social Service	46,100
Depreciation	45,425
Total Operating Expenses	<u>\$ 2,508,820</u>
Operating Income (Loss)	<u>\$ (19,979)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 359
Interest Expense	(5,239)
Other (net)	5,040
Total Nonoperating Revenues (Expenses)	<u>\$ 160</u>
Net Income	<u>\$ (19,819)</u>
Change in Net Assets	\$ (19,819)
Net Assets, July 1, 2006	<u>49,282</u>
Net Assets, June 30, 2007	<u><u>\$ 29,463</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, 2007

	Business-type Activities - Enterprise Fund
	<u>Major Fund</u>
	Park Rest Hardin County Health Center
	<u> </u>
<u>Cash Flows From Operating Activities</u>	
Receipts from Patient Services	\$ 2,731,471
Payments to Suppliers	(1,292,965)
Payments to Employees	<u>(1,356,253)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 82,253</u>
<u>Cash Flows From Investing Activities</u>	
Interest Income	<u>\$ 359</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 359</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Purchase of Equipment	\$ (19,058)
Principal Paid to Hardin County Trustee	(84,368)
Interest Paid to Hardin County Trustee	<u>(5,239)</u>
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (108,665)</u>
<u>Cash Flows From Noncapital Financing Activities</u>	
Donations	<u>\$ 5,040</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 5,040</u>
Net Increase (Decrease) in Cash	\$ (21,013)
Cash, July 1, 2006	<u>25,251</u>
Cash, June 30, 2007	<u><u>\$ 4,238</u></u>

(Continued)

Exhibit D-3

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

	Business-type Activities - Enterprise Fund
	<u>Major Fund</u>
	<u>Park Rest</u>
	<u>Hardin County</u>
	<u>Health Center</u>
<u>Reconciliation of Net Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (19,979)
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	45,425
Changes in Assets and Liabilities:	
Accounts Receivable	242,630
Due from Hardin Home	(165,502)
Prepaid Insurance	(11,660)
Inventory	(368)
Accounts Payable	(37,084)
Accrued Management Fee	(32)
Accrued Expenses	<u>28,823</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 82,253</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, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,325,770
Due from Other Governments	<u>285,253</u>
Total Assets	<u>\$ 1,611,023</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 285,253
Due to Litigants, Heirs, and Others	<u>1,325,770</u>
Total Liabilities	<u>\$ 1,611,023</u>

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

HARDIN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2007

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 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.

Blended Component Units – There are no legally separate component units of Hardin County that meet the criteria for being reported as part of the primary government by the blending method.

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 public school system in the county, and the voters of Hardin County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, 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 Hardin Medical Center is a community medical center providing general and specialized medical services to patients. Included as part of the Hardin

Medical Center is the Hardin County Nursing Home, a 73-bed intermediate care facility, 25 beds of which are also certified for skilled care. 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 Hardin County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Hardin County 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
601 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 assets 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. Net debt issues (\$256,400) were contributed by the county to the School Department during the year ended June 30, 2007.

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, liabilities, 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 individual 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 fund accounts for transactions of the county’s Highway Department.

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.

General Capital Projects Fund – This fund accounts for transactions involving the construction of a new jail.

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, 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 funds:

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.

School Federal Projects Fund – This fund accounts for restricted federal revenues which must be expended on specific education programs.

Central Cafeteria Fund – This fund accounts for the cafeteria operations in each of the schools.

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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.

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted revenues first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county’s own legally issued bonds or notes; the State Treasurer’s Investment Pool; and repurchase agreements.

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 assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. In addition, investments are held separately by the primary government's General Capital Projects Fund. Hardin County and the Hardin County 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 and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.46 percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

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 deferred revenue 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 with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column and the business-type column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more (except for buildings and improvements \$10,000, motor vehicles \$10,000, heavy trucks \$25,000, equipment \$30,000, asphalt roads \$75,000/mile, double-surface treatment roads \$30,000/mile, and gravel roads \$12,000/mile) and an estimated useful life of more than five years. Capital assets are defined by the discretely presented Hardin County School Department as assets with an initial, individual cost of \$5,000 (except for buildings and improvements \$10,000, motor vehicles \$10,000, and equipment \$10,000) or more and an estimated useful life of more than five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Property, plant, equipment, and infrastructure of the primary government and 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	5-10

4. 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 leave for the Highway Department is accrued when incurred in the government-wide statements for the county. A liability for vacation leave 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.

The discretely presented Hardin County School Department does not allow most classes of employees to accumulate vacation days beyond their anniversary date, and therefore, any balances at year-end would be immaterial. The general policy of the discretely presented Hardin County School Department permits the unlimited accumulation of unused sick leave days. Upon retirement, professional employees receive \$10 per day for unused sick days. All nonprofessional employees receive pay for unused sick days up to 45 days when leaving employment. All sick leave benefits for the School Department are accrued when incurred in the government-wide statements. A liability for sick leave is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

5. 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 assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized 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 and landfill closure/postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – 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 assets – Consists of net assets 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 assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

The government-wide statement of net assets reports \$12,023,408 of restricted net assets, of which \$37,123 is restricted by enabling legislation.

As of June 30, 2007, Hardin County had \$4,901,400 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 Hardin County School Department. Therefore, Hardin County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county’s capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2007:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Walking Trail	\$ 3,118
Circuit Court Computers	50,924
GREAT Program	125
Fire Department	48,621

7. Prior-period Adjustment

Net capital assets were restated from the prior year in the primary government by \$16,520,538. The prior-period adjustment resulted from the recognition of infrastructure assets acquired between July 1, 1980, and June 30, 2002.

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 assets

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 assets.

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 assets.

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 assets 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 assets 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 capital projects funds, which adopt 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 State 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, County Mayor, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Fund Deficits

The General Capital Projects Fund had a deficit of \$2,011,722 in the unreserved fund balance account at June 30, 2007. This deficit resulted from the unperformed portions of construction contracts of \$7,398,191 being reserved as encumbrances. Funding for these future expenditures is expected to be received from the issuance of debt.

The discretely presented School Federal Projects Fund had a deficit of \$10,528 in the unreserved fund balance account at June 30, 2007. This deficit occurred because School Department personnel had not requested reimbursements for grant funds on a timely basis.

C. Expenditures and Encumbrances Exceeded Appropriations

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the Vocational Education Program and Operation of Plant major appropriation categories (the legal level of control) of the General Purpose School Fund by \$310 and \$6,076, respectively. Such overexpenditures are a violation of state statutes. These overexpenditures were funded from available fund balance.

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 assets as Equity in Pooled Cash and Investments. Cash and investments reflected on the balance sheets or statements of net assets represent 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance 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 market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2007, Hardin County had the following investments carried at fair value. Separate disclosures concerning pooled investments cannot be made for Hardin County and the discretely presented Hardin County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Fair Value
Federal Home Loan Mortgage Corporation Notes	7-12-07 to 3-3-08	\$ 2,553,603
Federal National Mortgage Association Notes	8-15-07 to 1-15-08	1,472,910
Federal Home Loan Bank Notes	2-11-08	<u>1,107,400</u>
Total		<u>\$ 5,133,913</u>

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Hardin County has no investment policy that would further limit its investment choices. As of June 30, 2007, Hardin County's investments with the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Home Loan Bank were rated AAA by Moody's Investor's Service and Standard & Poor's Ratings. Hardin County's investments with the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Home Loan Bank are government sponsored enterprises that are independent organizations not backed by the full faith and credit of the federal government and, therefore, the county could lose its investments if these enterprises were to fail.

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 places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Home Loan Bank. These investments are 49.74 percent, 28.69 percent, and 21.57 percent, respectively, of the county's total investments.

B. Capital Assets

Capital assets activity for the year ended June 30, 2007, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-06	Prior Period Adjustment	Increases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 1,796,254	\$ 0	\$ 0	\$ 1,796,254
Construction in Progress	0	0	2,838,192	2,838,192
Total Capital Assets Not Depreciated	\$ 1,796,254	\$ 0	\$ 2,838,192	\$ 4,634,446
Capital Assets Depreciated:				
Buildings and Improvements	\$ 5,459,488	\$ 0	\$ 0	\$ 5,459,488
Infrastructure	1,043,357	34,861,801	0	35,905,158
Other Capital Assets	4,624,207	0	804,484	5,428,691
Total Capital Assets Depreciated	\$ 11,127,052	\$ 34,861,801	\$ 804,484	\$ 46,793,337
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,445,783	\$ 0	\$ 170,766	\$ 2,616,549
Infrastructure	177,768	18,341,263	2,253,972	20,773,003
Other Capital Assets	3,341,967	0	499,671	3,841,638
Total Accumulated Depreciation	\$ 5,965,518	\$ 18,341,263	\$ 2,924,409	\$ 27,231,190
Total Capital Assets Depreciated, Net	\$ 5,161,534	\$ 16,520,538	\$ (2,119,925)	\$ 19,562,147
Governmental Activities Capital Assets, Net	\$ 6,957,788	\$ 16,520,538	\$ 718,267	\$ 24,196,593

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

Governmental Activities:

General Government	\$ 1,713
Finance	7,388
Public Safety	325,599
Public Health and Welfare	69,524
Social, Cultural, and Recreational Services	101,223
Agriculture and Natural Resources	12,661
Other Operations	11,665
Highways/Public Works	<u>2,394,636</u>

Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,924,409</u></u>
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Discretely Presented Hardin County School Department

Governmental Activities:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 904,172	\$ 0	\$ 0	\$ 904,172
Total Capital Assets Not Depreciated	<u>\$ 904,172</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 904,172</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 30,563,275	\$ 27,052	\$ 0	\$ 30,590,327
Other Capital Assets	3,389,000	275,150	(222,709)	3,441,441
Total Capital Assets Depreciated	<u>\$ 33,952,275</u>	<u>\$ 302,202</u>	<u>\$ (222,709)</u>	<u>\$ 34,031,768</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 15,952,274	\$ 901,118	\$ 0	\$ 16,853,392
Other Capital Assets	2,532,168	246,590	(222,709)	2,556,049
Total Accumulated Depreciation	<u>\$ 18,484,442</u>	<u>\$ 1,147,708</u>	<u>\$ (222,709)</u>	<u>\$ 19,409,441</u>

Governmental Activities (Cont.):

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Total Capital Assets				
Depreciated, Net	\$ 15,467,833	\$ (845,506)	\$ 0	\$ 14,622,327
Governmental Activities				
Capital Assets, Net	\$ 16,372,005	\$ (845,506)	\$ 0	\$ 15,526,499

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

Governmental Activities:

Instruction	\$ 531,758
Support Services	554,884
Operation of Non-Instructional Services	<u>61,066</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,147,708</u>

C. Construction Commitments

At June 30, 2007, the General Capital Projects Fund had uncompleted construction contracts of \$7,398,191 for construction of a new jail. Funding for these future expenditures is being provided through the issuance of debt.

D. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 17,976
Discretely Presented School Department:		
General Purpose School	School Federal Projects	266,430

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 units:

Receivable Fund	Payable Fund	Amount
	Component unit:	
Primary government:	Hardin County School Department:	
Rural Debt Service	General Purpose School	\$ 118,953

Interfund Transfers:

Interfund transfers for the year ended June 30, 2007, consisted of the following amounts:

Transfers Out	Transfers In	
	General Capital Projects Fund	Highway/ Public Works Fund
General Fund	\$ 552,729	\$ 0
General Capital Projects Fund	0	800,000
Total	<u>\$ 552,729</u>	<u>\$ 800,000</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.

E. Capital Leases

Terms of capital lease obligations outstanding at June 30, 2007, are as follows:

Description	Date of Lease	Length of Lease in Years	Gross Amount of Assets	Interest Rate
Rescue Squad Truck	7-16-02	10	\$ 116,588	4.95 %
Fire Trucks	6-6-03	10	427,788	4.75
Fire Trucks	11-21-05	10	429,882	4.75
Sheriff Dept. Vehicles	10-10-06	2	85,753	5.67

Title to the above-noted equipment transfers to Hardin County at the end of the lease periods. Lease payments are made from the General Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

Year Ending June 30	Governmental Funds
2008	\$ 154,053
2009	154,053
2010	123,879
2011	123,878
2012	123,879
2013-16	<u>254,321</u>
Total Minimum Lease Payments	\$ 934,063
Amount Representing Interest	<u>(147,252)</u>
Present Value of Minimum Lease Payments	<u>\$ 786,811</u>

F. Long-term Debt

Primary Government

General Obligation Bonds and Notes

The county issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 30 years for bonds and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2007, will be retired from the General Debt Service Fund and the Rural Debt Service Fund.

General obligation bonds, capital outlay notes, and capital leases outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds	3.875 to 4.125 %	\$ 8,600,000	\$ 8,600,000
General Obligation Bonds - Refunding	2 to 3.75	9,865,000	4,540,000
Capital Outlay Notes	4 to 5.3	2,069,700	704,700
Capital Leases	4.75 to 5.67	1,060,011	786,811

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2007, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2008	\$ 1,405,000	\$ 519,448	\$ 294,047	\$ 31,464
2009	1,450,000	455,168	194,047	18,880
2010	1,500,000	406,618	114,046	8,782
2011	955,000	353,144	51,280	3,887
2012	215,000	316,831	51,280	1,298
2013-2017	1,180,000	1,449,755	0	0
2018-2022	1,420,000	1,199,887	0	0
2023-2027	1,730,000	891,952	0	0
2028-2032	1,475,000	560,058	0	0
2033-2037	1,810,000	230,176	0	0
Total	<u>\$ 13,140,000</u>	<u>\$ 6,383,037</u>	<u>\$ 704,700</u>	<u>\$ 64,311</u>

There is \$4,852,070 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$514, based on the 2000 federal census. Debt per capita, including bonds, notes, and capital leases totaled \$572, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

Governmental Activities:	Bonds	Notes	Capital Leases
Balance, July 1, 2006	\$ 5,720,000	\$ 713,750	\$ 816,898
Additions	8,600,000	444,700	85,753
Deductions	(1,180,000)	(453,750)	(115,840)
Balance, June 30, 2007	<u>\$ 13,140,000</u>	<u>\$ 704,700</u>	<u>\$ 786,811</u>
Balance Due Within One Year	<u>\$ 1,405,000</u>	<u>\$ 294,047</u>	<u>\$ 116,816</u>

	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2006	\$ 87,658	\$ 324,031
Additions	108,866	0
Deductions	(100,971)	(24,275)
Balance, June 30, 2007	<u>\$ 95,553</u>	<u>\$ 299,756</u>
Balance Due Within One Year	<u>\$ 85,146</u>	<u>\$ 24,275</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 15,026,820
Less: Balance Due Within One Year	(1,925,284)
Less: Deferred Amount on Refunding	<u>(46,692)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 13,054,844</u>

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

Discretely Presented Hardin County School Department

Hardin County issues capital outlay notes to fund capital facilities and other capital purchases for the School Department.

Capital outlay notes are direct obligations and pledge the full faith and credit of the government. Capital outlay notes outstanding were issued for original terms of up to seven years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. Capital outlay notes outstanding as of June 30, 2007, will be retired from the General Purpose School Fund.

Capital outlay notes outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
Capital Outlay Note	3%	\$ 311,836	\$ 48,595

The annual requirements to amortize the note outstanding as of June 30, 2007, including interest payments, are presented in the following table:

Year Ending June 30	Notes	
	Principal	Interest
2008	\$ 48,595	\$ 1,458
Total	\$ 48,595	\$ 1,458

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Hardin County School Department for the year ended June 30, 2007, was as follows:

Governmental Activities:

	Notes	Compensated Absences
Balance, July 1, 2006	\$ 95,773	\$ 398,137
Additions	0	102,312
Deductions	(47,178)	(105,294)
Balance, June 30, 2007	\$ 48,595	\$ 395,155
Balance Due Within One Year	\$ 48,595	\$ 105,497

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

G. Short-term Debt

Hardin County issued revenue anticipation notes from the General Debt Service Fund in advance of revenue collections and deposited the proceeds in the Highway/Public Works Fund (\$250,000) and General Purpose School Fund (650,000). These notes were necessary because funds were not available to meet operating expenses due before current revenue collections. Short term debt activity for the year ended June 30, 2007, was as follows:

	Balance 7-1-06	Issued	Redeemed	Balance 6-30-07
Revenue Anticipation Notes	\$ 0	\$ 900,000	\$ (900,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Primary Government

Liability, Property, and Casualty

Hardin County joined 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. Hardin County pays an annual premium to the TN-RMT for its general liability, property, and casualty insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums. The TN-RMT 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, 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, Tennessee Code Annotated, 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 joined the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental 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. The TN-RMT reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

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 8-27-302, Tennessee Code Annotated (TCA), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

Employee Dental Insurance

The Hardin County School Department has chosen to establish the Employee Insurance Fund for risks associated with the Hardin County 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. A premium charge is allocated to each fund that accounts for full-time employees. 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
2005-06	\$ 9,522	\$ 211,800	\$ 207,819	\$ 13,503
2006-07	13,503	215,735	222,439	6,799

B. Subsequent Events

On July 10, 2007, the county's General Debt Service Fund issued a \$750,000 tax anticipation note to the General Purpose School Fund for temporary operating funds.

On July 31, 2007, Hardin County entered into a \$495,000 lease-purchase agreement for fire trucks.

C. 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 hospital. The principal of this loan agreement is reflected on the financial statements of the Hardin Medical Center. As of June 30, 2007, \$735,000 has been repaid leaving a balance of \$7,265,000. Future principal and interest requirements for the entire loan at June 30, 2007, were \$7,265,000 and \$3,808,032, respectively.

The county attorney stated that there were no other potential claims against the county that would materially affect the county's financial statements.

D. Landfill Closure/Postclosure Care Costs

The Savannah-Hardin County Landfill is jointly owned by the City of Savannah and Hardin County. Hardin County is responsible for the closure and postclosure care of the landfill with the City of Savannah contractually agreeing to pay 50 percent of the costs. State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. These closure and postclosure care costs generally are paid near or after the date that the landfill stops accepting waste. The landfill was closed on July 1, 1998. Remaining postclosure care costs are estimated to be \$599,512. The \$299,756 reported as landfill postclosure care liability at June 30, 2007, represents 50 percent of the estimated costs for future postclosure care functions. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. Joint Ventures

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, Henry, Benton, Carroll, Hardin, and Decatur 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 does not have an equity interest in the above-noted joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

Administrative Office:

Twenty-Fourth Judicial District Drug Task Force
P.O. Box 301
McKenzie, Tennessee 38201

F. Retirement Commitments

Employees

Plan Description

Employees of Hardin County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension

plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Hardin County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.treasury.state.tn.us/tcrs/PS/>.

Funding Policy

Hardin County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was 9.97 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Hardin County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2007, Hardin County's annual pension cost of \$585,069 to TCRS was equal to Hardin County's required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of

assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Hardin County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 17 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$585,069	100%	\$0
6-30-06	523,592	100	0
6-30-05	500,960	100	0

School Teachers

Plan Description

The Hardin County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury

Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.treasury.state.tn.us>.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Hardin County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2007, was 6.13 percent of annual covered payroll. The employer contribution requirement for the Hardin County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2007, 2006, and 2005, were \$814,533, \$713,288, and \$698,914, respectively, equal to the required contributions for each year.

G. Other Post-employment Benefits

In addition to the retirement commitments described above, the discretely presented School Department makes a contribution toward the health insurance premium of the school department's group medical plan for employees who retire with 30 years of service. This contribution continues until the employee reaches age 65 and is Medicare eligible. During the year, this contribution was \$239 per month for PPO subscribers and \$219 per month for POS subscribers. As of June 30, 2007, there were 22 former employees participating. Expenditures totaling \$48,868 were recognized for post-employment health care.

H. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Section 5-14-201 through 5-14-206, Tennessee Code Annotated (TCA). This act provides for all purchases exceeding \$5,000 (\$10,000 effective May 10, 2007) 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 which a hospital or skilled nursing facility is designed to provide, but because of their mental or physical condition, require care and services which can be made available to them only through institutional facilities.

2. Fund Accounting

The accounts of Park Rest are organized on the basis of funds. The operations of funds are accounted for with a separate set of self-balancing accounts that comprise their assets, liabilities, fund equity, revenues, and expenses, as appropriate. 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. 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.

3. Reporting Entity

Park Rest is a department of Hardin County, Tennessee. Park Rest is not a legally separate entity but the Hardin County Commission is responsible for appointing each member of the nursing home committee, which oversees Park Rest's operations. In addition, nursing home revenues were the source of repayment for the bonds mentioned in Note VI.D. Had Park Rest been unable to retire the bonds, Hardin County would have then been responsible.

B. Summary of Significant Accounting Policies

1. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The financial statements of Park Rest are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred. The following is a summary of the more significant accounting policies.

Inventory

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

Property and Equipment

All capital assets are stated at historical cost. Depreciation expense is calculated principally by the straight-line method to allocate the costs of depreciable assets over their estimated useful lives. Maintenance and repairs which do not materially extend their useful lives are charged to expense as incurred.

2. GASB Conformity

The financial statements included herein are prepared in conformity with generally accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). Park Rest applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

3. Cash and Cash Equivalents

Cash and cash equivalents, as used in the Statements of Cash Flows, include demand deposit accounts and certificates of deposit with maturities of three months or less when purchased.

4. Operating Revenues / Expenses

Proprietary funds distinguish operating revenues from non-operating items. Operating revenues and expenses generally result from providing services in connection with the nursing home's principal ongoing operations. The principal operating revenues of Park Rest are charges for patient services. Operating expenses include salaries and wages of employees, administrative expenses, and depreciation on 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. Hardin Home based the laundry charges on prevailing rates in the area. The total laundry charges for the year were \$120,000.

Park rest provided meals to Hardin Home. The charges for the meals approximated Park Rest's actual costs of providing the meals. The dietary charges for the year totaled \$156,000.

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

During the year, Park Rest paid approximately \$130,000 in operating expenses on behalf of Hardin Home for which it had not been reimbursed as of the end of the year.

The amount shown in the balance sheet as Due from Hardin Home represents the net effect of all the situations described above. Repayment is expected next year.

D. Due to Hardin County

In 1985, Hardin County, Tennessee, issued \$1,070,000 of General Obligation Nursing Home Bonds Series 1985 which bear interest ranging from 6.5 to 8.7 percent. Park Rest reimbursed the county for interest and principal over 20 years. The final payment was paid in July 2006. Activity for the year was as follows:

	Beginning Balance	Reductions	Ending Balance
Due to Hardin County	\$ 84,368	\$ (84,368)	\$ 0

E. Deposits and Investments

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.

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.

At year-end, the carrying amount of Park Rest's deposits was \$4,238 and the bank balances were \$176,658.

There were no significant violations during the year of legal or contractual provisions.

F. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, Park Rest's deposits may not be returned to it. Park Rest does not have a deposit policy for custodial credit risk. As of June 30, 2007, \$73,823 of Park Rest's bank balances of \$176,658 was uninsured and uncollateralized.

G. Management Agreement

The county has contracted with an outside firm to manage Park Rest. The management fee is seven percent of the gross revenues received by the facility from all sources.

H. Concentration of Credit Risk

Approximately 99 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 83 percent of the accounts receivable balance at June 30, 2007, was due from the State of Tennessee under the Medicaid program.

I. Compensated Absences

Park Rest does not grant sick days as such. If employees are off sick, they will not be paid for that time. However, for any month employees do not miss a day for being off sick, they will accumulate four hours pay. After employees

have completed one year's service, the facility will pay for all accumulated sick pay hours.

Employees are entitled to one week of vacation after one year of employment. If employees are laid off, they will receive accumulated vacation pay, but if they are terminated, they will not.

Accrued vacation and sick pay were not considered material and, accordingly, no liability is included in the financial statements for them.

J. 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.

K. Trust Funds

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

L. Capital Assets

Capital assets activity for the year ended June 30, 2007, was as follows:

	Balance 7-1-06	Increases	Balance 6-30-07
Capital Assets Not Being Depreciated:			
Land	\$ 26,700	\$ 0	\$ 26,700
Capital Assets Being Depreciated:			
Building and Improvements	\$ 1,127,838	\$ 0	\$ 1,127,838
Furniture and Fixtures	49,985	0	49,985
Equipment	224,269	19,058	243,327
Total Capital Assets Being Depreciated	\$ 1,402,092	\$ 19,058	\$ 1,421,150
Less Accumulated Depreciation For:			
Building and Improvements	\$ (584,159)	\$ (31,498)	\$ (615,657)
Furniture and Fixtures	(37,413)	(2,952)	(40,365)
Equipment	(196,889)	(10,975)	(207,864)
Total Accumulated Depreciation	\$ (818,461)	\$ (45,425)	\$ (863,886)

	Balance 7-1-06	Increases	Balance 6-30-07
Total Capital Assets			
Depreciated, Net	\$ 583,631	\$ (45,425)	\$ 557,264
Total Capital Assets, Net	\$ 610,331	\$ (26,367)	\$ 583,964

Fully depreciated assets at June 30, 2007, total \$229,308.

VII. OTHER NOTES – DISCRETELY PRESENTED HARDIN MEDICAL CENTER

A. General Information

1. General

Hardin Medical Center is a community medical center located in Savannah, Tennessee, providing general as well as various specialized medical services to patients.

2. Reporting Entity

Hardin Medical Center is a component unit of Hardin County, Tennessee. The Hardin County Commission is responsible for appointing each member of the medical center's board of directors. Included as part of the Hardin Medical Center is the Hardin County Nursing Home which is an intermediate and skilled care facility.

B. Summary of Significant Accounting Policies

1. GASB Conformity

The financial statements included herein are prepared in conformity with generally accepted accounting principles (GAAP) as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). The medical center applies Financial Accounting Standards Board (FASB) pronouncements, Accounting Principles Board (APB) Opinions and Accounting and Research Bulletins (ARB) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

2. Measurement Focus and Basis of Accounting

Hardin Medical Center uses the economic resources measurement focus. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made,

regardless of the measurement focus applied. The Hardin Medical Center uses the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred.

3. **Cash Equivalents**

Hardin Medical Center considers all highly liquid investments that are demand in nature or with a maturity of three months or less when purchased to be cash equivalents.

4. **Accounts Receivable**

Accounts receivable consist entirely of amounts due for patient services that were billed but not received by the end of the year. The allowance for uncollectible accounts is based on historical trends.

5. **Inventories**

Inventories of operational supplies are carried at cost (first-in, first-out method).

6. **Compensated Absences**

Hardin Medical Center employees earn vacation and sick leave on a ratable basis determined by months employed. The amounts earned on both types of leave can be carried forward from one year to the next subject to stated maximums in both areas. Payment is allowed for accumulated vacation days upon termination of employment but is not allowed for accumulated sick leave.

7. **Fund Accounting**

The accounts of the Hardin Medical Center 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 Fund

Enterprise Fund – The Hardin Medical Center Fund is 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.

8. Capital Assets

All Hardin Medical Center plant in-service acquisitions subsequent to 1967 have been recorded at cost. Assets acquired prior to that date and still on hand and in use at that date were inventoried and appraised by a firm of independent appraisers to be eligible for participation in the Medicare program. Expenditures that materially increase the values or capacities or extend useful lives of these assets are capitalized while expenditures for maintenance and repairs are charged to operations as incurred. Applicable interest cost is capitalized as part of the cost of the asset. Gains or losses from the sales of property, plant, and equipment are reflected in operations and the asset accounts and related allowances for depreciation are reduced. Also, depreciation expense is systematically charged against operations. Depreciable capital assets are being depreciated over various estimated useful lives on the straight-line basis. Depreciation expense also includes the amortization of equipment acquired by entering into capital lease obligations.

9. Operating Income

Operating income includes net patient service revenue and other miscellaneous receipts that support operations.

C. Pension Plan

Plan Description

Employees of the Hardin Medical Center are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service, or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system on or after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37, Tennessee Code Annotated. State

statutes are amended by the Tennessee General Assembly. Political subdivisions such as the Hardin Medical Center participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us/tcrs/PS/.

Funding Policy

The Hardin Medical Center has adopted a noncontributory retirement plan for employees hired before July 1, 1986, by assuming employee contributions up to five percent of annual covered payroll. Employees hired on July 1, 1986, and after are required to contribute five percent of earnable compensation.

The Hardin Medical Center is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2007, was 10.37 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. Contribution requirements for the Hardin Medical Center are established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2007, the Hardin Medical Center's annual pension cost of \$993,229 to TCRS was equal to their required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen initial liability actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The Hardin Medical Center's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-07	\$ 993,229	100%	\$ 0
6-30-06	714,538	100	0
6-30-05	660,346	100	0

D. Due from/to Intermediaries

The Hardin Medical Center participates in the Medicare and TennCare programs as well as providing health-care services to patients whose coverage is paid for by other commercial insurance carriers. Historically, reimbursements for certain services under the Medicare program were made on the basis of audited cost reports filed on a fiscal year basis. Periodically, the commercial insurance carriers may conduct their own audit of the center's records. The amounts presented below are subject to final audit by the intermediaries. The amounts due to intermediaries represent amounts determined to be payable as a result of reviews of the center's records. The center's Medicare cost reports have been audited through June 30, 2005.

E. Economic Dependency

Approximately 48 percent of all charges for the year were made to the Medicare program, and 34 percent of the net accounts receivable balance as of June 30, 2007, was due from the Medicare program.

The Hardin Medical Center is subject to the general economic conditions of the region in which they are located as well as the economic stability of the third-party providers of patient insurance.

F. Physician Guarantees

Hardin Medical Center has entered into agreements with local physicians whereby it will extend lines of credit, subject to stated maximums. The loans are to be forgiven if the physicians maintain a practice in the area for specified terms. The amounts in other assets represent the balance of these loans.

G. Charity Care

Hardin Medical Center maintains records to identify and monitor the level of charity care it provides for patients. The records include the amount of charges foregone for services and supplies furnished under its charity care

policy. Hardin Medical Center provided charity care services, measured in terms of established patient billing rates, of approximately \$349,211.

H. Long-term Debt

Hardin County has entered into a loan agreement dated July 29, 2003, to borrow up to \$8,000,000 in bonds to improve the Hardin Medical Center. A total of \$8,000,000 was received, and the medical center is repaying the bonds in annual principal and monthly interest payments. The interest rate to be paid is variable but at June 30, 2007, was 3.73 percent.

The Hardin Medical Center borrowed \$300,000 in January 2007, from the Tennessee Valley Electric Cooperative under the Rural Economic Loan and Grant Program. The proceeds were used to finance the acquisition costs of new computer software. The note does not bear interest, but the principal is to be paid in monthly installments of \$2,500 from February 2007 through January 2017. Security is a certificate of deposit and an irrevocable standby letter of credit.

Maturities of all long-term debt are as follows:

Year Ending June 30	Bond Principal	Note Principal	Interest
2008	\$ 202,000	\$ 30,000	\$ 270,985
2009	209,000	30,000	263,450
2010	216,000	30,000	255,654
2011	223,000	30,000	247,597
2012	231,000	30,000	239,280
2013-2017	1,274,000	137,500	1,061,446
2018-2022	1,503,000	0	807,284
2023-2027	1,771,000	0	507,690
2028-2031	1,636,000	0	154,646
Total	\$ 7,265,000	\$ 287,500	\$ 3,808,032

Following is a summary of changes in long-term debt for the year.

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07	Due Within One Year
Bonds	\$ 7,462,000	\$ 0	\$ 197,000	\$ 7,265,000	\$ 202,000
Notes	0	300,000	12,500	287,500	30,000
Total	\$ 7,462,000	\$ 300,000	\$ 209,500	\$ 7,552,500	\$ 232,000

I. Net Patient Service Revenue

Hardin Medical Center has agreements with third-party payers that provide for payments at amounts different from their established rates. Net operating revenues are net of contractual adjustments and policy discounts of \$33,155,531. A summary of the payment arrangements with major third-party payers follows:

Medicare

Inpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

TennCare – Blue Cross

Inpatient (IP) services rendered to TennCare beneficiaries paid for by Blue Cross are paid at prospective determined rates per discharge. Outpatient (OP) services are paid based on a preapproved fee schedule.

TennCare – Omni Care, BetterHealth, and TLC

IP charges are paid on a per diem basis and OP charges are paid based on a fee schedule and/or percent of charges.

Blue Cross

IP services rendered to Blue Cross subscribers are reimbursed at the Hardin Medical Center's normal charges reduced by certain contractual adjustments. The normal charges do not exceed the approved amounts established by Blue Cross.

Other

Hardin Medical Center has also entered into payment agreements with other commercial insurance carriers. The basis for payment to the center under these agreements is essentially the same as the methodology for Blue Cross subscribers.

J. Deposits and Investments

Hardin Medical Center maintains checking accounts and certificates of deposit with local banks. Their 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. Hardin Medical Center has no policy that further limits allowable investments. At June 30, 2007, investments consisted entirely of certificates of deposit. Investments are carried at cost which approximated fair value.

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Hardin Medical Center deposits may not be returned to them. The center 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.

K. Ambulance Service

Hardin County paid for the construction of a building to house ambulance facilities and has also purchased ambulances and related equipment, but the Hardin Medical Center is responsible for operating the ambulance service. Expenditures by Hardin County since the Hardin Medical Center began operating the ambulance service totals \$832,613. This amount is not reflected in property and equipment in the accompanying financial statements. In addition, Hardin County provides an annual subsidy (\$100,000 in 2007) to defray costs incurred in operating the ambulance service. This annual allocation is in addition to the cumulative expenditures mentioned above.

L. Risk Management

Hardin Medical Center 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. Settlement amounts have not exceeded insurance coverage for any of the past three fiscal years.

Beginning April 2002, medical and dental insurance for employees is provided by self-funding claims as they arise. Under this arrangement, the Hardin Medical Center provides coverage up to a maximum of \$35,000 per year for each employee's medical claims. Hardin Medical Center has purchased commercial insurance for claims in excess of coverage provided through the self-insurance 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. Changes in the claims liability for all employees are as follows:

Beginning of Fiscal Year	Incurred Claims	Claims Payments	Employee Deductions	End of Fiscal Year
\$ 160,699	\$ 1,025,121	\$ (628,834)	\$ (462,267)	\$ 94,719

M. Net Assets

Net assets invested in capital assets, net of related debt, are calculated by taking the net plant in service of \$13,679,080 less the long-term debt of \$7,552,500.

N. Capital Assets

Capital assets activity for the year follows:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 34,500	\$ 0	\$ 0	\$ 34,500
Construction in Progress	470,024	837,092	1,269,216	37,900
Total Capital Assets Not Depreciated	\$ 504,524	\$ 837,092	\$ 1,269,216	\$ 72,400
Capital Assets Depreciated:				
Land Improvements	\$ 317,090	\$ 0	\$ 0	\$ 317,090
Buildings	13,398,367	15,466	0	13,413,833
Equipment	10,188,263	1,429,587	25,195	11,592,655
Furniture and Fixtures	172,448	20,656	\$ 0	193,104
Assets Under Capital Lease	1,728,847	0	0	1,728,847
Intangible Costs	86,989	0	0	86,989
Total Capital Assets Depreciated	\$ 25,892,004	\$ 1,465,709	\$ 25,195	\$ 27,332,518

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Less Accumulated Depreciation For:				
Land Improvements	\$ 194,567	\$ 23,968	\$ 0	\$ 218,535
Buildings	3,634,817	334,208	0	3,969,025
Equipment	6,733,400	900,595	6,832	7,627,163
Furniture and Fixtures	100,713	15,946	0	116,659
Assets Under Capital Lease	1,688,965	18,502	0	1,707,467
Intangible Costs	86,989	0	0	86,989
Total Accumulated Depreciation	<u>\$ 12,439,451</u>	<u>\$ 1,293,219</u>	<u>\$ 6,832</u>	<u>\$ 13,725,838</u>
Total Capital Assets Depreciated, Net	<u>\$ 13,452,553</u>	<u>\$ 172,490</u>	<u>\$ 18,363</u>	<u>\$ 13,606,680</u>
Total Capital Assets, Net	<u>\$ 13,957,077</u>	<u>\$ 1,009,582</u>	<u>\$ 1,287,579</u>	<u>\$ 13,679,080</u>

Depreciation expense of \$1,293,219 was recorded by the Hardin Medical Center. Fully depreciated assets at June 30, 2007, totaled \$7,441,384. Related interest cost of \$155,137 was capitalized in prior years.

O. Operating Leases

Hardin Medical Center leased surgery cataract equipment under operating leases during the year at a total expense of \$272,675.

P. Accounts Payable

Accounts payable is made up entirely of amounts payable to vendors.

Q. Commitments and Contingencies

Hardin Medical Center is a defendant in various lawsuits brought against it. It cannot predict the outcome of these cases and it is possible losses could be incurred. The amount of such possible losses cannot be determined.

Included in current liabilities and other expenses is \$386,338 representing an agreement whereby the Hardin Medical Center agreed to repay ambulance charges (plus penalty) that were originally billed to Medicare but should have been charged to Medicaid.

VIII. OTHER NOTES – DISCRETELY PRESENTED HARDIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. General Information

Hardin County Emergency Communication District provides 911 emergency assistance to persons living in Hardin County. The district is a component unit of Hardin County. Accordingly, this financial data is incorporated into the county's financial statements. Board members are appointed by the county mayor. Additionally, any bonded indebtedness by the district is subject to the approval of the Hardin County Commission. Revenues received in excess of the district's operating requirements are remitted to the City of Savannah which pays the salaries of the dispatchers. Any unreimbursed dispatcher salaries are evenly shared by the city and the county.

B. Summary of Significant Accounting Policies

1. GASB Conformity

The financial statements included herein are prepared in conformity with generally accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement 20 – "Election of a Reporting Method" – required the district to elect either (1) all provisions of the Financial Accounting Standards Board (FASB) issued prior to 1989 for proprietary type funds, or (2) all of the provisions of the FASB regardless of the issue date for proprietary type funds. The district elected to adopt only the provisions of the FASB prior to 1989.

2. Measurement Focus and Basis of Accounting

The district uses the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position, and cash flows. All assets and liabilities associated with their activities are reported.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Revenues and expenses are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

3. **Cash and Cash Equivalents**

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

4. **Capital Assets**

All capital assets of the district are recorded at original 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. Any related interest cost is also added to the cost of the asset as appropriate.

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.

5. **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.

6. **Fund Accounting**

The accounts of the district 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 Fund

Enterprise Fund – The Hardin County Emergency Communication District Fund is 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.

C. Revenues

Revenues are derived from telephone customers in the area served by the district. Telephone companies collect the fees on the monthly telephone bills and remit them to the district.

D. Risk Management

It is the policy of the district to purchase commercial insurance for the risk of losses to which it is exposed. These risks include general liability, property damage, and theft. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from the prior year.

E. Contract Agreement

In 1992, the district entered into an agreement with Hardin County, Tennessee, and the City of Savannah, Tennessee, whereby the board of the district is charged with the responsibilities of establishing and collecting service fees; seeking additional funding and issuing bonds, if necessary; and creating a dispatch service and determining the mode. Further, the parties agreed that the City of Savannah would serve as the administrative unit with the responsibility to operate the dispatch facility in a manner consistent with statutory requirements. The district has traditionally remitted excess funds to the city to cover various operating expenses. This year the district remitted \$44,431 to the city.

F. Deposits and Investments

The district'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. The district has no policy that further limits allowable investments. Investments consist of a certificate of deposit, the fair value of which was comparable to the carrying value.

For deposits, custodial credit risk is the risk that, in the event of a bank failure, district deposits may not be returned to it. The district does not have a policy regarding custodial 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. The district's

deposits at year-end were not exposed to custodial risk due to being entirely covered by federal depository insurance.

G. Compensated Absences

The district provides no benefits such as vacation and sick leave to its employees.

H. Capital Assets

Capital assets activity for the year ended June 30, 2007, was as follows:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 23,755	\$ 0	\$ 23,755	\$ 0
Capital Assets Being Depreciated:				
Building Improvements	\$ 18,109	\$ 25,876	\$ 0	\$ 43,985
Equipment - Capital Lease	339,029	0	0	339,029
Equipment and Software	251,292	13,255	0	264,547
Vehicles	25,196	0	0	25,196
Maps	176,904	0	0	176,904
Total Capital Assets Being Depreciated	\$ 810,530	\$ 39,131	\$ 0	\$ 849,661
Less Accumulated Depreciation For:				
Building Improvements	\$ (8,834)	\$ (675)	\$ 0	\$ (9,509)
Equipment - Capital Lease	(306,385)	(8,903)	0	(315,288)
Equipment and Software	(171,272)	(35,122)	0	(206,394)
Vehicles	(25,196)	0	0	(25,196)
Maps	(80,987)	(13,517)	0	(94,504)
Total Accumulated Depreciation	\$ (592,674)	\$ (58,217)	\$ 0	\$ (650,891)
Total Capital Assets Being Depreciated, Net	\$ 217,856	\$ (19,086)	\$ 23,755	\$ 198,770
Total Capital Assets, Net	\$ 241,611	\$ (19,086)	\$ 23,755	\$ 198,770

Depreciation expense of \$58,217 was recorded by the district.

I. Stewardship, Compliance, and Accountability

By its nature as a local governmental unit, the district is subject to various federal, state, and local laws and contractual regulations. An analysis of the district's compliance with significant laws and regulations, and demonstration of its stewardship over the district resources follows.

Budget Appropriations

In accordance with state law, the board of the district must adopt and operate under an annual budget. Criteria for the information required in the annual adopted budget are detailed in Section 7-86-120, Tennessee Code Annotated. For financial reporting purposes, it is only necessary to present budgetary revenues and expenses compared to actual. All purchases must be made within the limits of the approved budget. Expenses must be presented at the legal level of control, which is defined to be at the line-item level.

The district's expenses exceeded appropriations at the line-item level.

IX. OTHER NOTES – DISCRETELY PRESENTED HARDIN COUNTY CONVENTION AND VISITORS BUREAU

A. General Information

Hardin County Convention and Visitors Bureau (HCCVB) is a nonprofit organization located in Savannah, Tennessee. Its purpose is to promote the tourism aspect of Hardin County, Tennessee. HCCVB is a component unit of Hardin County since (1) the majority of board members are appointed by the County Commission, and (2) it receives a significant portion of its funding from Hardin County. Accordingly, this financial data is incorporated into the county's financial statements.

B. Summary of Significant Accounting Policies

1. GASB Conformity

The financial statements included herein are prepared in conformity with generally accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement 20 – “Election of a Reporting Method” – required the HCCVB to elect either (1) all provisions of the Financial Accounting Standards Board (FASB) issued prior to 1989 for proprietary type funds, or (2) all of the provisions of the FASB regardless of the issue date for proprietary type funds. HCCVB elected to adopt only the provisions of the FASB prior to 1989.

2. Measurement Focus

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The business-like activities herein are presented using the economic resources measurement focus.

The proprietary funds utilize an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

3. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

When both restricted and unrestricted resources are available for use, it is HCCVB's policy to use restricted resources first, then unrestricted resources as they are needed.

4. Capital Assets

Capital assets are reported at cost, except for donated property which is reported at fair market value as of the date of donation, and includes improvements that significantly add to utility or extend useful lives. Costs for maintenance and repairs are charged to expense. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in earnings for the period. Depreciation is computed using the straight-line method to allocate the cost of furniture and equipment over an estimated useful life of five years.

Capital assets activity for the year ended June 30, 2007, was as follows:

	Balance 7-1-06	Increases	Balance 6-30-07
Capital Assets Being Depreciated:			
Furniture and Equipment	\$ 3,343	\$ 0	\$ 3,343
Total Capital Assets Being Depreciated	<u>\$ 3,343</u>	<u>\$ 0</u>	<u>\$ 3,343</u>
Less Accumulated Depreciation For:			
Furniture and Equipment	\$ (3,343)	\$ 0	\$ (3,343)
Total Accumulated Depreciation	<u>\$ (3,343)</u>	<u>\$ 0</u>	<u>\$ (3,343)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Capital Assets, Net	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

5. Cash

Cash, as used in the Statement of Cash Flows, consists of cash on hand.

6. Accruals

Prepaid expenses relate to firework expenses paid in the current year to be expensed in the next fiscal year since the expenses are for the next fiscal year's firework show.

7. Equity Classifications

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted net assets – Consists of net assets 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 of enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets.

8. Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues that are not generated from the daily operations are defined as non-operating.

C. 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.

D. Tax Exemption

HCCVB has a determination letter from the Internal Revenue Service stating that it is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

E. Concentration of Credit Risk

HCCVB receives approximately 97 percent of operating revenues from hotel and motel sales tax collections by Hardin County, Tennessee.

F. Donated Services

Accounting services were provided at no charge to HCCVB by a local accounting firm. An estimated fair value of \$1,200 for services rendered is reflected in the statement of revenues, expenses, and changes in net assets as both revenue and an expense.

G. Related Parties

HCCVB is represented on the board of directors of Team Hardin County, Inc. (THC), another nonprofit organization that is involved in the promotion of Hardin County. THC pays expenses incurred by HCCVB and hotel/motel tax receipts are received by THC to offset those expenses. During the year, cash receipts exceeded payments by \$30,692. At year end, THC owed HCCVB \$64,852.

H. Retirement Plan

HCCVB is a participant in a non-contributory defined contribution money purchase pension plan, which covers all full-time employees. HCCVB's contribution rate is five percent of base compensation. The total retirement plan expense for the year was \$2,332.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Hardin County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,500,936	\$ 0	\$ 0	\$ 4,500,936	\$ 4,670,139	\$ 4,693,139	\$ (192,203)
Licenses and Permits	98,796	0	0	98,796	79,900	86,559	12,237
Fines, Forfeitures, and Penalties	174,420	0	0	174,420	202,250	203,275	(28,855)
Charges for Current Services	32,219	0	0	32,219	33,175	34,275	(2,056)
Other Local Revenues	406,914	0	0	406,914	305,700	308,123	98,791
Fees Received from County Officials	1,165,363	0	0	1,165,363	1,130,000	1,130,000	35,363
State of Tennessee	808,489	0	0	808,489	565,111	677,210	131,279
Federal Government	530,314	0	0	530,314	298,526	836,815	(306,501)
Other Governments and Citizens Groups	44,795	0	0	44,795	29,100	45,194	(399)
Total Revenues	\$ 7,762,246	\$ 0	\$ 0	\$ 7,762,246	\$ 7,313,901	\$ 8,014,590	\$ (252,344)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 60,138	\$ 0	\$ 0	\$ 60,138	\$ 63,910	\$ 63,910	\$ 3,772
Board of Equalization	640	0	0	640	960	960	320
Beer Board	3,597	0	0	3,597	4,050	4,050	453
Other Boards and Committees	600	0	0	600	1,600	1,600	1,000
County Mayor/Executive	124,506	0	0	124,506	116,232	126,357	1,851
County Attorney	4,375	0	0	4,375	8,000	8,000	3,625
Election Commission	312,628	0	0	312,628	301,152	314,242	1,614
Register of Deeds	133,476	0	0	133,476	134,249	134,249	773
County Buildings	475,872	(2,001)	81,735	555,606	424,298	590,777	35,171
<u>Finance</u>							
Accounting and Budgeting	86,569	(130)	0	86,439	80,853	90,002	3,563
Property Assessor's Office	216,820	0	87	216,907	197,622	220,401	3,494
Reappraisal Program	31,601	0	0	31,601	29,680	32,326	725
County Trustee's Office	130,691	0	0	130,691	132,271	132,271	1,580

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Clerk's Office	\$ 199,748	\$ (499)	\$ 600	\$ 199,849	\$ 200,540	\$ 201,440	\$ 1,591
<u>Administration of Justice</u>							
Circuit Court	240,480	0	0	240,480	240,816	248,316	7,836
General Sessions Court	119,387	0	0	119,387	121,260	121,365	1,978
Drug Court	10,007	0	0	10,007	11,665	12,343	2,336
Chancery Court	103,161	0	0	103,161	103,854	105,254	2,093
<u>Public Safety</u>							
Sheriff's Department	860,175	(3,600)	3,640	860,215	860,902	927,041	66,826
Traffic Control	79,908	0	0	79,908	16,146	116,746	36,838
Administration of the Sexual Offender Registry	368	0	0	368	0	1,100	732
Jail	524,726	0	636	525,362	557,302	560,134	34,772
Juvenile Services	70,740	0	770	71,510	74,325	74,325	2,815
Fire Prevention and Control	574,575	0	79,600	654,175	401,674	1,496,910	842,735
Civil Defense	162,212	0	0	162,212	148,947	167,160	4,948
Public Safety Grant Programs	8,369	0	0	8,369	21,250	21,250	12,881
Other Public Safety	212,303	0	17,196	229,499	213,001	229,501	2
<u>Public Health and Welfare</u>							
Local Health Center	102,467	0	0	102,467	104,380	106,505	4,038
Rabies and Animal Control	0	0	0	0	2,500	2,500	2,500
Ambulance/Emergency Medical Services	163,998	0	0	163,998	150,900	164,072	74
Alcohol and Drug Programs	1,000	0	0	1,000	1,000	1,000	0
Crippled Children Services	2,005	0	0	2,005	2,005	2,005	0
General Welfare Assistance	1,000	0	0	1,000	1,000	1,000	0
Other Local Welfare Services	7,205	0	0	7,205	7,500	7,500	295
Sanitation Education/Information	64,123	0	0	64,123	64,519	64,519	396

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	\$ 41,896	\$ 0	\$ 0	\$ 41,896	\$ 42,192	\$ 42,592	\$ 696
Libraries	172,445	0	1,055	173,500	171,735	177,517	4,017
Other Social, Cultural, and Recreational	19,000	0	0	19,000	19,500	19,500	500
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	67,429	0	0	67,429	67,422	67,422	(7)
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	22,215	0	0	22,215	22,215	22,215	0
Flood Control	4,999	0	0	4,999	5,000	5,000	1
Other Agriculture & Natural Resources	2,970	0	0	2,970	4,745	4,745	1,775
<u>Other Operations</u>							
Tourism	257,869	0	21,926	279,795	246,000	301,700	21,905
Industrial Development	51,777	0	0	51,777	55,200	55,200	3,423
Other Economic and Community Development	49,044	(967)	0	48,077	13,000	49,150	1,073
Airport	17,500	0	0	17,500	17,500	17,500	0
Veterans' Services	32,210	0	0	32,210	35,536	35,536	3,326
Other Charges	184,223	0	0	184,223	185,789	189,995	5,772
Contributions to Other Agencies	15,500	0	0	15,500	15,500	15,500	0
Employee Benefits	856,351	0	0	856,351	947,068	939,461	83,110
Miscellaneous	5,376	0	0	5,376	8,300	8,389	3,013
<u>Principal on Debt</u>							
General Government	115,840	(30,175)	27,023	112,688	0	112,689	1
<u>Interest on Debt</u>							
General Government	38,214	0	3,151	41,365	0	41,365	0
Total Expenditures	\$ 7,045,328	\$ (37,372)	\$ 237,419	\$ 7,245,375	\$ 6,658,065	\$ 8,457,607	\$ 1,212,232
Excess (Deficiency) of Revenues Over Expenditures	\$ 716,918	\$ 37,372	\$ (237,419)	\$ 516,871	\$ 655,836	\$ (443,017)	\$ 959,888

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 44,000	\$ 0	\$ 0	\$ 44,000	\$ 0	\$ 50,000	\$ (6,000)
Capital Leases Issued	85,753	0	0	85,753	0	580,753	(495,000)
Insurance Recovery	28,456	0	0	28,456	0	110,592	(82,136)
Transfers Out	(552,729)	0	0	(552,729)	0	(552,729)	0
Total Other Financing Sources (Uses)	\$ (394,520)	\$ 0	\$ 0	\$ (394,520)	\$ 0	\$ 188,616	\$ (583,136)
Net Change in Fund Balance	\$ 322,398	\$ 37,372	\$ (237,419)	\$ 122,351	\$ 655,836	\$ (254,401)	\$ 376,752
Fund Balance, July 1, 2006	3,862,603	(37,372)	0	3,825,231	3,229,499	3,229,499	595,732
Fund Balance, June 30, 2007	\$ 4,185,001	\$ 0	\$ (237,419)	\$ 3,947,582	\$ 3,885,335	\$ 2,975,098	\$ 972,484

Exhibit F-2

Hardin County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 434,869	\$ 491,000	\$ 491,000	\$ (56,131)
Other Local Revenues	9,910	120,000	120,000	(110,090)
State of Tennessee	1,892,964	3,191,177	3,191,177	(1,298,213)
Federal Government	16,779	0	0	16,779
Total Revenues	<u>\$ 2,354,522</u>	<u>\$ 3,802,177</u>	<u>\$ 3,802,177</u>	<u>\$ (1,447,655)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 226,409	\$ 242,219	\$ 241,292	\$ 14,883
Highway and Bridge Maintenance	1,213,736	1,479,125	1,479,125	265,389
Operation and Maintenance of Equipment	293,869	388,546	388,546	94,677
Other Charges	191,679	231,500	226,586	34,907
Employee Benefits	346,743	390,490	390,490	43,747
Capital Outlay	1,071,385	797,000	1,597,000	525,615
<u>Interest on Debt</u>				
Highways and Streets	4,913	0	4,914	1
Total Expenditures	<u>\$ 3,348,734</u>	<u>\$ 3,528,880</u>	<u>\$ 4,327,953</u>	<u>\$ 979,219</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (994,212)</u>	<u>\$ 273,297</u>	<u>\$ (525,776)</u>	<u>\$ (468,436)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 800,000	\$ 0	\$ 800,000	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 800,000</u>	<u>\$ 0</u>	<u>\$ 800,000</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (194,212)	\$ 273,297	\$ 274,224	\$ (468,436)
Fund Balance, July 1, 2006	<u>436,663</u>	<u>1,276,842</u>	<u>1,276,842</u>	<u>(840,179)</u>
Fund Balance, June 30, 2007	<u>\$ 242,451</u>	<u>\$ 1,550,139</u>	<u>\$ 1,551,066</u>	<u>\$ (1,308,615)</u>

Exhibit F-3

Hardin County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2007

Hardin County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$ 10,721	\$ 12,212	\$ 1,491	87.79 %	\$ 5,564	26.81 %
6-30-03	8,714	10,288	1,574	84.70	5,162	30.49
6-30-01	6,874	8,662	1,788	79.36	4,751	37.63

Discretely Presented Hardin County Medical Center

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$ 18,746	\$ 20,004	\$ 1,258	93.71 %	\$ 7,901	15.92 %
6-30-03	16,631	18,049	1,418	92.14	6,795	20.87
6-30-01	14,793	16,316	1,523	90.67	6,229	24.45

HARDIN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2007

BUDGETARY INFORMATION

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 State 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, County Mayor, 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 generally accepted accounting principles (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.

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

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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, and sheriff.

Capital Projects Fund

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for debt issued by Hardin County that is subsequently contributed to the discretely presented Hardin County School Department for school buses.

Exhibit G-1

Hardin County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

ASSETS

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Solid Waste/ Sanitation	Drug Control	Constitu - tional Officers - Fees	
Cash	\$ 0	\$ 0	\$ 17,976	\$ 17,976
Equity in Pooled Cash and Investments	213,364	55,060	0	268,424
Accounts Receivable	125,240	0	0	125,240
Due from Other Governments	113,959	0	0	113,959
Total Assets	\$ 452,563	\$ 55,060	\$ 17,976	\$ 525,599

LIABILITIES AND FUND BALANCES

Liabilities

Accrued Payroll	\$ 8,227	\$ 509	\$ 0	\$ 8,736
Payroll Deductions Payable	649	39	0	688
Due to Other Funds	0	0	17,976	17,976
Other Deferred Revenues	103,738	0	0	103,738
Total Liabilities	\$ 112,614	\$ 548	\$ 17,976	\$ 131,138

Fund Balances

Reserved for Encumbrances	\$ 46,182	\$ 0	\$ 0	\$ 46,182
Reserved for Purchase of Electronic Fingerprint Imaging System	0	5,000	0	5,000
Unreserved	293,767	49,512	0	343,279
Total Fund Balances	\$ 339,949	\$ 54,512	\$ 0	\$ 394,461
Total Liabilities and Fund Balances	\$ 452,563	\$ 55,060	\$ 17,976	\$ 525,599

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, 2007

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Education Capital Projects	
<u>Revenues</u>						
Local Taxes	\$ 854,890	\$ 0	\$ 0	\$ 854,890	\$ 0	\$ 854,890
Fines, Forfeitures, and Penalties	0	20,902	0	20,902	0	20,902
Charges for Current Services	219,628	0	11,780	231,408	0	231,408
Other Local Revenues	691	0	0	691	0	691
State of Tennessee	28,642	2,850	0	31,492	0	31,492
Other Governments and Citizens Groups	4,602	0	0	4,602	0	4,602
Total Revenues	\$ 1,108,453	\$ 23,752	\$ 11,780	\$ 1,143,985	\$ 0	\$ 1,143,985
<u>Expenditures</u>						
Current:						
Administration of Justice	\$ 0	\$ 0	\$ 11,780	\$ 11,780	\$ 0	\$ 11,780
Public Safety	0	75,254	0	75,254	0	75,254
Public Health and Welfare	1,105,423	0	0	1,105,423	0	1,105,423
Other Operations	150,396	10,325	0	160,721	0	160,721
Capital Projects	0	0	0	0	256,400	256,400
Total Expenditures	\$ 1,255,819	\$ 85,579	\$ 11,780	\$ 1,353,178	\$ 256,400	\$ 1,609,578
Excess (Deficiency) of Revenues						
Over Expenditures	\$ (147,366)	\$ (61,827)	\$ 0	\$ (209,193)	\$ (256,400)	\$ (465,593)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 144,300	\$ 0	\$ 0	\$ 144,300	\$ 256,400	\$ 400,700
Total Other Financing Sources (Uses)	\$ 144,300	\$ 0	\$ 0	\$ 144,300	\$ 256,400	\$ 400,700
Net Change in Fund Balances						
Fund Balance, July 1, 2006	\$ 343,015	\$ 116,339	\$ 0	\$ 459,354	\$ 0	\$ 459,354
Fund Balance, June 30, 2007	\$ 339,949	\$ 54,512	\$ 0	\$ 394,461	\$ 0	\$ 394,461

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, 2007

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 854,890	\$ 0	\$ 854,890	\$ 903,000	\$ 903,000	\$ (48,110)
Charges for Current Services	219,628	0	219,628	163,891	185,391	34,237
Other Local Revenues	691	0	691	0	687	4
State of Tennessee	28,642	0	28,642	30,225	30,225	(1,583)
Other Governments and Citizens Groups	4,602	0	4,602	4,750	4,750	(148)
Total Revenues	\$ 1,108,453	\$ 0	\$ 1,108,453	\$ 1,101,866	\$ 1,124,053	\$ (15,600)
<u>Expenditures</u>						
<u>Public Health and Welfare</u>						
Sanitation Management	\$ 59,835	\$ 137	\$ 59,972	\$ 60,330	\$ 60,330	\$ 358
Waste Pickup	499,762	9,785	509,547	306,058	515,545	5,998
Convenience Centers	218,037	0	218,037	221,993	220,993	2,956
Landfill Operation and Maintenance	327,789	36,260	364,049	354,500	364,500	451
<u>Other Operations</u>						
Other Charges	51,799	0	51,799	52,100	52,100	301
Employee Benefits	98,597	0	98,597	98,605	99,505	908
Total Expenditures	\$ 1,255,819	\$ 46,182	\$ 1,302,001	\$ 1,093,586	\$ 1,312,973	\$ 10,972
Excess (Deficiency) of Revenues Over Expenditures	\$ (147,366)	\$ (46,182)	\$ (193,548)	\$ 8,280	\$ (188,920)	\$ (4,628)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 144,300	\$ 0	\$ 144,300	\$ 0	\$ 144,300	\$ 0
Total Other Financing Sources (Uses)	\$ 144,300	\$ 0	\$ 144,300	\$ 0	\$ 144,300	\$ 0
Net Change in Fund Balance	\$ (3,066)	\$ (46,182)	\$ (49,248)	\$ 8,280	\$ (44,620)	\$ (4,628)
Fund Balance, July 1, 2006	343,015	0	343,015	318,457	318,457	24,558
Fund Balance, June 30, 2007	\$ 339,949	\$ (46,182)	\$ 293,767	\$ 326,737	\$ 273,837	\$ 19,930

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 20,902	\$ 46,500	\$ 46,500	\$ (25,598)
State of Tennessee	2,850	3,546	3,546	(696)
Total Revenues	<u>\$ 23,752</u>	<u>\$ 50,046</u>	<u>\$ 50,046</u>	<u>\$ (26,294)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 75,254	\$ 87,005	\$ 87,005	\$ 11,751
<u>Other Operations</u>				
Other Charges	1,293	1,293	1,293	0
Employee Benefits	9,032	11,526	11,526	2,494
Total Expenditures	<u>\$ 85,579</u>	<u>\$ 99,824</u>	<u>\$ 99,824</u>	<u>\$ 14,245</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (61,827)</u>	<u>\$ (49,778)</u>	<u>\$ (49,778)</u>	<u>\$ (12,049)</u>
Net Change in Fund Balance	\$ (61,827)	\$ (49,778)	\$ (49,778)	\$ (12,049)
Fund Balance, July 1, 2006	<u>116,339</u>	<u>113,055</u>	<u>113,055</u>	<u>3,284</u>
Fund Balance, June 30, 2007	<u>\$ 54,512</u>	<u>\$ 63,277</u>	<u>\$ 63,277</u>	<u>\$ (8,765)</u>

Major Governmental Funds

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

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

Rural Debt Service Fund – The Rural Debt Service Fund is used to account for the retirement of bonds issued for the construction and renovations 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 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 176,392	\$ 171,400	\$ 171,400	\$ 4,992
Other Local Revenues	83,027	80,400	80,400	2,627
State of Tennessee	16,344	14,500	14,500	1,844
Other Governments and Citizens Groups	520,366	521,000	533,000	(12,634)
Total Revenues	<u>\$ 796,129</u>	<u>\$ 787,300</u>	<u>\$ 799,300</u>	<u>\$ (3,171)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 435,000	\$ 435,000	\$ 435,000	\$ 0
Education	215,750	215,750	215,750	0
<u>Interest on Debt</u>				
General Government	305,678	314,527	318,856	13,178
Education	17,436	17,516	17,516	80
<u>Other Debt Service</u>				
General Government	42,009	32,000	44,000	1,991
Total Expenditures	<u>\$ 1,015,873</u>	<u>\$ 1,014,793</u>	<u>\$ 1,031,122</u>	<u>\$ 15,249</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (219,744)</u>	<u>\$ (227,493)</u>	<u>\$ (231,822)</u>	<u>\$ 12,078</u>
Net Change in Fund Balance	\$ (219,744)	\$ (227,493)	\$ (231,822)	\$ 12,078
Fund Balance, July 1, 2006	<u>2,436,426</u>	<u>2,430,740</u>	<u>2,430,740</u>	<u>5,686</u>
Fund Balance, June 30, 2007	<u>\$ 2,216,682</u>	<u>\$ 2,203,247</u>	<u>\$ 2,198,918</u>	<u>\$ 17,764</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 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,195,259	\$ 1,212,000	\$ 1,212,000	\$ (16,741)
Other Local Revenues	40,492	24,000	24,000	16,492
Other Governments and Citizens Groups	1,195,259	1,212,000	1,212,000	(16,741)
Total Revenues	<u>\$ 2,431,010</u>	<u>\$ 2,448,000</u>	<u>\$ 2,448,000</u>	<u>\$ (16,990)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 1,180,000	\$ 1,180,000	\$ 1,180,000	\$ 0
<u>Interest on Debt</u>				
Education	186,938	186,938	186,938	0
<u>Other Debt Service</u>				
Education	12,270	15,750	15,750	3,480
Total Expenditures	<u>\$ 1,379,208</u>	<u>\$ 1,382,688</u>	<u>\$ 1,382,688</u>	<u>\$ 3,480</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,051,802</u>	<u>\$ 1,065,312</u>	<u>\$ 1,065,312</u>	<u>\$ (13,510)</u>
Net Change in Fund Balance	\$ 1,051,802	\$ 1,065,312	\$ 1,065,312	\$ (13,510)
Fund Balance, July 1, 2006	<u>1,583,586</u>	<u>1,586,071</u>	<u>1,586,071</u>	<u>(2,485)</u>
Fund Balance, June 30, 2007	<u>\$ 2,635,388</u>	<u>\$ 2,651,383</u>	<u>\$ 2,651,383</u>	<u>\$ (15,995)</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, 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, 2007

	<u>Agency Funds</u>		
	Cities -	Constitu-	
	Sales	tional	
	Tax	Officers -	
		Agency	Total
	<hr/>		
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,325,770	\$ 1,325,770
Due from Other Governments	285,253	0	285,253
	<hr/>		
Total Assets	\$ 285,253	\$ 1,325,770	\$ 1,611,023
	<hr/> <hr/>		
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 285,253	\$ 0	\$ 285,253
Due to Litigants, Heirs, and Others	0	1,325,770	1,325,770
	<hr/>		
Total Liabilities	\$ 285,253	\$ 1,325,770	\$ 1,611,023
	<hr/> <hr/>		

Exhibit I-2

Hardin County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,451,530	\$ 1,451,530	\$ 0
Due from Other Governments	242,806	285,253	242,806	285,253
Total Assets	\$ 242,806	\$ 1,736,783	\$ 1,694,336	\$ 285,253
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 242,806	\$ 1,736,783	\$ 1,694,336	\$ 285,253
Total Liabilities	\$ 242,806	\$ 1,736,783	\$ 1,694,336	\$ 285,253
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 823,948	\$ 7,790,204	\$ 7,288,382	\$ 1,325,770
Total Assets	\$ 823,948	\$ 7,790,204	\$ 7,288,382	\$ 1,325,770
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 823,948	\$ 7,790,204	\$ 7,288,382	\$ 1,325,770
Total Liabilities	\$ 823,948	\$ 7,790,204	\$ 7,288,382	\$ 1,325,770
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,451,530	\$ 1,451,530	\$ 0
Cash	823,948	7,790,204	7,288,382	1,325,770
Due from Other Governments	242,806	285,253	242,806	285,253
Total Assets	\$ 1,066,754	\$ 9,526,987	\$ 8,982,718	\$ 1,611,023
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 242,806	\$ 1,736,783	\$ 1,694,336	\$ 285,253
Due to Litigants, Heirs, and Others	823,948	7,790,204	7,288,382	1,325,770
Total Liabilities	\$ 1,066,754	\$ 9,526,987	\$ 8,982,718	\$ 1,611,023

Hardin County School Department

This section presents 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, 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.

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, 2007

Functions/Programs	Program Revenues				Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
Component Unit:					
Governmental Activities:					
Instruction	\$ 17,048,951	\$ 54,133	\$ 1,770,697	\$ 0	\$ (15,224,121)
Support Services	7,882,957	49,774	413,598	256,400	(7,163,185)
Operation of Non-Instructional Services	2,688,868	792,312	1,530,495	0	(366,061)
Interest on Long-term Debt	10,823	0	0	0	(10,823)
Other Debt Service	1,195,259	0	0	0	(1,195,259)
Total Governmental Activities	<u>\$ 28,826,858</u>	<u>\$ 896,219</u>	<u>\$ 3,714,790</u>	<u>\$ 256,400</u>	<u>\$ (23,959,449)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 4,475,920
Local Option Sales Taxes					3,161,191
Other Local Taxes					230
Grants and Contributions Not Restricted to Specific Programs					15,687,545
Miscellaneous					61,676
Total General Revenues					<u>\$ 23,386,562</u>
Change in Net Assets					\$ (572,887)
Net Assets, July 1, 2006					<u>17,899,491</u>
Net Assets, June 30, 2007					<u>\$ 17,326,604</u>

Exhibit J-2

Hardin County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hardin County School Department
June 30, 2007

	Major Funds			Total Govern- mental Funds
	General Purpose School	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 333,276	\$ 131,717	\$ 791,049	\$ 1,256,042
Accounts Receivable	1,089	1,258	0	2,347
Due from Other Governments	824,490	344,465	0	1,168,955
Due from Other Funds	266,430	0	0	266,430
Property Taxes Receivable	5,114,601	0	0	5,114,601
Allowance for Uncollectible Property Taxes	(227,337)	0	0	(227,337)
Total Assets	<u>\$ 6,312,549</u>	<u>\$ 477,440</u>	<u>\$ 791,049</u>	<u>\$ 7,581,038</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 35,397	\$ 30,475	\$ 0	\$ 65,872
Payroll Deductions Payable	191,937	867	0	192,804
Due to Other Funds	0	266,430	0	266,430
Due to Primary Government	118,953	0	0	118,953
Deferred Revenue - Current Property Taxes	4,696,426	0	0	4,696,426
Deferred Revenue - Delinquent Property Taxes	173,251	0	0	173,251
Other Deferred Revenues	328,992	0	0	328,992
Total Liabilities	<u>\$ 5,544,956</u>	<u>\$ 297,772</u>	<u>\$ 0</u>	<u>\$ 5,842,728</u>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 1,434	\$ 12,528	\$ 0	\$ 13,962
Other Local Education Reserves	36,400	0	0	36,400
Reserved for Career Ladder - Extended Contract	52,085	0	0	52,085
Reserved for Career Ladder Program	35,888	0	0	35,888
Reserved for Title I Grants to Local Education Agencies	0	75,145	0	75,145
Reserved for Special Education - Grants to States	0	22,962	0	22,962
Other Federal Reserves	0	79,561	0	79,561
Unreserved, Reported In:				
General Fund	641,786	0	0	641,786
Special Revenue Funds (Deficit)	0	(10,528)	791,049	780,521
Total Fund Balances	<u>\$ 767,593</u>	<u>\$ 179,668</u>	<u>\$ 791,049</u>	<u>\$ 1,738,310</u>
Total Liabilities and Fund Balances	<u>\$ 6,312,549</u>	<u>\$ 477,440</u>	<u>\$ 791,049</u>	<u>\$ 7,581,038</u>

Exhibit J-3

Hardin County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
Discretely Presented Hardin County School Department
June 30, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)	\$	1,738,310	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	904,172	
Add: buildings and improvements net of accumulated depreciation		13,736,935	
Add: other capital assets net of accumulated depreciation		<u>885,392</u>	15,526,499
(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 assets.			4,274
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(48,595)	
Less: compensated absences payable		(395,155)	
Less: accrued interest on notes		<u>(972)</u>	(444,722)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>502,243</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 17,326,604</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, 2007

	<u>Major Funds</u>			
	General Purpose School	School Federal Projects	Central Cafeteria	Total Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 7,690,790	\$ 0	\$ 0	\$ 7,690,790
Licenses and Permits	1,705	0	0	1,705
Charges for Current Services	33,786	0	779,722	813,508
Other Local Revenues	86,298	0	14,109	100,407
State of Tennessee	15,078,135	0	0	15,078,135
Federal Government	131,828	2,922,975	1,075,653	4,130,456
Other Governments and Citizens Groups	256,400	0	0	256,400
Total Revenues	<u>\$ 23,278,942</u>	<u>\$ 2,922,975</u>	<u>\$ 1,869,484</u>	<u>\$ 28,071,401</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 14,358,256	\$ 2,044,764	\$ 0	\$ 16,403,020
Support Services	6,865,969	835,136	0	7,701,105
Operation of Non-Instructional Services	740,169	0	1,791,753	2,531,922
Debt Service:				
Principal on Debt	47,178	0	0	47,178
Interest on Debt	11,766	0	0	11,766
Other Debt Service	1,195,259	0	0	1,195,259
Total Expenditures	<u>\$ 23,218,597</u>	<u>\$ 2,879,900</u>	<u>\$ 1,791,753</u>	<u>\$ 27,890,250</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 60,345</u>	<u>\$ 43,075</u>	<u>\$ 77,731</u>	<u>\$ 181,151</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 7,795	\$ 0	\$ 0	\$ 7,795
Total Other Financing Sources (Uses)	<u>\$ 7,795</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,795</u>
Net Change in Fund Balances	\$ 68,140	\$ 43,075	\$ 77,731	\$ 188,946
Fund Balance, July 1, 2006	<u>699,453</u>	<u>136,593</u>	<u>713,318</u>	<u>1,549,364</u>
Fund Balance, June 30, 2007	<u>\$ 767,593</u>	<u>\$ 179,668</u>	<u>\$ 791,049</u>	<u>\$ 1,738,310</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, 2007

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)		\$ 188,946
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those 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	\$ 302,202	
Less: current year depreciation expense	<u>(1,147,708)</u>	(845,506)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$ 502,243	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(480,941)</u>	21,302
(3) 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Add: principal payments on notes		47,178
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 943	
Change in compensated absences	<u>2,982</u>	3,925
(5) 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 internal service funds is reported with governmental activities in the statement of activities.		<u>11,268</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (572,887)</u>

Exhibit J-6

Hardin County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hardin County School Department
General Purpose School Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 7,690,790	\$ 0	\$ 0	\$ 7,690,790	\$ 7,638,580	\$ 7,638,580	\$ 52,210
Licenses and Permits	1,705	0	0	1,705	1,500	1,500	205
Charges for Current Services	33,786	0	0	33,786	12,500	23,930	9,856
Other Local Revenues	86,298	0	0	86,298	46,550	74,249	12,049
State of Tennessee	15,078,135	0	0	15,078,135	14,824,741	15,030,822	47,313
Federal Government	131,828	0	0	131,828	160,138	160,138	(28,310)
Other Governments and Citizens Groups	256,400	0	0	256,400	0	260,000	(3,600)
Total Revenues	\$ 23,278,942	\$ 0	\$ 0	\$ 23,278,942	\$ 22,684,009	\$ 23,189,219	\$ 89,723
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 12,006,248	\$ 0	\$ 0	\$ 12,006,248	\$ 11,814,041	\$ 12,030,820	\$ 24,572
Special Education Program	1,453,451	0	0	1,453,451	1,481,427	1,467,153	13,702
Vocational Education Program	831,152	0	0	831,152	740,379	841,609	10,457
Adult Education Program	67,405	(4,279)	0	63,126	72,769	76,586	13,460
<u>Support Services</u>							
Attendance	41,792	0	0	41,792	41,052	42,005	213
Health Services	93,265	0	0	93,265	87,444	93,695	430
Other Student Support	716,387	0	0	716,387	802,055	721,094	4,707
Regular Instruction Program	835,993	0	458	836,451	808,728	846,598	10,147
Special Education Program	151,584	0	0	151,584	176,792	159,487	7,903
Vocational Education Program	96,007	0	0	96,007	91,883	95,697	(310)
Adult Programs	65,650	0	0	65,650	70,263	76,307	10,657
Board of Education	470,273	0	0	470,273	465,265	478,777	8,504
Director of Schools	212,346	0	0	212,346	179,327	213,600	1,254
Office of the Principal	847,199	0	0	847,199	857,507	854,584	7,385

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 122,069	\$ 0	\$ 0	\$ 122,069	\$ 129,447	\$ 122,150	\$ 81
Operation of Plant	1,734,101	0	0	1,734,101	1,718,927	1,728,025	(6,076)
Maintenance of Plant	365,780	0	0	365,780	351,607	366,679	899
Transportation	1,113,523	0	0	1,113,523	1,166,669	1,138,429	24,906
<u>Operation of Non-Instructional Services</u>							
Food Service	407,818	0	0	407,818	406,546	409,180	1,362
Early Childhood Education	332,351	(3,536)	976	329,791	164,459	339,860	10,069
<u>Principal on Debt</u>							
Education	47,178	0	0	47,178	47,178	47,178	0
<u>Interest on Debt</u>							
Education	11,766	0	0	11,766	2,873	11,766	0
<u>Other Debt Service</u>							
Education	1,195,259	0	0	1,195,259	0	1,300,655	105,396
Total Expenditures	\$ 23,218,597	\$ (7,815)	\$ 1,434	\$ 23,212,216	\$ 21,676,638	\$ 23,461,934	\$ 249,718
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 60,345	\$ 7,815	\$ (1,434)	\$ 66,726	\$ 1,007,371	\$ (272,715)	\$ 339,441
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 260,000	\$ 0	\$ 0
Insurance Recovery	7,795	0	0	7,795	0	7,795	0
Transfers Out	0	0	0	0	(1,225,389)	0	0
Total Other Financing Sources (Uses)	\$ 7,795	\$ 0	\$ 0	\$ 7,795	\$ (965,389)	\$ 7,795	\$ 0
Net Change in Fund Balance							
Fund Balance, July 1, 2006	\$ 68,140	\$ 7,815	\$ (1,434)	\$ 74,521	\$ 41,982	\$ (264,920)	\$ 339,441
	699,453	(7,815)	0	691,638	673,174	673,174	18,464
Fund Balance, June 30, 2007							
	\$ 767,593	\$ 0	\$ (1,434)	\$ 766,159	\$ 715,156	\$ 408,254	\$ 357,905

Exhibit J-7

Hardin County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hardin County School Department
School Federal Projects Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,922,975	\$ 0	\$ 0	\$ 2,922,975	\$ 3,059,962	\$ 3,446,703	\$ (523,728)
Total Revenues	\$ 2,922,975	\$ 0	\$ 0	\$ 2,922,975	\$ 3,059,962	\$ 3,446,703	\$ (523,728)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,309,913	\$ (10,580)	\$ 1,571	\$ 1,300,904	\$ 1,385,109	\$ 1,687,739	\$ 386,835
Special Education Program	669,849	0	0	669,849	574,378	707,457	37,608
Vocational Education Program	65,002	(1,755)	10,957	74,204	88,198	74,548	344
<u>Support Services</u>							
Other Student Support	79,752	0	0	79,752	75,509	91,948	12,196
Regular Instruction Program	539,061	(12,943)	0	526,118	715,046	723,584	197,466
Special Education Program	216,323	0	0	216,323	221,722	259,477	43,154
Total Expenditures	\$ 2,879,900	\$ (25,278)	\$ 12,528	\$ 2,867,150	\$ 3,059,962	\$ 3,544,753	\$ 677,603
Excess (Deficiency) of Revenues Over Expenditures	\$ 43,075	\$ 25,278	\$ (12,528)	\$ 55,825	\$ 0	\$ (98,050)	\$ 153,875
Net Change in Fund Balance	\$ 43,075	\$ 25,278	\$ (12,528)	\$ 55,825	\$ 0	\$ (98,050)	\$ 153,875
Fund Balance, July 1, 2006	136,593	(25,278)	0	111,315	98,050	98,050	13,265
Fund Balance, June 30, 2007	\$ 179,668	\$ 0	\$ (12,528)	\$ 167,140	\$ 98,050	\$ 0	\$ 167,140

Exhibit J-8

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 779,722	\$ 755,000	\$ 755,000	\$ 24,722
Other Local Revenues	14,109	10,000	10,000	4,109
Federal Government	1,075,653	1,025,000	1,025,000	50,653
Total Revenues	<u>\$ 1,869,484</u>	<u>\$ 1,790,000</u>	<u>\$ 1,790,000</u>	<u>\$ 79,484</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,791,753	\$ 1,929,070	\$ 1,929,070	\$ 137,317
Total Expenditures	<u>\$ 1,791,753</u>	<u>\$ 1,929,070</u>	<u>\$ 1,929,070</u>	<u>\$ 137,317</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 77,731	\$ (139,070)	\$ (139,070)	\$ 216,801
Net Change in Fund Balance	\$ 77,731	\$ (139,070)	\$ (139,070)	\$ 216,801
Fund Balance, July 1, 2006	<u>713,318</u>	<u>733,120</u>	<u>733,120</u>	<u>(19,802)</u>
Fund Balance, June 30, 2007	<u>\$ 791,049</u>	<u>\$ 594,050</u>	<u>\$ 594,050</u>	<u>\$ 196,999</u>

Exhibit J-9

Hardin County, Tennessee
Statement of Net Assets
Discretely Presented Hardin County School Department
Proprietary Fund
June 30, 2007

Governmental
 Activities -
 Internal
 Service

 Employee
 Insurance

ASSETS

Current Assets:

Equity in Pooled Cash and Investments	\$ 11,073
Total Assets	<u>\$ 11,073</u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 6,799
Total Liabilities	<u>\$ 6,799</u>

NET ASSETS

Unrestricted	<u>\$ 4,274</u>
Total Net Assets	<u><u>\$ 4,274</u></u>

Exhibit J-10

Hardin County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Discretely Presented Hardin County School Department
Proprietary Fund
For the Year Ended June 30, 2007

	Governmental Activities - Internal Service
	<u>Employee Insurance</u>
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Self-Insurance Premiums/Contributions	\$ 233,707
Total Operating Revenues	<u>\$ 233,707</u>
<u>Operating Expenses</u>	
<u>Employee Benefits</u>	
Handling Charges and Administrative Costs	\$ 18,252
Medical Claims	204,187
Total Operating Expenses	<u>\$ 222,439</u>
Operating Income (Loss)	<u>\$ 11,268</u>
Change in Net Assets	\$ 11,268
Net Assets, July 1, 2006	<u>(6,994)</u>
Net Assets, June 30, 2007	<u>\$ 4,274</u>

Exhibit J-11

Hardin County, Tennessee
Statement of Cash Flows
Discretely Presented Hardin County School Department
Proprietary Fund
For the Year Ended June 30, 2007

	Governmental Activities - Internal Service <hr/> Employee Insurance
<u>Cash Flows from Operating Activities</u>	
Receipts from self-insurance premiums	\$ 233,707
Payments to fiscal agents	(18,252)
Payments for claims	(210,891)
Net Cash Provided By (Used In) Operating Activities	<hr/> \$ 4,564
 Increase (Decrease) in Cash	 \$ 4,564
Cash, July 1, 2006	<hr/> 6,509
 Cash, June 30, 2007	 <hr/> <hr/> \$ 11,073
 <u>Reconciliation of Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 11,268
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Changes in assets and liabilities:	
Decrease in accounts payable	<hr/> (6,704)
Net Cash Provided By (Used In) Operating Activities	<hr/> <hr/> \$ 4,564

MISCELLANEOUS SCHEDULES

Exhibit K-1

Hardin County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, and Bonds
Primary Government and Discretely Presented Hardin County School Department
For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Jackson State Community College Facility	\$ 750,000	4 to 5.2%	7-2-1997	3-1-09	\$ 230,000	\$ 0	\$ 75,000	\$ 155,000
School Bus, Series 1999	875,000	4.25 to 5.3	10-1-1999	10-1-07	215,000	0	110,000	105,000
Buses/Library, Series 2001	1,025,000	4.25 to 4.9	7-9-01	7-1-06	225,000	0	225,000	0
Stockyard Land, Series 2005	87,500	4	11-1-05	5-1-07	43,750	0	43,750	0
School Buses, Series 2006	256,400	4.98	10-2-06	10-1-11	0	256,400	0	256,400
Front Loader Truck, Series 2006	144,300	4.34	11-15-06	11-15-09	0	144,300	0	144,300
Fire Alarm System, Series 2007	44,000	4.30	6-15-07	6-15-10	0	44,000	0	44,000
Total Notes Payable					<u>\$ 713,750</u>	<u>\$ 444,700</u>	<u>\$ 453,750</u>	<u>\$ 704,700</u>
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Fund</u>								
Rescue Squad Truck	116,588	4.95	7-16-02	7-16-12	\$ 87,313	\$ 0	\$ 10,740	\$ 76,573
Fire Trucks	427,788	4.75	6-6-03	6-6-13	319,577	0	39,550	280,027
Fire Trucks	429,882	4.75	11-21-05	11-21-15	410,008	0	35,375	374,633
Sheriff Department Vehicles	85,753	5.67	10-10-06	10-10-08	0	85,753	30,175	55,578
Total Capital Leases Payable					<u>\$ 816,898</u>	<u>\$ 85,753</u>	<u>\$ 115,840</u>	<u>\$ 786,811</u>
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Bonds, Series 2007	8,600,000	3.875 to 4.125	5-10-07	6-1-37	\$ 0	\$ 8,600,000	\$ 0	\$ 8,600,000
<u>Payable through Rural Debt Service Fund</u>								
School Refunding Bonds, Series 2002	9,865,000	2 to 3.75	12-17-02	6-1-11	5,720,000	0	1,180,000	4,540,000
Total Bonds Payable					<u>\$ 5,720,000</u>	<u>\$ 8,600,000</u>	<u>\$ 1,180,000</u>	<u>\$ 13,140,000</u>

(Continued)

Exhibit K-1

Hardin County, Tennessee

Schedule of Changes in Long-term Notes, Capital Leases, and Bonds

Primary Government and Discretely Presented Hardin County School Department (Cont.)

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding 7-1-06</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Outstanding 6-30-07</u>
<u>DISCRETELY PRESENTED HARDIN COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
Energy Efficiency Loan	\$ 311,836	3%	10-2-00	11-2-07	\$ 95,773	\$ 0	\$ 47,178	\$ 48,595
Total Notes Payable					<u>\$ 95,773</u>	<u>\$ 0</u>	<u>\$ 47,178</u>	<u>\$ 48,595</u>

Exhibit K-2

Hardin County, Tennessee
Schedule of Bond and Interest Requirements By Year

Year Ending June 30	Bonds Requirements	Interest Requirements	Total Requirements
2008	\$ 1,405,000	\$ 519,448	\$ 1,924,448
2009	1,450,000	455,168	1,905,168
2010	1,500,000	406,618	1,906,618
2011	955,000	353,144	1,308,144
2012	215,000	316,831	531,831
2013	220,000	308,231	528,231
2014	230,000	299,431	529,431
2015	235,000	290,231	525,231
2016	245,000	280,831	525,831
2017	250,000	271,031	521,031
2018	265,000	261,344	526,344
2019	270,000	251,075	521,075
2020	285,000	240,545	525,545
2021	295,000	229,288	524,288
2022	305,000	217,635	522,635
2023	320,000	205,282	525,282
2024	330,000	192,322	522,322
2025	345,000	178,958	523,958
2026	360,000	164,985	524,985
2027	375,000	150,405	525,405
2028	270,000	135,218	405,218
2029	285,000	124,148	409,148
2030	295,000	112,462	407,462
2031	305,000	100,368	405,368
2032	320,000	87,862	407,862
2033	335,000	74,662	409,662
2034	345,000	60,844	405,844
2035	360,000	46,613	406,613
2036	375,000	31,763	406,763
2037	395,000	16,294	411,294
Total	\$ 13,140,000	\$ 6,383,037	\$ 19,523,037

Exhibit K-3

Hardin County, Tennessee
Schedule of Investments
June 30, 2007

<u>Fund and Type</u>	<u>Amount</u>
<u>General Capital Projects Fund</u>	
Federal Home Loan Mortgage Corporation Notes	\$ 2,553,603
Federal National Mortgage Association Notes	1,472,910
Federal Home Loan Bank Notes	<u>1,107,400</u>
Total Investments	<u>\$ 5,133,913</u>

Exhibit K-4

Hardin County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	General Capital Projects	Funds for the construction of a new jail	\$ 552,729
General Capital Projects	Highway/Public Works	Funds for highway construction	<u>800,000</u>
Total Transfers			<u>\$ 1,352,729</u>

Exhibit K-5

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, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and Chapter 113, Private Acts of 1929, as amended	\$ 65,982 (1)	\$ 50,000	CNA Surety Company
Highway Commissioner	Section 8-24-102, <u>TCA</u>	61,532	100,000	"
Director of Schools	State Board of Education and Hardin County Board of Education	82,758 (2)	100,000	Western Surety Company
Trustee	Section 8-24-102, <u>TCA</u>	56,069	877,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	56,069	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	56,069	50,000	CNA Surety Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	56,069	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	67,849 (3)	105,000	Western Surety Company
Register	Section 8-24-102, <u>TCA</u>	56,069	25,000	CNA Surety Company
Sheriff	Section 8-24-102, <u>TCA</u>	61,677	25,000	"
Employee Blanket Bonds:				
Office of County Mayor:				
Director of Accounts and Budget			10,000	Western Surety Company
All Other Employees			5,000	"
Office of Highway Commissioner			5,000	"
Office of Director of Schools			150,000	Tennessee School Boards Risk Management Trust

(1) Includes \$1,224 for serving as secretary to the Highway Commission.

(2) Includes chief executive officer training supplement of \$1,000 and a one-time bonus of \$257.

(3) Includes special commissioner fees of \$11,780.

Exhibit K-6

Hardin County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2007

	Special Revenue Funds					Debt Service Funds		Capital Projects Fund	Total
	General	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Rural Debt Service	General Capital Projects	
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 2,664,194	\$ 0	\$ 0	\$ 0	\$ 198,437	\$ 155,062	\$ 0	\$ 0	\$ 3,017,693
Trustee's Collections - Prior Year	231,684	0	0	0	15,276	12,260	0	0	259,220
Circuit/Clerk & Master Collections - Prior Years	55,323	0	0	0	3,655	3,163	0	0	62,141
Interest and Penalty	52,176	0	0	0	3,375	2,647	0	0	58,198
Payments in-Lieu-of Taxes - T.V.A.	1,548	0	0	0	114	90	0	0	1,752
Payments in-Lieu-of Taxes - Local Utilities	1,219	0	0	0	88	69	0	0	1,376
Payments in-Lieu-of Taxes - Other	15,191	0	0	0	1,122	880	0	0	17,193
<u>County Local Option Taxes</u>									
Local Option Sales Tax	0	452,803	0	0	0	0	1,195,259	0	1,648,062
Hotel/Motel Tax	206,820	0	0	0	0	0	0	0	206,820
Wheel Tax	978,698	0	0	0	114,087	0	0	0	1,092,785
Litigation Tax - General	124,575	0	0	0	0	0	0	0	124,575
Litigation Tax - Jail, Workhouse, or Courthouse	33,125	0	0	0	0	0	0	0	33,125
Business Tax	98,071	0	0	0	0	0	0	0	98,071
Mineral Severance Tax	0	0	0	0	95,883	0	0	0	95,883
<u>Statutory Local Taxes</u>									
Bank Excise Tax	38,312	0	0	0	2,832	2,221	0	0	43,365
Wholesale Beer Tax	0	400,265	0	0	0	0	0	0	400,265
Interstate Telecommunications Tax	0	1,822	0	0	0	0	0	0	1,822
Total Local Taxes	\$ 4,500,936	\$ 854,890	\$ 0	\$ 0	\$ 434,869	\$ 176,392	\$ 1,195,259	\$ 0	\$ 7,162,346
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Marriage Licenses	\$ 1,705	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,705
Cable TV Franchise	89,064	0	0	0	0	0	0	0	89,064
<u>Permits</u>									
Beer Permits	8,027	0	0	0	0	0	0	0	8,027
Total Licenses and Permits	\$ 98,796	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 98,796
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 9,444	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,444

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Funds		Capital Projects Fund	Total
	General	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Rural Debt Service	General Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>Circuit Court (Cont.)</u>									
Officers Costs	\$ 4,871	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,871
Drug Court Fees	1,202	0	0	0	0	0	0	0	1,202
DUI Treatment Fines	890	0	0	0	0	0	0	0	890
Data Entry Fee - Circuit Court	340	0	0	0	0	0	0	0	340
<u>General Sessions Court</u>									
Fines	74,046	0	0	0	0	0	0	0	74,046
Officers Costs	55,432	0	0	0	0	0	0	0	55,432
Game and Fish Fines	4,615	0	0	0	0	0	0	0	4,615
Drug Control Fines	0	0	16,709	0	0	0	0	0	16,709
Drug Court Fees	8,806	0	0	0	0	0	0	0	8,806
Jail Fees	961	0	0	0	0	0	0	0	961
DUI Treatment Fines	7,292	0	0	0	0	0	0	0	7,292
Data Entry Fee - General Sessions Court	4,031	0	0	0	0	0	0	0	4,031
Courtroom Security Fee	274	0	0	0	0	0	0	0	274
<u>Chancery Court</u>									
Officers Costs	158	0	0	0	0	0	0	0	158
Data Entry Fee - Chancery Court	2,058	0	0	0	0	0	0	0	2,058
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	4,193	0	0	0	0	0	4,193
Total Fines, Forfeitures, and Penalties	\$ 174,420	\$ 0	\$ 20,902	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	195,322
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 219,628	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	219,628
<u>Fees</u>									
Telephone Commissions	7,735	0	0	0	0	0	0	0	7,735
Vending Machine Collections	782	0	0	0	0	0	0	0	782
Constitutional Officers' Fees and Commissions	0	0	0	11,780	0	0	0	0	11,780
Data Processing Fee - Register	16,094	0	0	0	0	0	0	0	16,094
Data Processing Fee - Sheriff	6,808	0	0	0	0	0	0	0	6,808
Sexual Offender Registration Fees - Sheriff	800	0	0	0	0	0	0	0	800
Total Charges for Current Services	\$ 32,219	\$ 219,628	\$ 0	\$ 11,780	\$ 0	\$ 0	\$ 0	\$ 0	263,627

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Funds		Capital Projects Fund	Total
	General	Solid Waste/ Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Rural Debt Service	General Capital Projects	
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 292,681	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	40,492	\$ 14,593	\$ 347,766
Lease/Rentals	87,057	0	0	0	0	57,600	0	0	144,657
Sale of Maps	72	0	0	0	0	0	0	0	72
Miscellaneous Refunds	27,104	691	0	0	9,910	0	0	0	37,705
<u>Other Local Revenues</u>									
Other Local Revenues	0	0	0	0	0	25,427	0	0	25,427
Total Other Local Revenues	\$ 406,914	\$ 691	\$ 0	\$ 0	\$ 9,910	\$ 83,027	\$ 40,492	\$ 14,593	\$ 553,627
<u>Fees Received from County Officials</u>									
<u>Fees-In-Lieu of Salary</u>									
County Clerk	\$ 313,427	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 313,427
Circuit Court Clerk	54,721	0	0	0	0	0	0	0	54,721
General Sessions Court Clerk	216,484	0	0	0	0	0	0	0	216,484
Clerk and Master	77,791	0	0	0	0	0	0	0	77,791
Register	174,361	0	0	0	0	0	0	0	174,361
Sheriff	5,600	0	0	0	0	0	0	0	5,600
Trustee	322,979	0	0	0	0	0	0	0	322,979
Total Fees Received from County Officials	\$ 1,165,363	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,165,363
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 9,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,000
Aging Programs	24,690	0	0	0	0	0	0	0	24,690
State Reappraisal Grant	14,840	0	0	0	0	0	0	0	14,840
Solid Waste Grants	0	28,642	0	0	0	0	0	0	28,642
<u>Public Safety Grants</u>									
Law Enforcement Training Programs	9,000	0	2,850	0	0	0	0	0	11,850
<u>Public Works Grants</u>									
Litter Program	33,563	0	0	0	0	0	0	0	33,563
<u>Other State Revenues</u>									
Resort District Sales Tax	177,610	0	0	0	0	0	0	0	177,610
Beer Tax	18,753	0	0	0	0	0	0	0	18,753

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Funds		Capital Projects Fund	Total
	General	Solid Waste/Sanitation	Drug Control	Constitutional Officers - Fees	Highway/Public Works	General Debt Service	Rural Debt Service	General Capital Projects	
<u>State of Tennessee (Cont.)</u>									
<u>Other State Revenues (Cont.)</u>									
Alcoholic Beverage Tax	\$ 46,089	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 46,089
Mixed Drink Tax	22,324	0	0	0	0	0	0	0	22,324
State Revenue Sharing - T.V.A.	281,934	0	0	0	20,839	16,344	0	0	319,117
Contracted Prisoner Boarding	28,440	0	0	0	0	0	0	0	28,440
Gasoline and Motor Fuel Tax	0	0	0	0	1,851,549	0	0	0	1,851,549
Petroleum Special Tax	0	0	0	0	20,576	0	0	0	20,576
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	16,380
Other State Grants	58,241	0	0	0	0	0	0	0	58,241
Other State Revenues	67,625	0	0	0	0	0	0	0	67,625
Total State of Tennessee	\$ 808,489	\$ 28,642	\$ 2,850	\$ 0	\$ 1,892,964	\$ 16,344	\$ 0	\$ 0	\$ 2,749,289
<u>Federal Government</u>									
<u>Federal Through State</u>									
Disaster Relief	\$ 0	\$ 0	\$ 0	\$ 0	16,779	\$ 0	\$ 0	\$ 0	16,779
Homeland Security Grants	256,976	0	0	0	0	0	0	0	256,976
Other Federal through State	238,338	0	0	0	0	0	0	0	238,338
<u>Direct Federal Revenue</u>									
Other Direct Federal Revenue	35,000	0	0	0	0	0	0	0	35,000
Total Federal Government	\$ 530,314	\$ 0	\$ 0	\$ 0	\$ 16,779	\$ 0	\$ 0	\$ 0	\$ 547,093
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Prisoner Board	\$ 6,264	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,264
Contributions	1,875	0	0	0	0	520,366	1,195,259	0	1,717,500
Contracted Services	7,376	4,602	0	0	0	0	0	0	11,978
<u>Citizens Groups</u>									
Donations	5,019	0	0	0	0	0	0	0	5,019
<u>Other</u>									
Other	24,261	0	0	0	0	0	0	0	24,261
Total Other Governments and Citizens Groups	\$ 44,795	\$ 4,602	\$ 0	\$ 0	\$ 0	\$ 520,366	\$ 1,195,259	\$ 0	\$ 1,765,022
Total	\$ 7,762,246	\$ 1,108,453	\$ 23,752	\$ 11,780	\$ 2,354,522	\$ 796,129	\$ 2,431,010	\$ 14,593	\$ 14,502,485

Exhibit K-7

Hardin County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Hardin County School Department
For the Year Ended June 30, 2007

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 4,027,710	\$ 0	\$ 0	\$ 4,027,710
Trustee's Collections - Prior Year	308,897	0	0	308,897
Circuit/Clerk & Master Collections - Prior Years	73,939	0	0	73,939
Interest and Penalty	70,041	0	0	70,041
Payments in-Lieu-of Taxes - T.V.A.	2,331	0	0	2,331
Payments in-Lieu-of Taxes - Local Utilities	1,764	0	0	1,764
Payments in-Lieu-of Taxes - Other	22,862	0	0	22,862
<u>County Local Option Taxes</u>				
Local Option Sales Tax	3,125,204	0	0	3,125,204
<u>Statutory Local Taxes</u>				
Bank Excise Tax	57,691	0	0	57,691
Interstate Telecommunications Tax	351	0	0	351
Total Local Taxes	\$ 7,690,790	\$ 0	\$ 0	\$ 7,690,790
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,705	\$ 0	\$ 0	\$ 1,705
Total Licenses and Permits	\$ 1,705	\$ 0	\$ 0	\$ 1,705
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 252,428	\$ 252,428
Lunch Payments - Adults	0	0	72,802	72,802
Income from Breakfast	0	0	30,888	30,888
A la carte Sales	0	0	423,604	423,604
Receipts from Individual Schools	30,470	0	0	30,470
<u>Other Charges for Services</u>				
Other Charges for Services	3,316	0	0	3,316
Total Charges for Current Services	\$ 33,786	\$ 0	\$ 779,722	\$ 813,508
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 13,562	\$ 13,562
Lease/Rentals	1,462	0	0	1,462
Miscellaneous Refunds	43,290	0	547	43,837
<u>Nonrecurring Items</u>				
Sale of Equipment	9,974	0	0	9,974
Sale of Property	4,880	0	0	4,880
Damages Recovered from Individuals	1,229	0	0	1,229
Contributions & Gifts	1,025	0	0	1,025
<u>Other Local Revenues</u>				
Other Local Revenues	24,438	0	0	24,438
Total Other Local Revenues	\$ 86,298	\$ 0	\$ 14,109	\$ 100,407
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 13,600,860	\$ 0	\$ 0	\$ 13,600,860
Early Childhood Education	340,477	0	0	340,477

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
School Food Service	\$ 21,703	\$ 0	\$ 0	\$ 21,703
Driver Education	12,762	0	0	12,762
Other State Education Funds	166,325	0	0	166,325
Career Ladder Program	308,079	0	0	308,079
Career Ladder - Extended Contract	119,719	0	0	119,719
<u>Other State Revenues</u>				
Mixed Drink Tax	22,323	0	0	22,323
State Revenue Sharing - T.V.A.	424,536	0	0	424,536
Other State Revenues	61,351	0	0	61,351
Total State of Tennessee	\$ 15,078,135	\$ 0	\$ 0	\$ 15,078,135
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 787,150	\$ 787,150
Breakfast	0	0	288,503	288,503
Adult Education State Grant Program	103,924	0	0	103,924
Vocational Education - Basic Grants to States	0	98,198	0	98,198
Title I Grants to Local Education Agencies	0	1,464,695	0	1,464,695
Innovative Education Program Strategies	0	89,460	0	89,460
Special Education - Grants to States	4,693	888,424	0	893,117
Eisenhower Professional Development State Grants	0	313,492	0	313,492
Other Federal through State	23,211	68,706	0	91,917
Total Federal Government	\$ 131,828	\$ 2,922,975	\$ 1,075,653	\$ 4,130,456
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 256,400	\$ 0	\$ 0	\$ 256,400
Total Other Governments and Citizens Groups	\$ 256,400	\$ 0	\$ 0	\$ 256,400
Total	\$ 23,278,942	\$ 2,922,975	\$ 1,869,484	\$ 28,071,401

Exhibit K-8

Hardin County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2007

General FundGeneral GovernmentCounty Commission

Clerical Personnel	\$	6,310	
Board and Committee Members Fees		36,850	
Audit Services		5,995	
Dues and Memberships		1,700	
Operating Lease Payments		3,522	
Legal Services		1,150	
Travel		3,227	
Other Charges		1,384	
Total County Commission			\$ 60,138

Board of Equalization

Board and Committee Members Fees	\$	640	
Total Board of Equalization			640

Beer Board

Board and Committee Members Fees	\$	3,300	
Office Supplies		297	
Total Beer Board			3,597

Other Boards and Committees

Board and Committee Members Fees	\$	600	
Total Other Boards and Committees			600

County Mayor/Executive

County Official/Administrative Officer	\$	64,758	
Secretary(ies)		22,246	
Clerical Personnel		11,177	
Educational Incentive - Other County Employees		9,000	
Communication		2,956	
Postal Charges		4,449	
Travel		4,866	
Office Supplies		3,056	
Office Equipment		1,998	
Total County Mayor/Executive			124,506

County Attorney

Legal Services	\$	4,375	
Total County Attorney			4,375

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	50,461	
Part-time Personnel		16,941	
Board and Committee Members Fees		4,730	
Election Workers		15,475	
In-Service Training		300	
Communication		1,426	
Data Processing Services		3,777	
Legal Notices, Recording, and Court Costs		1,930	
Postal Charges		1,118	
Printing, Stationery, and Forms		23,306	
Travel		2,406	
Office Supplies		2,436	
Voting Machines		188,322	
Total Election Commission			\$ 312,628

Register of Deeds

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		42,877	
Communication		2,085	
Data Processing Services		15,853	
Maintenance & Repair Services - Equipment		850	
Postal Charges		300	
Travel		1,100	
Other Contracted Services		2,254	
Office Supplies		8,903	
Office Equipment		3,185	
Total Register of Deeds			133,476

County Buildings

Custodial Personnel	\$	73,473	
Communication		191	
Maintenance & Repair Services - Buildings		25,030	
Maintenance & Repair Services - Equipment		1,358	
Pest Control		1,761	
Custodial Supplies		8,383	
Food Supplies		2,054	
Gasoline		3,598	
Small Tools		473	
Utilities		61,557	
Other Supplies and Materials		1,491	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Building and Contents Insurance	\$ 1,975	
Liability Insurance	127,654	
Premiums on Corporate Surety Bonds	6,596	
Other Charges	116,800	
Building Improvements	42,978	
Maintenance Equipment	500	
Total County Buildings		\$ 475,872

Finance

Accounting and Budgeting

Accountants/Bookkeepers	\$ 41,002	
Clerical Personnel	19,747	
Temporary Personnel	11,040	
In-Service Training	478	
Communication	2,080	
Contracts with Government Agencies	1,250	
Data Processing Services	6,250	
Travel	824	
Office Supplies	3,498	
Office Equipment	400	
Total Accounting and Budgeting		86,569

Property Assessor's Office

County Official/Administrative Officer	\$ 56,069	
Secretary(ies)	20,998	
Clerical Personnel	45,333	
Other Salaries & Wages	15,791	
In-Service Training	240	
Communication	3,214	
Contracts with Government Agencies	26,503	
Contracts with Private Agencies	17,048	
Data Processing Services	6,612	
Postal Charges	3,686	
Travel	2,464	
Office Supplies	2,710	
Office Equipment	16,152	
Total Property Assessor's Office		216,820

Reappraisal Program

Other Salaries & Wages	\$ 13,782	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)Finance (Cont.)Reappraisal Program (Cont.)

Data Processing Services	\$	8,145	
Postal Charges		2,499	
Travel		5,495	
Office Supplies		1,680	
Total Reappraisal Program			\$ 31,601

County Trustee's Office

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		21,078	
Part-time Personnel		14,918	
Other Salaries & Wages		21,320	
Communication		1,684	
Data Processing Services		6,612	
Dues and Memberships		1,259	
Postal Charges		5,499	
Travel		697	
Office Supplies		1,555	
Total County Trustee's Office			130,691

County Clerk's Office

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		39,722	
Clerical Personnel		39,553	
Part-time Personnel		32,480	
Communication		4,463	
Data Processing Services		14,292	
Postal Charges		6,148	
Travel		1,100	
Office Supplies		5,811	
Office Equipment		110	
Total County Clerk's Office			199,748

Administration of JusticeCircuit Court

County Official/Administrative Officer	\$	56,069	
Deputy(ies)		109,151	
Clerical Personnel		22,246	
Part-time Personnel		14,124	
Board and Committee Members Fees		700	
Jury and Witness Fees		7,746	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Communication	\$ 2,814	
Data Processing Services	8,791	
Postal Charges	2,967	
Travel	770	
Office Supplies	14,138	
Other Charges	964	
Total Circuit Court		\$ 240,480

General Sessions Court

Judge(s)	\$ 93,192	
Secretary(ies)	21,078	
Communication	1,281	
Postal Charges	13	
Travel	1,983	
Other Contracted Services	511	
Office Supplies	1,329	
Total General Sessions Court		119,387

Drug Court

Remittance of Revenue Collected	\$ 10,007	
Total Drug Court		10,007

Chancery Court

County Official/Administrative Officer	\$ 56,069	
Deputy(ies)	21,078	
Other Salaries & Wages	16,758	
Communication	1,023	
Postal Charges	300	
Travel	838	
Office Supplies	7,095	
Total Chancery Court		103,161

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 61,677	
Assistant(s)	22,441	
Deputy(ies)	473,772	
Salary Supplements	9,000	
Secretary(ies)	24,107	
In-Service Training	2,500	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Communication	\$	7,548	
Data Processing Services		1,085	
Dues and Memberships		1,500	
Maintenance & Repair Services - Equipment		101	
Maintenance & Repair Services - Vehicles		46,655	
Travel		379	
Remittance of Revenue Collected		1,025	
Other Contracted Services		36,981	
Drugs and Medical Supplies		500	
Gasoline		62,813	
Law Enforcement Supplies		2,301	
Office Supplies		7,354	
Uniforms		6,041	
Utilities		894	
Communication Equipment		2,000	
Law Enforcement Equipment		148	
Motor Vehicles		89,353	
Total Sheriff's Department			\$ 860,175

Traffic Control

Deputy(ies)	\$	60,482	
Other Fringe Benefits		19,244	
Travel		54	
Other Supplies and Materials		128	
Total Traffic Control			79,908

Administration of the Sexual Offender Registry

Office Supplies	\$	368	
Total Administration of the Sexual Offender Registry			368

Jail

Guards	\$	231,404	
Attendants		1,001	
Other Salaries & Wages		2,700	
In-Service Training		2,000	
Communication		2,868	
Legal Services		17,618	
Maintenance & Repair Services - Buildings		21,078	
Medical and Dental Services		93,958	
Custodial Supplies		12,484	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Food Preparation Supplies	\$	1,994	
Food Supplies		82,236	
Office Supplies		2,193	
Prisoners Clothing		1,649	
Uniforms		3,107	
Utilities		40,462	
Other Supplies and Materials		7,974	
Total Jail			\$ 524,726

Juvenile Services

Youth Service Officer(s)	\$	36,871	
Educational Assistants		24,951	
In-Service Training		1,450	
Communication		1,754	
Data Processing Services		1,200	
Transportation - Other than Students		981	
Travel		500	
Office Supplies		3,033	
Total Juvenile Services			70,740

Fire Prevention and Control

Captain(s)	\$	38,834	
Mechanic(s)		46,793	
Part-time Personnel		15,546	
Other Salaries & Wages		12,335	
In-Service Training		3,300	
Communication		7,272	
Maintenance & Repair Services - Equipment		7,977	
Maintenance & Repair Services - Vehicles		46,812	
Travel		2,000	
Remittance of Revenue Collected		6,659	
Drugs and Medical Supplies		456	
Equipment and Machinery Parts		36,690	
Gasoline		26,437	
Instructional Supplies and Materials		2,870	
Office Supplies		1,500	
Uniforms		3,275	
Utilities		35,906	
Other Supplies and Materials		1,403	
Motor Vehicles		89,045	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Site Development	\$	4,191	
Other Equipment		48,973	
Other Capital Outlay		136,301	
Total Fire Prevention and Control			\$ 574,575

Civil Defense

Assistant(s)	\$	22,833	
Clerical Personnel		7,788	
Part-time Personnel		2,999	
Other Salaries & Wages		1,799	
Communication		1,996	
Maintenance & Repair Services - Equipment		1,500	
Maintenance & Repair Services - Vehicles		2,000	
Equipment and Machinery Parts		4,980	
Instructional Supplies and Materials		45,778	
Office Supplies		2,200	
Other Supplies and Materials		15,275	
Communication Equipment		50,411	
Office Equipment		2,653	
Total Civil Defense			162,212

Public Safety Grant Programs

Other Salaries & Wages	\$	4,686	
Other Fringe Benefits		1,824	
Instructional Supplies and Materials		1,859	
Total Public Safety Grant Programs			8,369

Other Public Safety

Supervisor/Director	\$	3,000	
Contracts with Government Agencies		202,803	
Other Supplies and Materials		6,500	
Total Other Public Safety			212,303

Public Health and Welfare

Local Health Center

Medical Personnel	\$	34,559	
Communication		2,240	
Contracts with Government Agencies		34,000	
Janitorial Services		4,686	
Maintenance & Repair Services - Buildings		2,189	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Postal Charges	\$ 3,595	
Travel	8,038	
Drugs and Medical Supplies	1,821	
Office Supplies	1,724	
Utilities	8,167	
Other Equipment	1,448	
Total Local Health Center		\$ 102,467

Ambulance/Emergency Medical Services

Contracts with Private Agencies	\$ 100,000	
Utilities	1,026	
Motor Vehicles	62,972	
Total Ambulance/Emergency Medical Services		163,998

Alcohol and Drug Programs

Contributions	\$ 1,000	
Total Alcohol and Drug Programs		1,000

Crippled Children Services

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

General Welfare Assistance

Contributions	\$ 1,000	
Total General Welfare Assistance		1,000

Other Local Welfare Services

Supervisor/Director	\$ 6,600	
Social Security	401	
Unemployment Compensation	110	
Employer Medicare	94	
Total Other Local Welfare Services		7,205

Sanitation Education/Information

Foremen	\$ 27,637	
Other Salaries & Wages	23,941	
Maintenance & Repair Services - Equipment	1,450	
Gasoline	2,600	
Instructional Supplies and Materials	6,700	
Other Supplies and Materials	1,795	
Total Sanitation Education/Information		64,123

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$	22,467	
Custodial Personnel		4,040	
Other Salaries & Wages		8,652	
Communication		1,287	
Maintenance & Repair Services - Buildings		295	
Maintenance & Repair Services - Vehicles		231	
Postal Charges		78	
Travel		1,229	
Office Supplies		576	
Utilities		1,700	
Other Supplies and Materials		778	
Vehicle and Equipment Insurance		563	
Total Senior Citizens Assistance			\$ 41,896

Libraries

Assistant(s)	\$	20,007	
Supervisor/Director		28,392	
Custodial Personnel		4,327	
Part-time Personnel		8,871	
Other Salaries & Wages		57,680	
Communication		3,673	
Office Supplies		25,333	
Utilities		24,162	
Total Libraries			172,445

Other Social, Cultural, and Recreational

Contributions	\$	19,000	
Total Other Social, Cultural, and Recreational			19,000

Agriculture & Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$	18,612	
Assistant(s)		18,956	
Deputy(ies)		9,998	
Secretary(ies)		7,885	
Social Security		1,368	
Extension Service Medicare		545	
Other Fringe Benefits		5,065	
Office Supplies		5,000	
Total Agriculture Extension Service			67,429

(Continued)

Exhibit K-8

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

General Fund (Cont.)Agriculture & Natural Resources (Cont.)Forest Service

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

Soil Conservation

Contributions	\$ 22,215	
Total Soil Conservation		22,215

Flood Control

Other Salaries & Wages	\$ 3,000	
Office Supplies	1,999	
Total Flood Control		4,999

Other Agriculture & Natural Resources

Part-time Personnel	\$ 2,042	
Food Preparation Supplies	52	
Utilities	876	
Total Other Agriculture & Natural Resources		2,970

Other OperationsTourism

Contributions	\$ 174,553	
Other Charges	83,316	
Total Tourism		257,869

Industrial Development

Contracts with Government Agencies	\$ 40,000	
Dues and Memberships	11,546	
Other Charges	231	
Total Industrial Development		51,777

Other Economic and Community Development

Contracts with Private Agencies	\$ 35,000	
Other Charges	14,044	
Total Other Economic and Community Development		49,044

Airport

Contributions	\$ 17,500	
Total Airport		17,500

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Supervisor/Director	\$	19,367	
Secretary(ies)		8,762	
Communication		1,288	
Travel		771	
Office Supplies		1,522	
Office Equipment		500	
Total Veterans' Services			\$ 32,210

Other Charges

Trustee's Commission	\$	87,215	
Workers' Compensation Insurance		88,636	
Other Self-Insured Claims		8,372	
Total Other Charges			184,223

Contributions to Other Agencies

Contributions	\$	15,500	
Total Contributions to Other Agencies			15,500

Employee Benefits

Social Security	\$	161,485	
State Retirement		223,970	
Life Insurance		8,419	
Medical Insurance		394,739	
Dental Insurance		16,989	
Unemployment Compensation		12,983	
Employer Medicare		37,766	
Total Employee Benefits			856,351

Miscellaneous

Legal Services	\$	310	
Medical and Dental Services		40	
Other Charges		5,026	
Total Miscellaneous			5,376

Principal on Debt

General Government

Principal on Capital Leases	\$	115,840	
Total General Government			115,840

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Interest on Debt

General Government

Interest on Capital Leases	\$ 38,214	
Total General Government		<u>\$ 38,214</u>

Total General Fund \$ 7,045,328

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$ 41,002	
Secretary(ies)	11,177	
Communication	3,186	
Maintenance & Repair Services - Equipment	994	
Travel	1,114	
Office Supplies	<u>2,362</u>	
Total Sanitation Management		\$ 59,835

Waste Pickup

Mechanic(s)	\$ 29,120	
Truck Drivers	124,983	
Maintenance & Repair Services - Equipment	54,345	
Gasoline	75,207	
Small Tools	1,887	
Tires and Tubes	15,466	
Other Supplies and Materials	2,454	
Motor Vehicles	184,300	
Solid Waste Equipment	<u>12,000</u>	
Total Waste Pickup		499,762

Convenience Centers

Laborers	\$ 181,074	
Advertising	431	
Communication	4,831	
Rentals	3,144	
Utilities	15,895	
Other Supplies and Materials	12,500	
Other Charges	<u>162</u>	
Total Convenience Centers		218,037

Landfill Operation and Maintenance

Disposal Fees	\$ 318,585	
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(Continued)

Exhibit K-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Landfill Operation and Maintenance (Cont.)

Other Contracted Services	\$ 9,204	
Total Landfill Operation and Maintenance		\$ 327,789

Other Operations

Other Charges

Trustee's Commission	\$ 10,499	
Workers' Compensation Insurance	41,300	
Total Other Charges		51,799

Employee Benefits

Social Security	\$ 24,022	
State Retirement	21,982	
Life Insurance	792	
Medical Insurance	40,876	
Dental Insurance	1,582	
Unemployment Compensation	3,736	
Employer Medicare	5,607	
Total Employee Benefits		98,597

Total Solid Waste/Sanitation Fund \$ 1,255,819

Drug Control Fund

Public Safety

Drug Enforcement

Investigator(s)	\$ 25,905	
Salary Supplements	2,850	
Office Supplies	299	
Motor Vehicles	46,200	
Total Drug Enforcement		\$ 75,254

Other Operations

Other Charges

Workers' Compensation Insurance	\$ 1,293	
Total Other Charges		1,293

Employee Benefits

Social Security	\$ 1,783	
State Retirement	2,588	
Life Insurance	99	
Medical Insurance	3,821	

(Continued)

Exhibit K-8

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

Drug Control Fund (Cont.)

Other Operations (Cont.)

Employee Benefits (Cont.)

Dental Insurance	\$	191	
Unemployment Compensation		133	
Employer Medicare		417	
Total Employee Benefits			\$ 9,032

Total Drug Control Fund \$ 85,579

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	11,780	
Total Chancery Court			\$ 11,780

Total Constitutional Officers - Fees Fund 11,780

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	61,532	
Assistant(s)		43,697	
Secretary to Board		1,224	
Accountants/Bookkeepers		64,984	
Board and Committee Members Fees		4,848	
Communication		16,742	
Data Processing Services		5,522	
Dues and Memberships		3,270	
Legal Notices, Recording, and Court Costs		535	
Maintenance Agreements		291	
Postal Charges		735	
Printing, Stationery, and Forms		1,679	
Travel		8,679	
Electricity		5,676	
Food Preparation Supplies		1,926	
Natural Gas		2,046	
Office Supplies		1,832	
Water and Sewer		731	
Other Charges		460	
Total Administration			\$ 226,409

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Highway and Bridge Maintenance

Laborers	\$	605,590	
Clerical Personnel		4,856	
Other Contracted Services		61,754	
Asphalt		106,892	
Asphalt - Cold Mix		1,307	
Asphalt - Hot Mix		307,589	
Concrete		2,387	
Crushed Stone		65,526	
Office Supplies		473	
Pipe		23,718	
Road Signs		15,745	
Wood Products		845	
Gravel and Chert		665	
Other Supplies and Materials		16,389	
Total Highway and Bridge Maintenance			\$ 1,213,736

Operation and Maintenance of Equipment

Mechanic(s)	\$	22,189	
Laborers		20,211	
Maintenance Personnel		37,690	
Maintenance & Repair Services - Equipment		25,422	
Maintenance & Repair Services - Vehicles		2,402	
Diesel Fuel		104,268	
Equipment and Machinery Parts		33,412	
Garage Supplies		4,154	
Gasoline		16,283	
Lubricants		2,273	
Propane Gas		673	
Small Tools		491	
Tires and Tubes		23,246	
Other Supplies and Materials		1,155	
Total Operation and Maintenance of Equipment			293,869

Other Charges

Liability Insurance	\$	49,504	
Trustee's Commission		25,406	
Workers' Compensation Insurance		116,769	
Total Other Charges			191,679

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Social Security	\$ 66,484	
State Retirement	75,877	
Life Insurance	3,958	
Medical Insurance	185,083	
Dental Insurance	8,283	
Unemployment Compensation	7,058	
Total Employee Benefits		\$ 346,743

Capital Outlay

Maintenance & Repair Services - Buildings	\$ 10,282	
Bridge Construction	38,514	
Building Improvements	49,999	
Highway Construction	210,928	
Motor Vehicles	3,013	
Office Equipment	149	
State Aid Projects	236,110	
Other Equipment	361,390	
Other Construction	161,000	
Total Capital Outlay		1,071,385

Interest on Debt

Highways and Streets

Interest on Notes	\$ 4,913	
Total Highways and Streets		4,913

Total Highway/Public Works Fund \$ 3,348,734

General Debt Service Fund

Principal on Debt

General Government

Principal on Notes	\$ 238,000	
Principal on Other Loans	197,000	
Total General Government		\$ 435,000

Education

Principal on Notes	\$ 215,750	
Total Education		215,750

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Notes	\$ 19,621	
Interest on Other Loans	<u>286,057</u>	
Total General Government		\$ 305,678

Education

Interest on Notes	\$ 17,436	
Total Education		17,436

Other Debt Service

General Government

Trustee's Commission	\$ 4,201	
Other Debt Service	<u>37,808</u>	
Total General Government		<u>42,009</u>

Total General Debt Service Fund \$ 1,015,873

Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 1,180,000	
Total Education		\$ 1,180,000

Interest on Debt

Education

Interest on Bonds	\$ 186,938	
Total Education		186,938

Other Debt Service

Education

Trustee's Commission	\$ 11,788	
Other Debt Service	<u>482</u>	
Total Education		<u>12,270</u>

Total Rural Debt Service Fund 1,379,208

General Capital Projects Fund

Capital Projects

Other General Government Projects

Architects	\$ 554,891	
Other Charges	2,427	

(Continued)

Exhibit K-8

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

General Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Other General Government Projects (Cont.)

Underwriter's Discount	\$ 36,894	
Other Debt Issuance Charges	106,882	
Building Construction	1,899,809	
Site Development	<u>383,492</u>	
Total Other General Government Projects		<u>\$ 2,984,395</u>

Total General Capital Projects Fund \$ 2,984,395

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Contributions	<u>\$ 256,400</u>	
Total Education Capital Projects		<u>\$ 256,400</u>

Total Education Capital Projects Fund 256,400

Total Governmental Funds - Primary Government \$ 17,383,116

Exhibit K-9

Hardin County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hardin County School Department
For the Year Ended June 30, 2007

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 8,144,644	
Career Ladder Program	176,233	
Career Ladder Extended Contracts	105,600	
Educational Assistants	248,353	
Other Salaries & Wages	12,524	
Certified Substitute Teachers	136,327	
Social Security	517,956	
State Retirement	538,376	
Medical Insurance	1,401,033	
Dental Insurance	70,132	
Unemployment Compensation	11,635	
Employer Medicare	121,135	
Maintenance & Repair Services - Equipment	2,263	
Other Contracted Services	1,708	
Instructional Supplies and Materials	70,540	
Textbooks	337,362	
Other Supplies and Materials	105,119	
Other Charges	806	
Regular Instruction Equipment	4,502	
Total Regular Instruction Program		\$ 12,006,248

Special Education Program

Teachers	\$ 1,060,485	
Career Ladder Program	20,386	
Educational Assistants	18,554	
Certified Substitute Teachers	6,840	
Social Security	67,130	
State Retirement	66,730	
Medical Insurance	170,796	
Dental Insurance	9,159	
Unemployment Compensation	1,303	
Employer Medicare	15,700	
Contracts with Private Agencies	10,134	
Maintenance & Repair Services - Equipment	410	
Other Contracted Services	250	
Other Supplies and Materials	5,480	
Other Charges	94	
Total Special Education Program		1,453,451

(Continued)

Exhibit K-9

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.)

Vocational Education Program

Teachers	\$	620,297	
Career Ladder Program		9,000	
Certified Substitute Teachers		6,034	
Social Security		37,728	
State Retirement		38,737	
Medical Insurance		84,209	
Dental Insurance		5,009	
Unemployment Compensation		672	
Employer Medicare		8,824	
Other Contracted Services		250	
Other Supplies and Materials		20,392	
Total Vocational Education Program			\$ 831,152

Adult Education Program

Teachers	\$	18,832	
Other Salaries & Wages		28,971	
Social Security		2,964	
State Retirement		766	
Unemployment Compensation		117	
Employer Medicare		693	
Instructional Supplies and Materials		9,644	
Other Supplies and Materials		139	
Other Charges		1,000	
Other Equipment		4,279	
Total Adult Education Program			67,405

Support Services

Attendance

Supervisor/Director	\$	25,051	
Career Ladder Program		3,000	
Social Security		1,731	
State Retirement		1,720	
Medical Insurance		4,643	
Dental Insurance		304	
Unemployment Compensation		23	
Employer Medicare		405	
Travel		2,972	
Other Supplies and Materials		1,398	
In Service/Staff Development		545	
Total Attendance			41,792

(Continued)

Exhibit K-9

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.)

Health Services

Medical Personnel	\$	57,552	
Social Security		3,103	
State Retirement		4,270	
Medical Insurance		8,583	
Dental Insurance		531	
Unemployment Compensation		87	
Employer Medicare		726	
Travel		523	
Drugs and Medical Supplies		16,024	
Other Supplies and Materials		1,101	
In Service/Staff Development		765	
Total Health Services			\$ 93,265

Other Student Support

Career Ladder Program	\$	7,995	
Guidance Personnel		428,506	
Attendants		16,047	
School Resource Officer		21,602	
Other Salaries & Wages		58,080	
Social Security		30,965	
State Retirement		33,942	
Medical Insurance		93,892	
Dental Insurance		4,250	
Unemployment Compensation		688	
Employer Medicare		7,243	
Evaluation and Testing		12,674	
Travel		168	
Other Supplies and Materials		335	
Total Other Student Support			716,387

Regular Instruction Program

Supervisor/Director	\$	141,465
Career Ladder Program		15,917
Librarians		327,369
Instructional Computer Personnel		44,535
Clerical Personnel		14,497
Other Salaries & Wages		66,517
Social Security		36,629
State Retirement		38,483

(Continued)

Exhibit K-9

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.)

Regular Instruction Program (Cont.)

Medical Insurance	\$	69,147	
Dental Insurance		3,668	
Unemployment Compensation		626	
Employer Medicare		8,567	
Maintenance & Repair Services - Equipment		300	
Travel		13,130	
Other Contracted Services		2,946	
Library Books/Media		39,472	
Other Supplies and Materials		5,380	
In Service/Staff Development		1,165	
Other Charges		1,177	
Other Equipment		5,003	
Total Regular Instruction Program			\$ 835,993

Special Education Program

Supervisor/Director	\$	55,068	
Career Ladder Program		2,000	
Assessment Personnel		47,238	
Social Security		6,416	
State Retirement		7,469	
Medical Insurance		5,697	
Dental Insurance		357	
Unemployment Compensation		107	
Employer Medicare		1,500	
Travel		21,966	
Other Contracted Services		250	
Other Supplies and Materials		930	
In Service/Staff Development		405	
Other Charges		2,181	
Total Special Education Program			151,584

Vocational Education Program

Supervisor/Director	\$	28,764	
Secretary(ies)		9,254	
Other Salaries & Wages		29,364	
Social Security		3,886	
State Retirement		4,486	
Medical Insurance		12,835	
Dental Insurance		607	

(Continued)

Exhibit K-9

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.)

Vocational Education Program (Cont.)

Unemployment Compensation	\$	86	
Employer Medicare		909	
Travel		3,782	
Other Contracted Services		250	
Other Supplies and Materials		78	
In Service/Staff Development		90	
Other Charges		1,616	
Total Vocational Education Program			\$ 96,007

Adult Programs

Supervisor/Director	\$	49,321	
Social Security		3,037	
State Retirement		3,023	
Medical Insurance		5,066	
Dental Insurance		304	
Unemployment Compensation		43	
Employer Medicare		710	
Travel		1,565	
Other Supplies and Materials		461	
Other Charges		2,120	
Total Adult Programs			65,650

Board of Education

Board and Committee Members Fees	\$	11,095	
Dental Insurance		1,594	
Other Fringe Benefits		48,868	
Audit Services		10,000	
Dues and Memberships		8,454	
Travel		3,688	
Other Contracted Services		1,798	
Other Supplies and Materials		1,734	
Liability Insurance		41,904	
Trustee's Commission		169,354	
Workers' Compensation Insurance		154,297	
In Service/Staff Development		2,265	
Other Charges		15,222	
Total Board of Education			470,273

(Continued)

Exhibit K-9

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

County Official/Administrative Officer	\$	81,501	
Career Ladder Program		1,000	
Secretary(ies)		28,994	
Clerical Personnel		14,497	
Social Security		7,459	
State Retirement		9,332	
Medical Insurance		18,731	
Dental Insurance		987	
Unemployment Compensation		108	
Employer Medicare		1,744	
Communication		10,284	
Dues and Memberships		2,498	
Maintenance & Repair Services - Equipment		1,881	
Postal Charges		2,921	
Travel		3,015	
Office Supplies		5,487	
Other Supplies and Materials		563	
In Service/Staff Development		670	
Other Charges		861	
Administration Equipment		19,813	
Total Director of Schools			\$ 212,346

Office of the Principal

Principals	\$	296,865
Career Ladder Program		10,000
Accountants/Bookkeepers		23,854
Assistant Principals		145,084
Secretary(ies)		133,042
Clerical Personnel		111
Social Security		36,113
State Retirement		43,267
Medical Insurance		104,002
Dental Insurance		5,844
Unemployment Compensation		867
Employer Medicare		8,446
Communication		13,230
Dues and Memberships		1,200
Maintenance & Repair Services - Equipment		355
Postal Charges		2,028

(Continued)

Exhibit K-9

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.)

Office of the Principal (Cont.)

Travel	\$	4,352	
Other Contracted Services		11,256	
Other Supplies and Materials		7,045	
In Service/Staff Development		115	
Other Charges		123	
Total Office of the Principal			\$ 847,199

Fiscal Services

Supervisor/Director	\$	53,074	
Accountants/Bookkeepers		28,994	
Social Security		5,071	
State Retirement		8,182	
Medical Insurance		9,710	
Dental Insurance		607	
Unemployment Compensation		87	
Employer Medicare		1,186	
Data Processing Services		5,497	
Dues and Memberships		85	
Maintenance & Repair Services - Equipment		1,811	
Travel		1,880	
Data Processing Supplies		1,510	
Office Supplies		2,099	
Other Supplies and Materials		495	
In Service/Staff Development		274	
Other Charges		68	
Administration Equipment		1,439	
Total Fiscal Services			122,069

Operation of Plant

Custodial Personnel	\$	323,469	
Social Security		19,407	
State Retirement		26,463	
Medical Insurance		117,586	
Dental Insurance		6,654	
Unemployment Compensation		1,285	
Employer Medicare		4,539	
Janitorial Services		715	
Laundry Service		3,942	
Disposal Fees		13,543	

(Continued)

Exhibit K-9

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 (Cont.)

Other Contracted Services	\$	4,331	
Custodial Supplies		54,536	
Electricity		722,561	
Natural Gas		196,807	
Water and Sewer		54,392	
Other Supplies and Materials		28,935	
Boiler Insurance		6,363	
Building and Contents Insurance		115,934	
Other Charges		1,706	
Plant Operation Equipment		30,933	
Total Operation of Plant			\$ 1,734,101

Maintenance of Plant

Supervisor/Director	\$	36,692	
Maintenance Personnel		112,155	
Other Salaries & Wages		2,392	
Social Security		9,312	
State Retirement		15,078	
Medical Insurance		34,195	
Dental Insurance		2,125	
Unemployment Compensation		250	
Employer Medicare		2,178	
Operating Lease Payments		3,314	
Maintenance & Repair Services - Buildings		16,732	
Maintenance & Repair Services - Equipment		52,125	
Other Contracted Services		606	
Equipment and Machinery Parts		41,617	
General Construction Materials		20,309	
Other Supplies and Materials		13,000	
Other Charges		980	
Maintenance Equipment		2,720	
Total Maintenance of Plant			365,780

Transportation

Supervisor/Director	\$	32,407	
Mechanic(s)		54,053	
Bus Drivers		341,158	
Social Security		25,953	
State Retirement		40,537	

(Continued)

Exhibit K-9

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 Insurance	\$	49,817	
Dental Insurance		3,036	
Unemployment Compensation		1,413	
Employer Medicare		6,070	
Contracts with Parents		17,910	
Maintenance & Repair Services - Vehicles		8,497	
Medical and Dental Services		3,647	
Other Contracted Services		515	
Diesel Fuel		131,321	
Garage Supplies		1,138	
Gasoline		21,166	
Lubricants		5,686	
Tires and Tubes		19,154	
Vehicle Parts		41,793	
Other Supplies and Materials		8,654	
Vehicle and Equipment Insurance		35,795	
In Service/Staff Development		625	
Other Charges		3,688	
Transportation Equipment		259,490	
Total Transportation	\$		1,113,523

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	54,573	
Career Ladder Program		3,000	
Accountants/Bookkeepers		28,994	
Other Salaries & Wages		4,445	
Social Security		5,386	
State Retirement		6,763	
Medical Insurance		280,040	
Dental Insurance		17,533	
Unemployment Compensation		105	
Employer Medicare		1,260	
Communication		1,800	
Travel		3,230	
In Service/Staff Development		689	
Total Food Service			407,818

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education

Teachers	\$ 139,269	
Educational Assistants	30,311	
Social Security	10,122	
State Retirement	10,138	
Medical Insurance	32,560	
Dental Insurance	1,746	
Unemployment Compensation	341	
Employer Medicare	2,367	
Travel	30	
Other Contracted Services	2,108	
Instructional Supplies and Materials	8,211	
Other Supplies and Materials	59,387	
In Service/Staff Development	565	
Other Charges	1,258	
Other Equipment	33,938	
Total Early Childhood Education		\$ 332,351

Principal on Debt

Education

Principal on Notes	\$ 47,178	
Total Education		47,178

Interest on Debt

Education

Interest on Notes	\$ 11,766	
Total Education		11,766

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 1,195,259	
Total Education		1,195,259

Total General Purpose School Fund \$ 23,218,597

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 659,661
Educational Assistants	106,497

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Other Salaries & Wages	\$	7,970	
Certified Substitute Teachers		8,356	
Social Security		45,966	
State Retirement		50,881	
Medical Insurance		155,496	
Dental Insurance		8,147	
Unemployment Compensation		1,200	
Employer Medicare		10,750	
Other Contracted Services		33,057	
General Construction Materials		4,636	
Instructional Supplies and Materials		130,030	
Other Supplies and Materials		31,540	
Regular Instruction Equipment		55,726	
Total Regular Instruction Program			\$ 1,309,913

Special Education Program

Teachers	\$	19,085	
Educational Assistants		268,921	
Speech Pathologist		34,222	
Other Salaries & Wages		28,981	
Social Security		21,095	
State Retirement		29,857	
Medical Insurance		144,859	
Dental Insurance		9,310	
Unemployment Compensation		1,284	
Employer Medicare		4,934	
Other Contracted Services		6,456	
Instructional Supplies and Materials		80,886	
Special Education Equipment		19,959	
Total Special Education Program			669,849

Vocational Education Program

Teachers	\$	26,046	
Social Security		1,614	
State Retirement		1,436	
Medical Insurance		4,643	
Dental Insurance		304	
Unemployment Compensation		42	
Employer Medicare		377	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Other Contracted Services	\$	311	
Other Supplies and Materials		9,505	
Other Charges		520	
Vocational Instruction Equipment		20,204	
Total Vocational Education Program			\$ 65,002

Support Services

Other Student Support

Psychological Personnel	\$	8,520	
School Resource Officer		3,590	
Other Salaries & Wages		12,700	
Social Security		1,464	
State Retirement		1,942	
Medical Insurance		4,000	
Dental Insurance		250	
Unemployment Compensation		6	
Employer Medicare		342	
Evaluation and Testing		5,266	
Travel		21,335	
Other Contracted Services		625	
Other Supplies and Materials		14,004	
In Service/Staff Development		5,159	
Other Charges		549	
Total Other Student Support			79,752

Regular Instruction Program

Supervisor/Director	\$	60,804	
Other Salaries & Wages		285,759	
Social Security		20,366	
State Retirement		21,369	
Medical Insurance		39,778	
Dental Insurance		1,822	
Unemployment Compensation		383	
Employer Medicare		4,763	
Maintenance & Repair Services - Equipment		224	
Travel		41,340	
Other Contracted Services		959	
Library Books/Media		682	
Other Supplies and Materials		12,827	

(Continued)

Exhibit K-9

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.)

Regular Instruction Program (Cont.)

In Service/Staff Development	\$ 40,441	
Other Charges	2,315	
Other Equipment	5,229	
Total Regular Instruction Program		\$ 539,061

Special Education Program

Psychological Personnel	\$ 38,139	
Assessment Personnel	63,790	
Secretary(ies)	10,020	
Other Salaries & Wages	37,392	
Social Security	9,097	
State Retirement	12,351	
Medical Insurance	16,241	
Dental Insurance	936	
Unemployment Compensation	208	
Employer Medicare	2,127	
Travel	4,454	
Other Contracted Services	20,530	
In Service/Staff Development	1,038	
Total Special Education Program		<u>216,323</u>

Total School Federal Projects Fund \$ 2,879,900

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$ 578,919
Other Salaries & Wages	32,175
Social Security	37,209
State Retirement	53,440
Unemployment Compensation	2,821
Employer Medicare	8,702
Communication	3,645
Maintenance & Repair Services - Equipment	16,166
Transportation - Other than Students	6,916
Travel	873
Other Contracted Services	23,707
Food Preparation Supplies	46,294
Food Supplies	891,136

(Continued)

Exhibit K-9

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Office Supplies	\$	4,710	
Other Supplies and Materials		35,134	
In Service/Staff Development		225	
Other Charges		2,515	
Food Service Equipment		<u>47,166</u>	
Total Food Service	\$		<u>1,791,753</u>

Total Central Cafeteria Fund \$ 1,791,753

Total Governmental Funds - Hardin County School Department \$ 27,890,250

Exhibit K-10

Hardin County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2007

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,451,530
Total Cash Receipts	<u>\$ 1,451,530</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,437,015
Trustee's Commission	14,515
Total Cash Disbursements	<u>\$ 1,451,530</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2006	<u>0</u>
Cash Balance, June 30, 2007	<u><u>\$ 0</u></u>

SINGLE AUDIT SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

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

January 4, 2008

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

To the County Mayor and Board of County Commissioners:

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, 2007, which collectively comprise Hardin County's basic financial statements and have issued our report thereon dated January 4, 2008. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Park Rest Hardin County Health Center (enterprise fund), the discretely presented Hardin Medical Center, Hardin County Emergency Communications District, and Hardin County Convention and Visitors Bureau as described in our report on Hardin County's financial statements. This report does not include the results of the other auditors' testing of internal control 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, we considered Hardin County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hardin County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 07.02, 07.03, and 07.05.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Hardin County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hardin County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 07.01.

We consider item 07.04 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to management of Hardin County in separate communications.

Hardin County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Hardin County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county mayor, director of schools, highway commissioner, County Commission, Board of Education, Highway Commission, others within Hardin County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

January 4, 2008

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Hardin County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Hardin County's management. Our responsibility is to express an opinion on Hardin County's compliance based on our audit.

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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of Hardin County's compliance with those requirements.

In our opinion, Hardin County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Hardin County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Hardin County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

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 as of and for the year ended June 30, 2007, and have issued our report thereon dated January 4, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Hardin County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Hardin County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Hardin County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county mayor, director of schools, highway commissioner, County Commission, Board of Education, Highway Commission, others within Hardin County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal stroke at the end.

John G. Morgan
Comptroller of the Treasury

JGM/yu

Hardin County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2007

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 Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 80,019
Community Facilities Loans and Grants	10.766	N/A	35,000
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	288,503
National School Lunch Program	10.555	N/A	787,150
Total U.S. Department of Agriculture			<u>\$ 1,190,672</u>
U.S. Department of Justice:			
Passed-through State Office of Juvenile Justice and Delinquency Prevention:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z0703653800	\$ 9,000
Total U.S. Department of Justice			<u>\$ 9,000</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z0703582200	\$ 58,241
Total U.S. Department of Transportation			<u>\$ 58,241</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z0703369800	\$ 103,924
Vocational Education - Basic Grants to States	84.048	N/A	88,804
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010A	N/A	1,004,824
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	849,243
Special Education - Preschool Grants	84.173	N/A	41,625
Safe and Drug-Free Schools and Communities - State Grants	84.186A	(2)	24,356
State Grants for Innovative Programs	84.298A	N/A	13,061
Education Technology State Grants	84.318X	(2)	27,136
Reading First State Grants	84.357	(2)	416,523
Rural Education	84.358B	N/A	112,081
Improving Teacher Quality State Grants	84.367A	N/A	275,630
Hurricane Education Recovery	84.938C	N/A	31,309
Total U.S. Department of Education			<u>\$ 2,988,516</u>
Delta Regional Authority:			
Direct Grant:			
Delta Area Economic Development	90.201	(2)	\$ 50,000
Total Delta Regional Authority			<u>\$ 50,000</u>
U.S. Elections Assistance Commission:			
Passed-through Tennessee Secretary of State's Office:			
Help America Vote Act Requirement Payments	90.401	(2)	\$ 188,338
Total U.S. Elections Assistance Commission			<u>\$ 188,338</u>

(Continued)

Hardin County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through Administration on Aging:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 24,690
Passed-through State Department of Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	Z0703422500	<u>23,211</u>
Total U.S. Department of Health and Human Services			<u>\$ 47,901</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Hazardous Materials Assistance Program	97.021	(2)	\$ 6,720
Disaster Grants- Public Assistance	97.036	(2)	16,779
Emergency Management Performance Grants	97.042	(2)	14,654
Assistance to Firefighters Grant	97.044	(2)	129,486
Homeland Security Grant Program	97.067	Z0502516501	<u>106,116</u>
Total U.S. Department of Homeland Security			<u>\$ 273,755</u>
Total Expenditures of Federal Awards			<u>\$ 4,806,423</u>
State Grants:			
Litter Program - State Department of Transportation	N/A	(2)	\$ 33,563
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	14,840
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	28,642
Safe Schools Act of 2003 - State Department of Education	N/A	(2)	71,307
Early Childhood Education - State Department of Education	N/A	(2)	<u>340,477</u>
Total State Grants			<u>\$ 488,829</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) Information not available.

Hardin County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2007

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Hardin County, Tennessee, for the year ended June 30, 2006, which have not been corrected.

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.02	182	Expenditures exceeded appropriations

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.04	184	A central system of accounting, budgeting, and purchasing had not been adopted
06.05	184	Duties were not segregated adequately in the Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Register, and Sheriff

HARDIN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Hardin County is unqualified.
2. The audit of the financial statements of Hardin County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Hardin County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. Title I Grants to Local Educational Agencies (CFDA No. 84.010) and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Hardin County did qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the director of schools are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 07.01 EXPENDITURES EXCEEDED APPROPRIATIONS (Noncompliance Under Government Auditing Standards)

Our examination of the Hardin County School Department's budget operations revealed the following deficiencies:

- A. General Purpose School Fund expenditures and encumbrances exceeded appropriations approved by the County Commission in the Operation of Plant and Vocational Education Program major appropriation categories (the legal level of control) by \$6,076 and \$310, respectively.

Section 5-9-401, Tennessee Code Annotated, states, "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 of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies."

- B. In numerous instances, salaries exceeded line-item appropriations in the General Purpose School and School Federal Projects funds by amounts ranging from \$189 to \$6,327. The budget resolution approved by the County Commission states that the "salary, wages, or enumeration of each official, employee, or agent of the county will not exceed expenditures that accompany this resolution."

RECOMMENDATION

Expenditures and encumbrances should be held within appropriations approved by the County Commission. Salary expenditures should be held within line-item appropriations as required by the budget resolution.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Every effort is made to stay within the allotted budget for major categories and individual line-items. We will closely monitor major category and line-item budgets to insure that we remain within those budget constraints.

**FINDING 07.02 THE SCHOOL FEDERAL PROJECTS FUND HAD A DEFICIT
IN UNRESERVED FUND BALANCE**
(Internal Control – Significant Deficiency Under Government
Auditing Standards)

The School Federal Projects Fund had a deficit of \$10,528 in unreserved fund balance at June 30, 2007. This deficit occurred because School Department personnel had not requested reimbursements for grant funds on a timely basis.

RECOMMENDATION

Management should liquidate the fund deficit in the School Federal Projects Fund. Requests for reimbursements of grant funds should be filed on a timely basis.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

Because of the federal restrictions on holding excess federal cash, it becomes difficult to maintain an appropriate balance of cash available to liquidate obligations without having either excess cash or insufficient cash. We plan to implement a better system of monitoring cash needs to prevent cash balances and deficiencies.

OFFICE OF REGISTER

**FINDING 07.03 INDIVIDUALS WERE ALLOWED UNSUPERVISED ACCESS TO
THE OFFICE AFTER BUSINESS HOURS**
(Internal Control – Significant Deficiency Under Government Auditing
Standards)

The register did not adequately control access to her office. Individuals who were not office employees had unsupervised access to the office after business hours. Allowing persons who are not employees to have unsupervised access to an office after business hours seriously weakens internal controls over assets.

RECOMMENDATION

Individuals who are not office employees should not be allowed unsupervised access to the office after business hours.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 07.04 A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED
(Internal Control – Control Deficiency Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes.

RECOMMENDATION

County officials should consider adopting the County Financial Management System of 1981 or a private act that would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

FINDING 07.05 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, REGISTER, AND SHERIFF
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among officials and employees in the Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Register, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

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

There were no findings and questioned costs for federal awards.

HARDIN COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2007

There were audit findings relative to federal awards presented in the prior year's Schedule of Findings and Questioned Costs. There were no findings relative to federal awards presented in the current year's Schedule of Findings and Questioned Costs.

The findings reported as items 06.02 and 06.06 in the prior year's Schedule of Findings and Questioned Costs were items of noncompliance but were not considered material noncompliance. Therefore, these prior findings should not have been reported as single audit deficiencies since OMB Circular A-133, Section 510, requires only that material noncompliance be reported.

Director of Schools – Summary Schedule of Prior Year's Findings

FINDINGS 06.02 and 06.06

Expenditures in federal programs that exceeded budget appropriations as of the fiscal year ended June 30, 2006, were amended after the close of the fiscal year.