



**ANNUAL FINANCIAL REPORT
HARDEMAN COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2009



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ANNUAL FINANCIAL REPORT
HARDEMAN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2009

DEPARTMENT OF AUDIT
JUSTIN P. WILSON
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller

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Auditor 4

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State Auditors

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

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Audit Highlights

Annual Financial Report
Hardeman County, Tennessee
For the Year Ended June 30, 2009

Scope

We have audited the basic financial statements of Hardeman County as of and for the year ended June 30, 2009.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements do not include a component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information is unqualified.

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The Solid Waste Disposal Fund had a deficit of \$1,887,728 in unrestricted net assets at June 30, 2009. This deficit primarily resulted from the recognition of a liability (\$2,314,095) for future costs associated with closing the county's landfill and monitoring the landfill for 30 years after closure.
- ◆ The billing software used by the Ambulance Service did not have adequate application controls.
- ◆ The Solid Waste and Landfill offices did not implement adequate controls to protect their information resources.

OFFICE OF SHERIFF

- ◆ The office did not comply with personnel policies for compensatory time.
- ◆ An employee improperly used a county vehicle and fuel card while on leave of absence.

OTHER FINDING

- ◆ County officials had not adopted a central system of accounting and budgeting.

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INTRODUCTORY SECTION

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Hardeman County Officials

June 30, 2009

Officials

Willie Spencer, County Mayor
Dr. Donald Hopper, Director of Schools
David Sipes, Highway Superintendent
Mary Powell, Trustee
Norma Kirk, Assessor of Property
Jerry Armstrong, County Clerk
Linda Fulghum, Circuit, General Sessions, and Juvenile Courts Clerk
Janice Bodiford, Clerk and Master
Lily Barnes, Register
Delphus Hicks, Jr., Sheriff

Board of County Commissioners

Willie Spencer, County Mayor, Chairman
Bobby Doyle
Darlene Cardwell
L.J. Cheairs
Joe Cole
Keith Foote
Junious McTizic
Viscen Morrow
Aubrey Phillips

Anthony Pulse
Jackie Sain
Opal Shaw
Mac Vaughn
John Watson
Elvis White
Major Wilburn
Stephen Young

Board of Highway Supervisors

Mike Mitchell, Chairman
Russell DeBerry
Kenny Pulse

Board of Education

Terry King, Chairman
Gregory Barnes
Beverly Bodiford
Rickey Griggs
Bobby Henderson

Jerry McCord
Buddy Nelms
Ricky Watkins
Larry Williams

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FINANCIAL SECTION

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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INDEPENDENT AUDITOR'S REPORT

November 12, 2009

Hardeman County Mayor and
Board of County Commissioners
Hardeman 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 Hardeman County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise Hardeman County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hardeman County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 provides a reasonable basis for our opinions.

The financial statements of the Hardeman County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Hardeman County Emergency Communications District, which should be included to conform with accounting principles generally accepted in the United States of America. The

effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Hardeman County Emergency Communications District, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units of Hardeman County, Tennessee, at June 30, 2009, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hardeman County, Tennessee, as of June 30, 2009, 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 November 12, 2009, on our consideration of Hardeman 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.

As described in Note V.B., Hardeman County has adopted the provisions of Governmental Accounting Standards Board Statement No. 49, Accounting and Financial Reporting for Pollution and Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments.

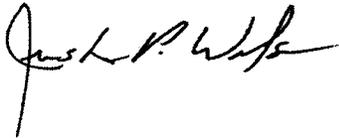
The management of Hardeman County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States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

The budgetary comparison, pension, and other postemployment benefits information on pages 73 through 79 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 Hardeman County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary

comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hardeman County School Department (a discretely presented component unit), 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 and the General Debt Service Fund, combining and individual fund financial statements of the Hardeman 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, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a long, sweeping underline that extends to the left.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

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BASIC FINANCIAL STATEMENTS

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Exhibit A

Hardeman County, Tennessee
Statement of Net Assets
June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Hardeman
				School Department
<u>ASSETS</u>				
Cash	\$ 111,783	\$ 340	\$ 112,123	\$ 0
Equity in Pooled Cash and Investments	6,299,733	421,013	6,720,746	5,953,787
Accounts Receivable	1,766,392	135,234	1,901,626	14,854
Allowance for Uncollectibles	(935,472)	(105,482)	(1,040,954)	0
Due from Other Governments	1,398,231	0	1,398,231	952,808
Property Taxes Receivable	2,730,671	0	2,730,671	4,983,475
Allowance for Uncollectible Property Taxes	(117,967)	0	(117,967)	(215,288)
Accrued Interest Receivable	6,041	0	6,041	0
Cash Shortage	0	3,032	3,032	0
Deferred Charges - Debt Issuance Costs	45,188	0	45,188	0
Capital Assets:				
Assets Not Depreciated:				
Land	1,450,124	219,838	1,669,962	358,116
Construction in Progress	3,530,683	0	3,530,683	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	1,473,302	1,554,961	3,028,263	13,160,345
Infrastructure	11,641,100	0	11,641,100	0
Other Capital Assets	1,418,506	274,068	1,692,574	1,851,194
Total Assets	<u>\$ 30,818,315</u>	<u>\$ 2,503,004</u>	<u>\$ 33,321,319</u>	<u>\$ 27,059,291</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 134,655	\$ 20,952	\$ 155,607	\$ 1,513
Payroll Deductions Payable	3,290	10	3,300	543,362
Contracts Payable	856,494	0	856,494	0
Retainage Payable	37,266	0	37,266	0
Due to State of Tennessee	82	3	85	0
Accrued Interest Payable	60,097	0	60,097	0
Deferred Revenue - Current Property Taxes	2,488,634	0	2,488,634	4,541,760
Noncurrent Liabilities:				
Due Within One Year	439,874	329,366	769,240	80,452
Due in More Than One Year	5,925,053	2,425,928	8,350,981	464,315
Total Liabilities	<u>\$ 9,945,445</u>	<u>\$ 2,776,259</u>	<u>\$ 12,721,704</u>	<u>\$ 5,631,402</u>

(Continued)

Exhibit A

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

	<u>Primary Government</u>			<u>Component</u>
	<u>Governmental</u>	<u>Business-</u>	<u>Total</u>	<u>Unit</u>
				<u>Activities</u>
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>School</u>
				<u>Department</u>
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 18,845,410	\$ 1,614,473	\$ 20,459,883	\$ 15,369,655
Restricted for:				
Highways/Public Works	1,340,472	0	1,340,472	0
Debt Service	1,135,417	0	1,135,417	0
Capital Projects	1,041,725	0	1,041,725	0
Litigation Tax - Jail, Workhouse, or Courthouse	356,650	0	356,650	0
Drug Control	117,523	0	117,523	0
Alcohol and Drug Treatment	46,797	0	46,797	0
Computer System - Register	33,574	0	33,574	0
Automation Purposes - General Sessions Court	43,987	0	43,987	0
School Federal Projects	0	0	0	284,657
Central Cafeteria	0	0	0	558,425
Other Purposes	17,613	0	17,613	46,986
Unrestricted	(2,106,298)	(1,887,728)	(3,994,026)	5,168,166
Total Net Assets	<u>\$ 20,872,870</u>	<u>\$ (273,255)</u>	<u>\$ 20,599,615</u>	<u>\$ 21,427,889</u>

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

Exhibit B

Hardeman County, Tennessee
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit Hardeman County School Department
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Total Governmental Activities	Business- type Activities		
Primary Government:								
Governmental Activities:								
General Government	\$ 796,218	\$ 145,816	\$ 40,477	\$ 0	\$ (609,925)	\$ 0	\$ (609,925)	\$ 0
Finance	706,378	579,261	68,727	0	(58,390)	0	(58,390)	0
Administration of Justice	729,149	667,291	11,295	0	(50,563)	0	(50,563)	0
Public Safety	2,364,931	317,569	0	50,554	(1,996,808)	0	(1,996,808)	0
Public Health and Welfare	2,967,409	1,537,440	263,883	0	(1,166,086)	0	(1,166,086)	0
Social, Cultural, and Recreational Services	96,909	0	0	0	(96,909)	0	(96,909)	0
Agriculture and Natural Resources	133,391	0	0	0	(133,391)	0	(133,391)	0
Other Operations	1,114,968	0	677,567	3,085,479	2,648,078	0	2,648,078	0
Highways/Public Works	2,961,943	0	1,897,046	(1,134)	(1,066,031)	0	(1,066,031)	0
Interest on Long-term Debt	269,578	0	0	0	(269,578)	0	(269,578)	0
Other Debt Service	29,057	0	0	0	(29,057)	0	(29,057)	0
Total Governmental Activities	\$ 12,169,931	\$ 3,247,377	\$ 2,958,995	\$ 3,134,899	\$ (2,828,660)	\$ 0	\$ (2,828,660)	\$ 0
Business-type Activities:								
Solid Waste Disposal	\$ 1,037,375	\$ 1,339,671	\$ 0	\$ 0	\$ 0	\$ 302,296	\$ 302,296	\$ 0
Total Business-type Activities	\$ 1,037,375	\$ 1,339,671	\$ 0	\$ 0	\$ 0	\$ 302,296	\$ 302,296	\$ 0
Total Primary Government	\$ 13,207,306	\$ 4,587,048	\$ 2,958,995	\$ 3,134,899	\$ (2,828,660)	\$ 302,296	\$ (2,526,364)	\$ 0
Component Unit:								
Hardeman County	\$ 35,785,300	\$ 655,541	\$ 4,879,769	\$ 0	\$ 0	\$ 0	\$ (30,249,990)	\$ (30,249,990)
School Department	\$ 35,785,300	\$ 655,541	\$ 4,879,769	\$ 0	\$ 0	\$ 0	\$ (30,249,990)	\$ (30,249,990)
Total Component Unit	\$ 35,785,300	\$ 655,541	\$ 4,879,769	\$ 0	\$ 0	\$ 0	\$ (30,249,990)	\$ (30,249,990)

(Continued)

Exhibit B

Hardeman County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
				Total Governmental Activities	Business-type Activities	
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 2,727,920	\$ 0	\$ 2,727,920
Property Taxes Levied for Debt Service				34,408	0	34,408
Local Option Sales Tax				237,472	0	237,472
Wheel Tax				1,600,649	0	1,600,649
Wholesale Beer Tax				222,416	0	222,416
Litigation Tax				176,506	0	176,506
Business Tax				157,508	0	157,508
Other Local Taxes				14,948	0	14,948
Grants and Contributions Not Restricted for Specific Programs				1,052,863	31,951	1,084,814
Unrestricted Investment Earnings				273,383	6,309	279,692
Miscellaneous				53,753	0	53,753
Sale of Land/Equipment				0	0	0
Total General Revenues				\$ 6,551,826	\$ 38,260	\$ 6,590,086
Change in Net Assets				\$ 3,723,166	\$ 340,556	\$ 4,063,722
Net Assets, July 1, 2008				17,149,704	(685,194)	16,464,510
Prior-period Adjustment				0	71,383	71,383
Net Assets, June 30, 2009				\$ 20,872,870	\$ (273,255)	\$ 20,599,615
						\$ 21,427,889

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

Hardeman County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2009

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Governmental Funds	Governmental Funds	
\$	0	0	0	0	0	111,783	\$ 111,783
Cash	3,125,505	1,043,796	973,773	92,532	1,064,127	6,299,733	6,299,733
Equity in Pooled Cash and Investments	1,766,079	0	56	0	257	1,766,392	1,766,392
Accounts Receivable	(935,472)	0	0	0	0	(935,472)	(935,472)
Allowance for Uncollectibles	153,972	347,910	0	896,349	0	1,398,231	1,398,231
Due from Other Governments	17	0	10,375	0	0	10,392	10,392
Due from Other Funds	2,696,538	0	34,133	0	0	2,730,671	2,730,671
Property Taxes Receivable	(116,492)	0	(1,475)	0	0	(117,967)	(117,967)
Allowance for Uncollectible Property Taxes	6,041	0	0	0	0	6,041	6,041
Accrued Interest Receivable							
Total Assets	\$ 6,696,188	\$ 1,391,706	\$ 1,016,862	\$ 988,881	\$ 1,176,167	\$ 11,269,804	\$ 11,269,804

ASSETS

Cash	0
Equity in Pooled Cash and Investments	3,125,505
Accounts Receivable	1,766,079
Allowance for Uncollectibles	(935,472)
Due from Other Governments	153,972
Due from Other Funds	17
Property Taxes Receivable	2,696,538
Allowance for Uncollectible Property Taxes	(116,492)
Accrued Interest Receivable	6,041
Total Assets	\$ 6,696,188

LIABILITIES AND FUND BALANCES

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Governmental Funds	Governmental Funds	
\$	134,655	0	0	0	0	134,655	\$ 134,655
Accounts Payable	3,290	0	0	0	0	3,290	3,290
Payroll Deductions Payable	0	0	0	856,494	0	856,494	856,494
Contracts Payable	0	0	0	37,266	0	37,266	37,266
Retainage Payable	10,375	0	0	0	17	10,392	10,392
Due to Other Funds	0	82	0	0	0	82	82
Due to State of Tennessee	2,457,527	0	31,107	0	0	2,488,634	2,488,634
Deferred Revenue - Current Property Taxes	103,693	0	1,313	0	0	105,006	105,006
Deferred Revenue - Delinquent Property Taxes	738,047	171,246	0	0	0	909,293	909,293
Other Deferred Revenues	3,447,587	171,328	32,420	893,760	17	4,545,112	4,545,112
Total Liabilities	\$ 3,447,587	\$ 171,328	\$ 32,420	\$ 893,760	\$ 17	\$ 4,545,112	\$ 4,545,112

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other			
					Governmental	Funds		
\$ 46,797	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	46,797	
356,650	0	0	0	0	0	0	356,650	
1,871	0	0	0	0	0	0	1,871	
33,574	0	0	0	0	0	0	33,574	
43,987	0	0	0	0	0	0	43,987	
5,146	0	0	0	0	0	0	5,146	
3,962	0	0	0	0	0	0	3,962	
6,582	0	0	0	0	0	0	6,582	
52	0	0	0	0	0	0	52	
2,749,980	0	0	0	0	0	0	2,749,980	
0	1,220,378	0	0	0	229,546	0	1,449,924	
0	0	984,442	0	0	0	0	984,442	
0	0	0	95,121	0	946,604	0	1,041,725	
\$ 3,248,601	\$ 1,220,378	\$ 984,442	\$ 95,121	\$ 1,176,150	\$ 1,176,150	\$ 6,724,692		
\$ 6,696,188	\$ 1,391,706	\$ 1,016,862	\$ 988,881	\$ 1,176,167	\$ 1,176,167	\$ 11,269,804		

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances	Amount
Reserved for Alcohol and Drug Treatment	\$ 46,797
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	356,650
Reserved for Courtroom Security	1,871
Reserved for Computer System - Register	33,574
Reserved for Automation Purposes - General Sessions Court	43,987
Reserved for Automation Purposes - Juvenile Court	5,146
Reserved for Automation Purposes - Chancery Court	3,962
Reserved for Automation Purposes - Sheriff	6,582
Reserved for Other General Purposes	52
Unreserved, Reported In:	
General Fund	2,749,980
Special Revenue Funds	0
Debt Service Funds	0
Capital Projects Funds	0
Total Fund Balances	\$ 3,248,601

Total Liabilities and Fund Balances

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

Exhibit C-2

Hardeman County, Tennessee

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets

June 30, 2009

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)		\$ 6,724,692
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,450,124	
Add: construction in progress	3,530,683	
Add: infrastructure net of accumulated depreciation	11,641,100	
Add: buildings and improvements net of accumulated depreciation	1,473,302	
Add: other capital assets net of accumulated depreciation	<u>1,418,506</u>	19,513,715
(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	\$ (611,305)	
Less: bonds payable	(5,807,000)	
Add: deferred amount on refunding	207,047	
Add: deferred charges - debt issuance costs	45,188	
Less: compensated absences payable	(153,669)	
Less: accrued interest on bonds, notes, and capital leases	<u>(60,097)</u>	(6,379,836)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,014,299</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 20,872,870</u>

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

Hardeman County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other			
					Governmental Funds	Governmental Funds		
Revenues								
Local Taxes	\$ 3,800,074	\$ 800,325	\$ 34,876	\$ 0	\$ 0	\$ 800,324	\$ 5,435,599	
Licenses and Permits	17,926	0	0	0	0	0	17,926	
Fines, Forfeitures, and Penalties	130,190	0	0	0	0	37,229	167,419	
Charges for Current Services	1,570,437	0	0	0	0	515,716	2,086,153	
Other Local Revenues	346,297	8	0	2,764	0	0	349,069	
Fees Received from County Officials	688,915	0	0	0	0	0	688,915	
State of Tennessee	1,467,674	2,136,059	0	0	0	0	3,603,733	
Federal Government	246,725	0	0	2,915,880	0	0	3,162,605	
Other Governments and Citizens Groups	59,150	0	677,452	0	0	0	736,602	
Total Revenues	\$ 8,327,388	\$ 2,936,392	\$ 712,328	\$ 2,918,644	\$ 1,353,269	\$ 1,353,269	\$ 16,248,021	
Expenditures								
Current:								
General Government	\$ 696,656	\$ 0	\$ 0	\$ 0	\$ 0	\$ 112,076	\$ 808,732	
Finance	270,297	0	0	0	0	286,297	556,594	
Administration of Justice	440,527	0	0	0	0	131,326	571,853	
Public Safety	1,874,688	0	0	0	0	23,135	1,897,823	
Public Health and Welfare	2,370,242	0	0	0	0	0	2,370,242	
Social, Cultural, and Recreational Services	87,832	0	0	0	0	0	87,832	
Agriculture and Natural Resources	133,391	0	0	0	0	0	133,391	
Other Operations	2,012,665	0	0	0	0	0	2,012,665	
Highways	0	2,611,411	0	0	0	0	2,611,411	
Debt Service:								
Principal on Debt	0	162,682	489,709	0	0	0	652,391	
Interest on Debt	0	14,200	266,922	0	0	0	281,122	
Other Debt Service	0	0	1,097	0	0	0	1,097	
Capital Projects	0	0	0	2,885,985	429,568	0	3,315,553	
Total Expenditures	\$ 7,886,298	\$ 2,788,293	\$ 757,728	\$ 2,885,985	\$ 982,402	\$ 982,402	\$ 15,300,706	
Excess (Deficiency) of Revenues Over Expenditures	\$ 441,090	\$ 148,099	\$ (45,400)	\$ 32,659	\$ 370,867	\$ 370,867	\$ 947,315	

(Continued)

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Governmental Funds	Governmental Funds	Other Governmental Funds	
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 4,975	\$ 65,996	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 70,971
Transfers In	313,419	0	26,187	0	0	0	0	339,606
Transfers Out	(26,187)	0	0	(313,419)	0	0	0	(339,606)
<u>Total Other Financing Sources (Uses)</u>	<u>\$ 292,207</u>	<u>\$ 65,996</u>	<u>\$ 26,187</u>	<u>\$ (313,419)</u>	<u>\$ (313,419)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 70,971</u>
Net Change in Fund Balances	\$ 733,297	\$ 214,095	\$ (19,213)	\$ (280,760)	\$ (280,760)	\$ 370,867	\$ 805,283	\$ 1,018,286
Fund Balance, July 1, 2008	2,515,304	1,006,283	1,003,655	375,881	375,881	805,283	805,283	5,706,406
Fund Balance, June 30, 2009	<u>\$ 3,248,601</u>	<u>\$ 1,220,378</u>	<u>\$ 984,442</u>	<u>\$ 95,121</u>	<u>\$ 95,121</u>	<u>\$ 1,176,150</u>	<u>\$ 1,176,150</u>	<u>\$ 6,724,692</u>

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

Exhibit C-4

Hardeman County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2009

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 1,018,286
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 3,711,482	
Less: current year depreciation expense	<u>(1,228,343)</u>	2,483,139
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: proceeds received from the disposal of capital assets	\$ (32,793)	
Less: loss on disposal of capital assets	<u>(8,183)</u>	(40,976)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2009	\$ 1,014,299	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(1,369,223)</u>	(354,924)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, 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: change in deferred debt issuance costs	\$ (3,075)	
Add: principal payments on bonds	363,000	
Add: principal payments on notes	222,823	
Add: principal payments on capital leases	66,568	
Less: change in deferred amount on refunding debt	<u>(24,885)</u>	624,431
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 11,544	
Change in compensated absences payable	<u>(18,334)</u>	(6,790)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 3,723,166</u>

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

Exhibit D-1

Hardeman County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2009

	<u>Major Fund</u>
	<u>Enterprise</u>
	<u>Fund</u>
	<u>Solid Waste</u>
	<u>Disposal</u>
	<u>Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 340
Equity in Pooled Cash and Investments	421,013
Accounts Receivable	135,234
Allowance for Uncollectibles	(105,482)
Cash Shortage	3,032
Total Current Assets	<u>\$ 454,137</u>
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	\$ 219,838
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	1,554,961
Machinery and Equipment	274,068
Total Noncurrent Assets	<u>\$ 2,048,867</u>
Total Assets	<u>\$ 2,503,004</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 20,952
Payroll Deductions Payable	10
Due to State of Tennessee	3
Accrued Liability for Landfill Closure/Postclosure Care Costs	13,434
Compensated Absences Payable	340
Capital Outlay Note Payable	315,592
Total Current Liabilities	<u>\$ 350,331</u>
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 2,300,661
Compensated Absences Payable	6,465
Capital Outlay Notes Payable	118,802
Total Noncurrent Liabilities	<u>\$ 2,425,928</u>
Total Liabilities	<u>\$ 2,776,259</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 1,614,473
Unrestricted	<u>(1,887,728)</u>
Net Assets	<u>\$ (273,255)</u>

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

Exhibit D-2

Hardeman County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2009

	<u>Major Fund</u>
	<u>Enterprise</u>
	<u>Fund</u>
	<u>Solid Waste</u>
	<u>Disposal</u>
	<u>Fund</u>
<u>Operating Revenues</u>	
Solid Waste Disposal Fee	\$ 1,339,671
Total Operating Revenues	<u>\$ 1,339,671</u>
<u>Operating Expenses</u>	
County Official/Administrative Officer	\$ 29,942
Laborers	144,878
Clerical Personnel	25,673
Part-time Personnel	10,241
Compensated Absences	6,806
Social Security	12,849
State Retirement	21,457
Employee and Dependent Insurance	35,963
Disability Insurance	28,244
Unemployment Compensation	581
Employer Medicare	3,005
Audit Services	6,943
Communication	6,953
Consultant	56,390
Contracts with Private Agencies	130,624
Maintenance and Repair Services - Buildings	2,466
Maintenance and Repair Services - Equipment	64,603
Maintenance and Repair Services - Vehicles	6,072
Postal Charges	4,156
Travel	309
Disposal Fees	16,539
Custodial Supplies	892
Data Processing Supplies	7,464
Food Supplies	1,399
Gasoline	34,479
Lubricants	2,877
Office Supplies	4,268
Uniforms	2,744
Utilities	34,824

(Continued)

Exhibit D-2

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

	<u>Major Fund</u>
	<u>Enterprise</u>
	<u>Fund</u>
	<u>Solid Waste</u>
	<u>Disposal</u>
	<u>Fund</u>
<u>Operating Expenses (Cont.)</u>	
Gravel and Chert	\$ 6,000
Other Supplies and Materials	18,088
Liability Insurance	8,182
Depreciation	159,064
Surcharge	19,892
Landfill Closure/Postclosure Care Costs	86,072
Other Charges	4,907
Solid Waste Equipment	3,537
Total Operating Expenses	<u>\$ 1,009,383</u>
Operating Income (Loss)	<u>\$ 330,288</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 6,309
Solid Waste Grants	31,951
Interest on Notes	(27,992)
Total Nonoperating Revenues (Expenses)	<u>\$ 10,268</u>
Change in Net Assets	\$ 340,556
Prior-period Adjustment	71,383
Net Assets, July 1, 2008	<u>(685,194)</u>
Net Assets, June 30, 2009	<u>\$ (273,255)</u>

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

Exhibit D-3

Hardeman County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2009

	<u>Major Fund</u> <u>Enterprise</u> <u>Fund</u> <u>Solid Waste</u> <u>Disposal</u> <u>Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 1,331,726
Payments for Waste Disposal and Maintenance	(773,147)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 558,579</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Solid Waste Grants	\$ 31,951
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 31,951</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	\$ (12,497)
Principal Paid on Notes	(304,194)
Interest Paid on Notes	(27,992)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (344,683)</u>
<u>Cash Flows from Investing Activities</u>	
Investment Income	\$ 6,309
Net Cash Provided By (Used In) Investing Activities	<u>\$ 6,309</u>
Increase (Decrease) in Cash	\$ 252,156
Cash, July 1, 2008	<u>169,197</u>
Cash, June 30, 2009	<u>\$ 421,353</u>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided By</u> <u>(Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 330,288
Adjustment to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	159,064
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(7,946)
(Decrease) in Accounts Payable	(3,880)
(Decrease) in Payroll Deductions Payable	(57)
(Decrease) in Due to State of Tennessee	(202)
(Decrease) in Compensated Absences Payable	(4,760)
Increase in Accrued Liability for Landfill Closure/Postclosure Costs	<u>86,072</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 558,579</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 340
Equity in Pooled Cash and Investments per Net Assets	<u>421,013</u>
Cash, June 30, 2009	<u>\$ 421,353</u>

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

Exhibit E

Hardeman County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2009

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 683,183
Due from Other Governments	<u>212,677</u>
Total Assets	<u>\$ 895,860</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 212,677
Due to Litigants, Heirs, and Others	<u>683,183</u>
Total Liabilities	<u>\$ 895,860</u>

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

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HARDEMAN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Hardeman County is a public municipal corporation governed by an elected 16-member board. As required by GAAP, these financial statements present Hardeman County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Hardeman County School Department operates the public school system in the county, and the voters of Hardeman County elect its board. The School Department is fiscally dependent on the county because it may not issue debt 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 Hardeman County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Hardeman County, and the Hardeman County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Hardeman County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Hardeman County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the

Hardeman County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Hardeman County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Hardeman County Emergency Communications District
P.O. Box 355
Bolivar, TN 38008

Related Organizations – The Hardeman County Industrial Development Board and the Hardeman County Correctional Facilities Corporation are related organizations of Hardeman County. The county mayor nominates and the Hardeman County Commission confirms the board members, but the county’s accountability for the organizations does not extend beyond making the appointments.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net 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 inter-governmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Hardeman County School Department component unit only reports governmental activities in the government-wide financial statements.

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

Hardeman County issues all debt for the discretely presented Hardeman County School Department.

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

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

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

Fund financial statements of Hardeman County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, 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. Hardeman County only reports one proprietary fund, a major enterprise fund.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds and the major 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 fiduciary funds in total are reported in a single column.

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

amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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

Hardeman County reports the following major governmental funds:

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

Highway/Public Works Fund – This 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.

Other Capital Projects Fund – This fund accounts for transactions of the airport expansion project.

Hardeman County reports the following major enterprise fund:

Solid Waste Disposal Fund – This fund accounts for the transactions of the county-owned landfill.

Additionally, Hardeman County reports the following fund type:

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

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

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

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

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

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. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. Hardeman County has elected not to follow subsequent private-sector guidance.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has one proprietary fund, an enterprise fund, to account for the operations of the county's landfill. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations.

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 includes cash on hand and funds held by the county trustee as Equity in Pooled Cash and Investments.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Hardeman County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Hardeman County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit 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. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All ambulance, property taxes, and solid waste receivables are shown with an allowance for uncollectibles. Ambulance and solid waste receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.23 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.

Retainage payable in the primary government's Other Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the Other Capital Projects Fund.

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 (infrastructure \$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 the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25
Machinery and Equipment	5-10
Other Capital Assets	5-10
Infrastructure:	
Roads	10-20
Bridges	5-20

4. Compensated Absences

It is the policy of the county and the School Department to permit employees to accumulate earned but unused vacation and sick leave benefits. There is no liability for unpaid accumulated sick leave since neither the county nor the School Department has a policy to pay any amounts when employees separate from service with the government. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

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 other postemployment benefits, 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 fund 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 \$4,133,758 of restricted net assets, of which \$356,650 is restricted by enabling legislation.

As of June 30, 2009, Hardeman County had \$5,750,000 in outstanding debt for capital purposes for the discretely presented Hardeman County School Department. This debt is a liability of Hardeman County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Hardeman County has incurred a liability significantly decreasing its unrestricted net 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.

7. Prior-period Adjustment

The closure/postclosure care cost liability was restated \$71,383 from the prior-year because of a change in the method of obtaining information.

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 Hardeman County School Department

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net 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 Hardeman County School Department

Exhibit J-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net 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, Budget and Finance Committee, Other Boards and Committees, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Unrestricted Net Assets Deficit

The Solid Waste Disposal Fund had a deficit of \$1,887,728 in unrestricted net assets at June 30, 2009. This deficit primarily resulted from the recognition of a liability (\$2,314,095) for costs associated with closing the county's landfill and monitoring the landfill for 30 years after closure.

C. Cash Shortage – Prior Year

The Solid Waste Disposal Fund had a cash shortage of \$3,032 at June 30, 2009. As noted in the previous year's Annual Financial Report in the Schedule of Findings and Questioned Cost as Finding 08.02, collections of \$3,032 were not deposited with the county trustee as of June 30, 2008. The district attorney is reviewing this case.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

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

investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state 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, 2009, Hardeman County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Hardeman County and the discretely presented Hardeman County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 4,081,671

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Hardeman County has no investment policy that would further limit its investment choices. As of June 30, 2009, Hardeman County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2009, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 1,450,124	\$ 0	\$ 0	\$ 1,450,124
Construction in Progress	644,698	2,885,985	0	3,530,683
Total Capital Assets Not Depreciated	<u>\$ 2,094,822</u>	<u>\$ 2,885,985</u>	<u>\$ 0</u>	<u>\$ 4,980,807</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 5,702,858	\$ 0	\$ 0	\$ 5,702,858
Infrastructure	14,603,466	444,715	0	15,048,181
Other Capital Assets	3,968,431	380,782	(99,549)	4,249,664
Total Capital Assets Depreciated	<u>\$ 24,274,755</u>	<u>\$ 825,497</u>	<u>\$ (99,549)</u>	<u>\$ 25,000,703</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,083,957	\$ 145,599	\$ 0	\$ 4,229,556
Infrastructure	2,567,487	839,594	0	3,407,081
Other Capital Assets	2,646,581	243,150	(58,573)	2,831,158
Total Accumulated Depreciation	<u>\$ 9,298,025</u>	<u>\$ 1,228,343</u>	<u>\$ (58,573)</u>	<u>\$ 10,467,795</u>
Total Capital Assets Depreciated, Net	<u>\$ 14,976,730</u>	<u>\$ (402,846)</u>	<u>\$ (40,976)</u>	<u>\$ 14,532,908</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,071,552</u>	<u>\$ 2,483,139</u>	<u>\$ (40,976)</u>	<u>\$ 19,513,715</u>

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

Governmental Activities:

General Government	\$	9,595
Finance		4,345
Administration of Justice		5,910
Public Safety		75,486
Public Health and Welfare		95,477
Social, Cultural, and Recreational Services		9,550
Other Operations		42,930
Highways/Public Works		<u>985,050</u>

Total Depreciation Expense - Governmental Activities		<u>\$ 1,228,343</u>
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Business-type Activities:

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Not Depreciated:			
Land	\$ 219,838	\$ 0	\$ 219,838
Total Capital Assets Not Depreciated	<u>\$ 219,838</u>	<u>\$ 0</u>	<u>\$ 219,838</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 1,984,592	\$ 0	\$ 1,984,592
Machinery and Equipment	572,808	12,497	585,305
Total Capital Assets Depreciated	<u>\$ 2,557,400</u>	<u>\$ 12,497</u>	<u>\$ 2,569,897</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 337,107	\$ 92,524	\$ 429,631
Machinery and Equipment	244,697	66,540	311,237
Total Accumulated Depreciation	<u>\$ 581,804</u>	<u>\$ 159,064</u>	<u>\$ 740,868</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,975,596</u>	<u>\$ (146,567)</u>	<u>\$ 1,829,029</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,195,434</u>	<u>\$ (146,567)</u>	<u>\$ 2,048,867</u>

Discretely Presented Hardeman County School Department

Governmental Activities:

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 358,501	\$ 6,968	\$ (7,353)	\$ 358,116
Total Capital Assets Not Depreciated	<u>\$ 358,501</u>	<u>\$ 6,968</u>	<u>\$ (7,353)</u>	<u>\$ 358,116</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 27,443,542	\$ 60,707	\$ 0	\$ 27,504,249
Other Capital Assets	6,194,942	220,431	(224,122)	6,191,251
Total Capital Assets Depreciated	<u>\$ 33,638,484</u>	<u>\$ 281,138</u>	<u>\$ (224,122)</u>	<u>\$ 33,695,500</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 13,587,818	\$ 756,086	\$ 0	\$ 14,343,904
Other Capital Assets	4,113,212	450,967	(224,122)	4,340,057
Total Accumulated Depreciation	<u>\$ 17,701,030</u>	<u>\$ 1,207,053</u>	<u>\$ (224,122)</u>	<u>\$ 18,683,961</u>
Total Capital Assets Depreciated, Net	<u>\$ 15,937,454</u>	<u>\$ (925,915)</u>	<u>\$ 0</u>	<u>\$ 15,011,539</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,295,955</u>	<u>\$ (918,947)</u>	<u>\$ (7,353)</u>	<u>\$ 15,369,655</u>

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

Governmental Activities:

Instruction	\$ 714,896
Support Services	408,492
Operation of Non-Instructional Services	<u>83,665</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,207,053</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 17
General Debt Service	General	10,375
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	40,152

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.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2009, consisted of the following amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>	
	General Debt Service Fund	General Fund
General Fund	\$ 26,187	\$ 0
Other Capital Projects Fund	0	313,419
Total	\$ 26,187	\$ 313,419

Discretely Presented Hardeman County School Department

Transfer Out	<u>Transfer In</u> General Purpose School Fund
Nonmajor governmental funds	\$ 206,995

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

D. Capital Leases

Discretely Presented Hardeman County School Department

On September 1, 2007, the Hardeman County School Department entered into a three-year lease-purchase agreement for modular buildings. The terms of the lease require total lease payments of \$116,091 with zero percent interest. Title to the buildings transfers to the Hardeman County School Department at the end of the lease. The lease payments are made from the General Purpose School Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

Year Ending June 30	Governmental Funds
2010	\$ 35,497
2011	<u>5,916</u>
Present Value of Minimum Lease Payments	<u>\$ 41,413</u>

E. 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 40 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, 2009, will be retired from the Highway/Public Works and General Debt Service funds.

General obligation bonds and capital outlay notes outstanding as of June 30, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
General Obligation Bonds	5 %	\$ 189,000	\$ 57,000
General Obligation Bonds - Refunding	3.98	6,370,000	5,750,000
Capital Outlay Notes	3.27 to 4.45	835,000	611,305

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2009, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2010	\$ 293,000	\$ 231,500	\$ 524,500
2011	309,000	219,732	528,732
2012	319,000	207,342	526,342
2013	335,000	194,529	529,529
2014	345,000	181,094	526,094
2015-2019	1,911,000	689,810	2,600,810
2020-2024	2,295,000	280,192	2,575,192
Total	\$ 5,807,000	\$ 2,004,199	\$ 7,811,199

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 139,192	\$ 25,946	\$ 165,138
2011	133,148	20,503	153,651
2012	34,394	15,060	49,454
2013	34,585	13,534	48,119
2014	34,784	11,999	46,783
2015-2019	195,202	34,936	230,138
2020	40,000	1,780	41,780
Total	\$ 611,305	\$ 123,758	\$ 735,063

There is \$984,442 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$207, based on the 2000 federal census. Debt per capita, including bonds and notes totaled \$228, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2008	\$ 6,170,000	\$ 834,128
Deductions	(363,000)	(222,823)
Balance, June 30, 2009	\$ 5,807,000	\$ 611,305
Balance Due Within One Year	\$ 293,000	\$ 139,192

	Capital Leases	Compensated Absences
Balance, July 1, 2008	\$ 66,568	\$ 135,335
Additions	0	194,946
Deductions	(66,568)	(176,612)
Balance, June 30, 2009	\$ 0	\$ 153,669
Balance Due Within One Year	\$ 0	\$ 7,682

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 6,571,974
Less: Balance Due Within One Year	(439,874)
Less: Deferred Amount on Refunding	<u>(207,047)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 5,925,053</u>

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

Hardeman County Solid Waste Disposal Fund (enterprise fund)

The annual requirements to amortize notes outstanding as of June 30, 2009, including interest, are presented in the following table:

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 315,592	\$ 16,555	\$ 332,147
2011	58,094	4,642	62,736
2012	60,708	2,027	62,735
Total	<u>\$ 434,394</u>	<u>\$ 23,224</u>	<u>\$ 457,618</u>

Changes in Long-term Liabilities

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2009, was as follows:

Business-type Activities:

	Notes	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2008	\$ 738,588	\$ 2,299,406
Additions	0	99,506
Deductions	(304,194)	(13,434)
Prior-period Adjustment	0	(71,383)
Balance, June 30, 2009	<u>\$ 434,394</u>	<u>\$ 2,314,095</u>
Balance Due Within One Year	<u>\$ 315,592</u>	<u>\$ 13,434</u>

	<u>Compensated Absences</u>
Balance, July 1, 2008	\$ 11,565
Additions	7,612
Deductions	<u>(12,372)</u>
Balance, June 30, 2009	<u>\$ 6,805</u>
Balance Due Within One Year	<u>\$ 340</u>
 Analysis of Noncurrent Liabilities Presented on Exhibit A:	
Total Noncurrent Liabilities, June 30, 2009	\$ 2,755,294
Less: Balance Due Within One Year	<u>(329,366)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,425,928</u>

Discretely Presented Hardeman County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Hardeman County School Department for the year ended June 30, 2009, was as follows:

Governmental Activities:

	<u>Capital Leases</u>	<u>Compensated Absences</u>	<u>Other Postemployment Benefits</u>
Balance, July 1, 2008	\$ 76,910	\$ 110,155	\$ 180,940
Additions	0	89,910	339,816
Deductions	<u>(35,497)</u>	<u>(65,354)</u>	<u>(152,113)</u>
Balance, June 30, 2009	<u>\$ 41,413</u>	<u>\$ 134,711</u>	<u>\$ 368,643</u>
Balance Due Within One Year	<u>\$ 35,497</u>	<u>\$ 44,955</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 544,767
Less: Balance Due Within One Year	<u>(80,452)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 464,315</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hardeman County School Department. These payments are made by the state to the Local Government Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Government Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2009, were \$80,356 and \$27,491, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

Employee Health Insurance

It is the policy of the county to carry commercial insurance for active employees health and accident coverage. Retirees are not allowed to continue coverage. Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years.

Liability, Property, Casualty, and Workers' Compensation Insurance

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation losses. The county participates in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the LGPCF provides for it

to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

Discretely Presented Hardeman County School Department

Employee Health Insurance

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

Liability, Property, Casualty, and Workers' Compensation Insurance

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations; and Statement No. 52, Land and Other Real Estate Held as Investments by Endowments became effective for the year ended June 30, 2009.

GASB Statement No. 49 requires county governments to measure and report their pollution remediation liabilities. A county has a pollution remediation problem if one of five obligating events occurs. The statement requires governments to restate beginning net assets in government-wide and proprietary fund financial statements for pollution remediation liabilities that existed as of July 1, 2008. Previous to GASB Statement No. 49, counties were not required to measure and record pollution remediation liabilities. GASB Statement No. 49 had no effect on the financial statements of Hardeman County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Hardeman County could have pollution remediation liabilities in subsequent years.

GASB Statement No. 52 requires endowments to report land and other real estate investments at fair value. Previous to Statement No. 52, land and other real estate held by endowments were reported at historical cost. Changes in fair value between years will be reported as investment income (loss). GASB Statement No. 52 had no effect on the financial statements of Hardeman County for the year ended June 30, 2009, since the county had no endowment investments. However, it is reasonably expected that Hardeman County could have endowment investments in subsequent years.

C. Contingent Liabilities

The county is involved in several pending lawsuits. The county attorney estimates that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the financial statements of the county.

The School Department is involved in two pending lawsuits. The School Department's attorney estimates that the potential claims against the School Department not covered by insurance resulting from such litigation would not materially affect the School Department's financial statements.

D. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,314,095 reported as landfill closure and postclosure care liability at June 30, 2009, represents the cumulative amount reported to date based on the use of 86 percent of the estimated capacity of the extension landfill site (\$987,705) and for the original landfill site closed in 1999 (\$1,326,390). The \$2,314,095 reported as closure and postclosure care liability at June 30, 2009, represents estimates of the cost to perform all closure and postclosure care in 2009. The county will recognize the remaining estimated costs of closure and postclosure care of \$160,788 on the operating landfill as the remaining estimated capacity is filled. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. Joint Ventures

The Bolivar/Hardeman County Library is jointly owned by Hardeman County and the City of Bolivar and is operated by an appointed board. The board comprises seven members, four of whom are appointed by the Hardeman County Mayor. The remaining three members are appointed by the Bolivar City Mayor. Hardeman County has control over budgeting and financing the joint venture only to the extent of representation by the four board members appointed. Hardeman County contributed \$78,182 to the operations of the library during the year ended June 30, 2009.

The Twenty-fifth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fifth Judicial District, Fayette, Hardeman, Lauderdale, McNairy and Tipton 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 each judicial district.

Hardeman County does not have an equity interest in the above noted joint ventures. Complete financial statements for the Bolivar/Hardeman County Library and the DTF can be obtained from their administrative offices at the following addresses:

Administrative Offices:

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

Office of District Attorney General
Twenty-fifth Judicial District Drug Task Force
121 North Main
Ripley, TN 38063

F. Retirement Commitments

Employees

Plan Description

Employees of Hardeman 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 Hardeman 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 www.tn.gov/treasury/tcrs.

Funding Policy

Hardeman County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 11.67 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Hardeman County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2009, Hardeman County's annual pension cost of \$960,292 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, 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.

Hardeman 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, 2007, was eight years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-09	\$960,292	100%	\$0
6-30-08	1,054,259	100	0
6-30-07	984,508	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 94.03 percent funded. The actuarial accrued liability for benefits was \$18.47 million, and the actuarial value of assets was \$17.37 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$8 million, and the ratio of the UAAL to the covered payroll was 14.49 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

School Teachers

Plan Description

The Hardeman 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 SETHEPP. 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.tn.gov/treasury/tcrs.

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 School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2009, was 6.42 percent of annual covered payroll. The employer contribution requirement for the 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, 2009, 2008, and 2007, were \$1,117,415, \$1,077,896, and \$1,009,577, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits (OPEB)

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated for local education employees. Prior to reaching age 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance

organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of the plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2009, the discretely presented Hardeman County School Department contributed \$144,188, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<u> </u>
ARC	\$ 331,674
Interest on the NPO	8,142
Adjustment to the ARC	(7,925)
Annual OPEB cost	<u>\$ 331,891</u>
Less: Amount of contribution	<u>(144,188)</u>
Increase/decrease in NPO	\$ 187,703
Net OPEB obligation, 7-1-08	<u>180,940</u>
 Net OPEB obligation, 6-30-09	 <u><u>\$ 368,643</u></u>

Year End	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 365,168	50 %	\$ 180,940
6-30-09	"	331,891	43	368,643

* Data only available for two years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-07
Actuarial accrued liability (AAL)	\$ 3,141,805
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 3,141,805
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 20,741,528
UAAL as a % of covered payroll	15%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. The rate includes a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

H. Purchasing Laws

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

Purchasing procedures for all departments, agencies, and offices of Hardeman County are established by Chapter 90, Private Acts of 1989, as amended. Purchasing procedures for the Highway Department are also governed by provisions of the Uniform Road Law, Section 54-7-113, Tennessee Code Annotated (TCA). Purchasing procedures for the School Department are also governed by provisions of purchasing laws applicable to schools as set forth in Section 49-2-203, TCA. Chapter 90, Private Acts of 1989, as amended, designates the county mayor as the county purchasing agent and authorizes the mayor to make purchases for all agencies, offices, and departments of the county, except for purchases that cost less than \$10,000, which may be made directly by the highway superintendent and director of schools. These statutes also require the issuance of purchase orders and the solicitation of bids through newspaper advertisements for all purchases exceeding \$5,000 for the Office of County Mayor, and \$10,000 for the Highway Department and School Department.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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Exhibit F-1

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,800,074	\$ 3,851,500	\$ 3,851,500	\$ (51,426)
Licenses and Permits	17,926	24,100	24,100	(6,174)
Fines, Forfeitures, and Penalties	130,190	184,750	184,750	(54,560)
Charges for Current Services	1,570,437	1,304,700	1,304,700	265,737
Other Local Revenues	346,297	492,200	503,328	(157,031)
Fees Received from County Officials	688,915	1,281,197	1,281,197	(592,282)
State of Tennessee	1,467,674	1,647,079	1,647,232	(179,558)
Federal Government	246,725	47,876	47,876	198,849
Other Governments and Citizens Groups	59,150	19,200	34,200	24,950
Total Revenues	\$ 8,327,388	\$ 8,852,602	\$ 8,878,883	\$ (551,495)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 12,975	\$ 16,250	\$ 16,250	\$ 3,275
Board of Equalization	455	1,200	1,200	745
Beer Board	1,680	2,000	2,000	320
Budget and Finance Committee	3,150	3,000	3,600	450
Other Boards and Committees	6,571	7,500	9,300	2,729
County Mayor/Executive	162,674	168,387	168,387	5,713
County Attorney	10,621	12,621	12,621	2,000
Election Commission	172,102	180,371	181,371	9,269
Register of Deeds	22,795	152,866	152,866	130,071
Development	59,793	65,232	65,232	5,439
County Buildings	226,622	245,638	241,038	14,416
Other General Administration	15,716	28,000	28,000	12,284
Preservation of Records	1,502	0	4,600	3,098
<u>Finance</u>				
Accounting and Budgeting	13,600	14,400	14,400	800
Purchasing	3,600	3,600	3,600	0
Property Assessor's Office	175,969	199,329	199,329	23,360
Reappraisal Program	32,406	37,814	37,814	5,408
County Trustee's Office	21,296	162,834	162,834	141,538
County Clerk's Office	23,426	196,980	196,980	173,554
<u>Administration of Justice</u>				
Circuit Court	267,706	280,800	280,800	13,094
General Sessions Court	106,403	106,529	106,529	126
Drug Court	0	10,000	10,000	10,000
Chancery Court	20,841	159,375	159,375	138,534
Juvenile Court	38,783	43,616	43,616	4,833
Victims Assistance Programs	6,794	7,000	7,000	206
<u>Public Safety</u>				
Sheriff's Department	1,080,452	1,298,395	1,313,395	232,943
Workhouse	580,192	582,000	582,000	1,808

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
Juvenile Services	\$ 34,249	\$ 34,816	\$ 34,816	\$ 567
Fire Prevention and Control	106,000	106,000	106,000	0
Civil Defense	59,089	57,536	61,144	2,055
County Coroner/Medical Examiner	14,706	25,000	25,000	10,294
<u>Public Health and Welfare</u>				
Local Health Center	82,418	84,917	84,917	2,499
Rabies and Animal Control	54,419	43,106	66,915	12,496
Ambulance/Emergency Medical Services	1,399,038	1,487,222	1,487,222	88,184
Dental Health Program	257,127	445,400	445,400	188,273
Alcohol and Drug Programs	10,000	10,000	10,000	0
Crippled Children Services	1,779	1,779	1,779	0
Other Local Health Services	6,816	8,816	8,816	2,000
Regional Mental Health Center	18,250	22,000	22,000	3,750
Other Local Welfare Services	5,000	5,200	5,200	200
Sanitation Education/Information	23,204	37,079	37,079	13,875
Waste Pickup	243,683	277,361	277,361	33,678
Convenience Centers	268,508	280,775	310,886	42,378
<u>Social, Cultural, and Recreational Services</u>				
Libraries	85,332	88,150	88,150	2,818
Other Social, Cultural, and Recreational	2,500	2,500	2,500	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	98,817	99,760	99,760	943
Forest Service	2,000	2,000	2,000	0
Soil Conservation	32,574	34,772	34,772	2,198
<u>Other Operations</u>				
Industrial Development	57,305	66,035	66,035	8,730
Housing and Urban Development	26,572	30,876	30,876	4,304
Airport	210,784	281,720	281,720	70,936
Veterans' Services	8,110	7,960	8,135	25
Contributions to Other Agencies	31,806	23,190	33,190	1,384
Employee Benefits	1,387,151	1,457,000	1,457,153	70,002
Miscellaneous	290,937	338,483	339,083	48,146
Total Expenditures	\$ 7,886,298	\$ 9,345,190	\$ 9,432,046	\$ 1,545,748
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 441,090	\$ (492,588)	\$ (553,163)	\$ 994,253
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 4,975	\$ 0	\$ 0	\$ 4,975
Transfers In	313,419	0	313,419	0
Transfers Out	(26,187)	(26,187)	(26,187)	0
Total Other Financing Sources (Uses)	\$ 292,207	\$ (26,187)	\$ 287,232	\$ 4,975
Net Change in Fund Balance				
Fund Balance, July 1, 2008	\$ 2,515,304	\$ (518,775)	\$ (265,931)	\$ 999,228
Fund Balance, June 30, 2009	\$ 3,248,601	\$ 2,745,625	\$ 2,998,469	\$ 250,132

Exhibit F-2

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 800,325	\$ 825,000	\$ 825,000	\$ (24,675)
Charges for Current Services	0	100	100	(100)
Other Local Revenues	8	77,496	11,500	(11,492)
State of Tennessee	2,136,059	2,203,174	2,203,174	(67,115)
Total Revenues	<u>\$ 2,936,392</u>	<u>\$ 3,105,770</u>	<u>\$ 3,039,774</u>	<u>\$ (103,382)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 188,995	\$ 209,056	\$ 209,056	\$ 20,061
Highway and Bridge Maintenance	873,079	1,585,069	1,058,069	184,990
Operation and Maintenance of Equipment	419,059	521,336	516,836	97,777
Asphalt Plant Operations	483,508	0	531,500	47,992
Other Charges	63,290	105,100	105,100	41,810
Employee Benefits	398,205	480,400	480,400	82,195
Capital Outlay	185,275	844,553	667,670	482,395
<u>Principal on Debt</u>				
Highways and Streets	162,682	0	162,683	1
<u>Interest on Debt</u>				
Highways and Streets	14,200	0	14,200	0
Total Expenditures	<u>\$ 2,788,293</u>	<u>\$ 3,745,514</u>	<u>\$ 3,745,514</u>	<u>\$ 957,221</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 148,099</u>	<u>\$ (639,744)</u>	<u>\$ (705,740)</u>	<u>\$ 853,839</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 65,996	0	\$ 65,996	0
Total Other Financing Sources (Uses)	<u>\$ 65,996</u>	<u>0</u>	<u>\$ 65,996</u>	<u>0</u>
Net Change in Fund Balance	\$ 214,095	\$ (639,744)	\$ (639,744)	\$ 853,839
Fund Balance, July 1, 2008	1,006,283	1,006,283	1,006,283	0
Fund Balance, June 30, 2009	<u>\$ 1,220,378</u>	<u>\$ 366,539</u>	<u>\$ 366,539</u>	<u>\$ 853,839</u>

Exhibit F-3

Hardeman County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented
Hardeman County School Department
June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-09	7-1-07	\$ 17,373	\$ 18,477	\$ 1,104	94.03 %	\$ 7,617	14.49 %
6-30-08	7-1-07	17,373	18,477	1,104	94.03	7,617	14.49

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the 2007-08 year; therefore, only two years of data are presented.

Exhibit F-4

Hardeman County, Tennessee
Schedule of Funding Progress - Other Postemployment Benefits Plan
Discretely Presented Hardeman County School Department
June 30, 2009

(Dollar amounts in thousands)

Fiscal Year Ended*	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)
Local Education Group Plan	6-30-08	\$ 0	\$ 3,579	\$ 3,579	0 %	\$ 15,395	23 %
"	6-30-09	0	3,579	3,579	0	15,395	23

*Data only available for two years.

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HARDEMAN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2009

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 Hardeman 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, Budget and Finance Committee, etc.). Management may make revisions within major categories, but only the Hardeman 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.

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

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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.

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 Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for revenues provided for industrial park projects.

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Exhibit G-1

Hardeman County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2009

	Special Revenue Funds		Capital Projects Funds				Total Nonmajor Governmental Funds
	Drug Control	Constituti- onal Officers - Fees	General Capital Projects	Community Development/ Industrial Park	Total	Total	
\$	0	111,783	0	0	0	111,783	
\$	117,523	0	945,911	693	946,604	1,064,127	
\$	0	257	0	0	0	257	
\$	117,523	112,040	945,911	693	946,604	1,176,167	

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Due to Other Funds
 Total Liabilities

Fund Balances

Unreserved
 Total Fund Balances

Total Liabilities and Fund Balances

\$	0	17	0	0	0	17
\$	0	17	0	0	0	17
\$	117,523	112,023	945,911	693	946,604	1,176,150
\$	117,523	112,023	945,911	693	946,604	1,176,150
\$	117,523	112,040	945,911	693	946,604	1,176,167

Exhibit G-2

Hardeman County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2009

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Governmental Funds
	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park	Total	Total	
Revenues								
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 800,324	\$ 0	\$ 800,324	\$ 800,324	\$ 800,324
Fines, Forfeitures, and Penalties	37,229	0	37,229	0	0	0	0	37,229
Charges for Current Services	0	515,716	515,716	0	0	0	0	515,716
Total Revenues	\$ 37,229	\$ 515,716	\$ 552,945	\$ 800,324	\$ 0	\$ 800,324	\$ 1,353,269	
Expenditures								
Current:								
General Government	\$ 0	\$ 112,076	\$ 112,076	\$ 0	\$ 0	\$ 0	\$ 112,076	
Finance	0	286,297	286,297	0	0	0	286,297	
Administration of Justice	0	131,326	131,326	0	0	0	131,326	
Public Safety	23,135	0	23,135	0	0	0	23,135	
Capital Projects	0	0	0	429,568	0	429,568	429,568	
Total Expenditures	\$ 23,135	\$ 529,699	\$ 552,834	\$ 429,568	\$ 0	\$ 429,568	\$ 982,402	
Excess (Deficiency) of Revenues Over Expenditures	\$ 14,094	\$ (13,983)	\$ 111	\$ 370,756	\$ 0	\$ 370,756	\$ 370,867	
Net Change in Fund Balances	\$ 14,094	\$ (13,983)	\$ 111	\$ 370,756	\$ 0	\$ 370,756	\$ 370,867	
Fund Balance, July 1, 2008	103,429	126,006	229,435	575,155	693	575,848	805,283	
Fund Balance, June 30, 2009	\$ 117,523	\$ 112,023	\$ 229,546	\$ 945,911	\$ 693	\$ 946,604	\$ 1,176,150	

Exhibit G-3

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 37,229	\$ 30,356	\$ 30,356	\$ 6,873
Other Local Revenues	0	1,500	1,500	(1,500)
Total Revenues	<u>\$ 37,229</u>	<u>\$ 31,856</u>	<u>\$ 31,856</u>	<u>\$ 5,373</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 23,135	\$ 83,400	\$ 83,400	\$ 60,265
Total Expenditures	<u>\$ 23,135</u>	<u>\$ 83,400</u>	<u>\$ 83,400</u>	<u>\$ 60,265</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 14,094</u>	<u>\$ (51,544)</u>	<u>\$ (51,544)</u>	<u>\$ 65,638</u>
Net Change in Fund Balance	\$ 14,094	\$ (51,544)	\$ (51,544)	\$ 65,638
Fund Balance, July 1, 2008	<u>103,429</u>	<u>58,656</u>	<u>58,656</u>	<u>44,773</u>
Fund Balance, June 30, 2009	<u>\$ 117,523</u>	<u>\$ 7,112</u>	<u>\$ 7,112</u>	<u>\$ 110,411</u>

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Major Governmental Fund

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.

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Exhibit H

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2009

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 34,876	\$ 42,100	\$ 42,100	\$ (7,224)
Other Governments and Citizens Groups	677,452	0	677,452	0
Total Revenues	\$ 712,328	\$ 42,100	\$ 719,552	\$ (7,224)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 56,793	\$ 56,793	\$ 56,793	\$ 0
Education	432,916	432,916	432,916	0
<u>Interest on Debt</u>				
General Government	22,799	22,999	22,999	200
Education	244,123	246,212	246,212	2,089
<u>Other Debt Service</u>				
General Government	686	2,500	2,500	1,814
Education	411	5,500	5,500	5,089
Total Expenditures	\$ 757,728	\$ 766,920	\$ 766,920	\$ 9,192
Excess (Deficiency) of Revenues Over Expenditures	\$ (45,400)	\$ (724,820)	\$ (47,368)	\$ 1,968
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 26,187	\$ 750,000	\$ 72,548	\$ (46,361)
Total Other Financing Sources (Uses)	\$ 26,187	\$ 750,000	\$ 72,548	\$ (46,361)
Net Change in Fund Balance	\$ (19,213)	\$ 25,180	\$ 25,180	\$ (44,393)
Fund Balance, July 1, 2008	1,003,655	0	1,001,581	2,074
Fund Balance, June 30, 2009	\$ 984,442	\$ 25,180	\$ 1,026,761	\$ (42,319)

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Fiduciary Funds

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

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

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

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Exhibit I-1

Hardeman County, Tennessee

Combining Statement of Fiduciary Assets and Liabilities

Fiduciary Funds

June 30, 2009

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 683,183	\$ 683,183
Due from Other Governments	212,677	0	212,677
Total Assets	<u>\$ 212,677</u>	<u>683,183</u>	<u>\$ 895,860</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 212,677	\$ 0	\$ 212,677
Due to Litigants, Heirs, and Others	0	683,183	683,183
Total Liabilities	<u>\$ 212,677</u>	<u>\$ 683,183</u>	<u>\$ 895,860</u>

Exhibit I-2

Hardeman County, Tennessee

Combining Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,277,635	\$ 1,277,635	\$ 0
Due from Other Governments	214,494	212,677	214,494	212,677
Total Assets	<u>\$ 214,494</u>	<u>\$ 1,490,312</u>	<u>\$ 1,492,129</u>	<u>\$ 212,677</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 214,494	\$ 1,490,312	\$ 1,492,129	\$ 212,677
Total Liabilities	<u>\$ 214,494</u>	<u>\$ 1,490,312</u>	<u>\$ 1,492,129</u>	<u>\$ 212,677</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 619,149	\$ 5,638,502	\$ 5,574,468	\$ 683,183
Total Assets	<u>\$ 619,149</u>	<u>\$ 5,638,502</u>	<u>\$ 5,574,468</u>	<u>\$ 683,183</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 619,149	\$ 5,638,502	\$ 5,574,468	\$ 683,183
Total Liabilities	<u>\$ 619,149</u>	<u>\$ 5,638,502</u>	<u>\$ 5,574,468</u>	<u>\$ 683,183</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 619,149	\$ 5,638,502	\$ 5,574,468	\$ 683,183
Equity in Pooled Cash and Investments	0	1,277,635	1,277,635	0
Due from Other Governments	214,494	212,677	214,494	212,677
Total Assets	<u>\$ 833,643</u>	<u>\$ 7,128,814</u>	<u>\$ 7,066,597</u>	<u>\$ 895,860</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 214,494	\$ 1,490,312	\$ 1,492,129	\$ 212,677
Due to Litigants, Heirs, and Others	619,149	5,638,502	5,574,468	683,183
Total Liabilities	<u>\$ 833,643</u>	<u>\$ 7,128,814</u>	<u>\$ 7,066,597</u>	<u>\$ 895,860</u>

Hardeman County School Department

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

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.

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Exhibit J-1

Hardeman County, Tennessee
 Statement of Activities
 Discretely Presented Hardeman County School Department
 For the Year Ended June 30, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 20,880,378	\$ 3,630	\$ 2,576,973	\$ (18,299,775)
Support Services	10,635,400	166,525	294,921	(10,173,954)
Operation of Non-Instructional Services	3,592,070	485,386	2,007,875	(1,098,809)
Other Debt Service	677,452	0	0	(677,452)
Total Governmental Activities	\$ 35,785,300	\$ 655,541	\$ 4,879,769	\$ (30,249,990)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 5,078,498
Local Option Sales Tax				2,462,018
Other Local Taxes				3,508
Grants and Contributions Not Restricted for Specific Programs				22,644,678
Miscellaneous				107,744
Sale of Land/Equipment				8,832
Total General Revenues				\$ 30,305,278
Change in Net Assets				\$ 55,288
Net Assets, July 1, 2008				21,372,601
Net Assets, June 30, 2009				\$ 21,427,889

Exhibit J-2

Hardeman County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hardeman County School Department
June 30, 2009

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>Other Govern- mental Funds</u>	<u>Govern- mental Funds</u>
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 5,154,248	\$ 799,539	\$ 5,953,787
Accounts Receivable	14,805	49	14,854
Due from Other Governments	868,990	83,818	952,808
Due from Other Funds	40,152	0	40,152
Property Taxes Receivable	4,983,475	0	4,983,475
Allowance for Uncollectible Property Taxes	(215,288)	0	(215,288)
Total Assets	\$ 10,846,382	\$ 883,406	\$ 11,729,788
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 1,341	\$ 172	\$ 1,513
Payroll Deductions Payable	543,362	0	543,362
Due to Other Funds	0	40,152	40,152
Deferred Revenue - Current Property Taxes	4,541,760	0	4,541,760
Deferred Revenue - Delinquent Property Taxes	191,635	0	191,635
Other Deferred Revenues	204,177	0	204,177
Total Liabilities	\$ 5,482,275	\$ 40,324	\$ 5,522,599
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 98,449	\$ 15,248	\$ 113,697
Reserved for Driver Education	18,448	0	18,448
Reserved for Career Ladder - Extended Contract	21,733	0	21,733
Reserved for Career Ladder Program	6,805	0	6,805
Reserved for Title I Grants to Local Education Agencies	0	137,186	137,186
Reserved for Innovative Education Program Strategies	0	20,055	20,055
Reserved for Special Education - Grants to States	0	120,983	120,983
Other Federal Reserves	0	5,265	5,265
Unreserved, Reported In:			
General Fund	5,218,672	0	5,218,672
Special Revenue Funds	0	544,345	544,345
Total Fund Balances	\$ 5,364,107	\$ 843,082	\$ 6,207,189
Total Liabilities and Fund Balances	\$ 10,846,382	\$ 883,406	\$ 11,729,788

Exhibit J-3

Hardeman County, Tennessee

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets

Discretely Presented Hardeman County School Department

June 30, 2009

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)		\$ 6,207,189
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 358,116	
Add: buildings and improvements net of accumulated depreciation	13,160,345	
Add: other capital assets net of accumulated depreciation	<u>1,851,194</u>	15,369,655
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: leases payable	\$ (41,413)	
Less: compensated absences payable	(134,711)	
Less: other postemployment benefits liability	<u>(368,643)</u>	(544,767)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>395,812</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 21,427,889</u>

Exhibit J-4

Hardeman County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2009

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 7,532,855	\$ 126	\$ 7,532,981
Licenses and Permits	2,755	0	2,755
Charges for Current Services	117,346	507,516	624,862
Other Local Revenues	160,002	3,301	163,303
State of Tennessee	22,399,069	24,434	22,423,503
Federal Government	228,350	4,776,613	5,004,963
Total Revenues	\$ 30,440,377	\$ 5,311,990	\$ 35,752,367
<u>Expenditures</u>			
Current:			
Instruction	\$ 17,712,690	\$ 2,237,961	\$ 19,950,651
Support Services	9,983,889	537,349	10,521,238
Operation of Non-Instructional Services	1,108,268	2,215,794	3,324,062
Capital Outlay	64,811	0	64,811
Debt Service:			
Principal on Debt	35,497	0	35,497
Other Debt Service	677,452	0	677,452
Total Expenditures	\$ 29,582,607	\$ 4,991,104	\$ 34,573,711
Excess (Deficiency) of Revenues			
Over Expenditures	\$ 857,770	\$ 320,886	\$ 1,178,656
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 61,428	\$ 0	\$ 61,428
Transfers In	206,995	0	206,995
Transfers Out	0	(206,995)	(206,995)
Total Other Financing Sources (Uses)	\$ 268,423	\$ (206,995)	\$ 61,428
Net Change in Fund Balances	\$ 1,126,193	\$ 113,891	\$ 1,240,084
Fund Balance, July 1, 2008	4,237,914	729,191	4,967,105
Fund Balance, June 30, 2009	\$ 5,364,107	\$ 843,082	\$ 6,207,189

Exhibit J-5

Hardeman County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2009

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 1,240,084
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 288,106	
Less: current year depreciation expense	<u>(1,207,053)</u>	(918,947)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.</p>		
Less: proceeds received from the disposal of capital assets	\$ (4,000)	
Less: loss on disposal of capital assets	<u>(3,353)</u>	(7,353)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2009	\$ 395,812	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(477,546)</u>	(81,734)
<p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans, 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 statements of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.</p>		
Add: principal payments on capital leases		35,497
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in compensated absences payable	\$ (24,556)	
Change in other postemployment benefits liability	<u>(187,703)</u>	(212,259)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 55,288</u>

Exhibit J-6

Hardeman County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Hardeman County School Department
June 30, 2009

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 248,969	\$ 550,570	\$ 799,539
Accounts Receivable	0	49	49
Due from Other Governments	75,915	7,903	83,818
Total Assets	\$ 324,884	\$ 558,522	\$ 883,406
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 75	\$ 97	\$ 172
Due to Other Funds	40,152	0	40,152
Total Liabilities	\$ 40,227	\$ 97	\$ 40,324
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 1,168	\$ 14,080	\$ 15,248
Reserved for Title I Grants to Local Education Agencies	137,186	0	137,186
Reserved for Innovative Education Program Strategies	20,055	0	20,055
Reserved for Special Education - Grants to States	120,983	0	120,983
Other Federal Reserves	5,265	0	5,265
Unreserved	0	544,345	544,345
Total Fund Balances	\$ 284,657	\$ 558,425	\$ 843,082
Total Liabilities and Fund Balances	\$ 324,884	\$ 558,522	\$ 883,406

Exhibit J-7

Hardeman County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2009

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 126	\$ 126
Charges for Current Services	0	507,516	507,516
Other Local Revenues	0	3,301	3,301
State of Tennessee	0	24,434	24,434
Federal Government	3,071,263	1,705,350	4,776,613
Total Revenues	<u>\$ 3,071,263</u>	<u>\$ 2,240,727</u>	<u>\$ 5,311,990</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,237,961	\$ 0	\$ 2,237,961
Support Services	537,349	0	537,349
Operation of Non-Instructional Services	0	2,215,794	2,215,794
Total Expenditures	<u>\$ 2,775,310</u>	<u>\$ 2,215,794</u>	<u>\$ 4,991,104</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 295,953</u>	<u>\$ 24,933</u>	<u>\$ 320,886</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (206,995)	\$ 0	\$ (206,995)
Total Other Financing Sources (Uses)	<u>\$ (206,995)</u>	<u>\$ 0</u>	<u>\$ (206,995)</u>
Net Change in Fund Balances	\$ 88,958	\$ 24,933	\$ 113,891
Fund Balance, July 1, 2008	195,699	533,492	729,191
Fund Balance, June 30, 2009	<u>\$ 284,657</u>	<u>\$ 558,425</u>	<u>\$ 843,082</u>

Exhibit J-8

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hardeman County School Department
General Purpose School Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 7,532,855	\$ 0	\$ 0	\$ 7,532,855	\$ 7,576,718	\$ 7,576,718	\$ (43,863)
Licenses and Permits	2,755	0	0	2,755	3,000	3,000	(245)
Charges for Current Services	117,346	0	0	117,346	137,953	137,953	(20,607)
Other Local Revenues	160,002	0	0	160,002	129,161	129,161	30,841
State of Tennessee	22,399,069	0	0	22,399,069	22,142,152	22,249,999	149,070
Federal Government	228,350	0	0	228,350	86,775	86,775	141,575
Total Revenues	\$ 30,440,377	\$ 0	\$ 0	\$ 30,440,377	\$ 30,075,759	\$ 30,183,606	\$ 256,771
Expenditures							
<u>Instruction</u>							
Regular Instruction Program	\$ 14,110,232	\$ (2,381)	\$ 14,423	\$ 14,122,274	\$ 14,033,320	\$ 14,266,516	\$ 144,242
Alternative Instruction Program	222,012	(45,015)	0	176,997	168,831	176,998	1
Special Education Program	2,230,231	(372)	0	2,229,859	2,249,656	2,263,824	33,965
Vocational Education Program	1,150,215	0	139	1,150,354	1,180,336	1,152,125	1,771
<u>Support Services</u>							
Attendance	84,852	0	0	84,852	95,503	85,863	1,011
Health Services	248,387	0	0	248,387	236,443	248,387	0
Other Student Support	987,617	(3,390)	405	984,632	992,863	992,863	8,231
Regular Instruction Program	1,274,889	0	10,747	1,285,636	1,503,154	1,301,530	15,894
Alternative Instruction Program	63,054	0	0	63,054	59,628	63,057	3
Special Education Program	441,053	0	0	441,053	596,221	442,640	1,587
Vocational Education Program	84,880	0	0	84,880	84,990	84,990	110
Other Programs	107,847	0	0	107,847	0	107,847	0
Board of Education	408,753	(1,158)	428	408,023	425,449	442,301	34,278

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Director of Schools	\$ 267,592	\$ 0	\$ 675	\$ 268,267	\$ 226,150	\$ 269,666	\$ 1,399
Office of the Principal	1,564,518	0	0	1,564,518	1,564,164	1,567,940	3,422
Fiscal Services	184,200	0	2,363	186,563	193,109	186,924	361
Human Services/Personnel	125,271	0	0	125,271	127,983	126,691	1,420
Operation of Plant	1,780,863	0	0	1,780,863	1,811,601	1,811,601	30,738
Maintenance of Plant	651,325	(842)	32,142	682,625	767,297	767,296	84,671
Transportation	1,549,636	(2,000)	5,558	1,553,194	1,995,910	1,610,983	57,789
Central and Other	159,152	0	2,566	161,718	142,597	166,473	4,755
<u>Operation of Non-Instructional Services</u>							
Food Service	1,140	0	0	1,140	0	1,140	0
Community Services	118,036	0	911	118,947	122,382	122,384	3,437
Early Childhood Education	989,092	0	6,392	995,484	995,700	995,700	216
<u>Capital Outlay</u>							
Regular Capital Outlay	64,811	0	21,700	86,511	100,000	100,000	13,489
Principal on Debt							
Education	35,497	0	0	35,497	468,413	35,498	1
Interest on Debt	0	0	0	0	245,173	0	0
Education							
Other Debt Service							
Education	677,452	0	0	677,452	0	678,088	636
Total Expenditures	\$ 29,582,607	\$ (55,158)	\$ 98,449	\$ 29,625,898	\$ 30,386,873	\$ 30,069,325	\$ 443,427
Excess (Deficiency) of Revenues Over Expenditures	\$ 857,770	\$ 55,158	\$ (98,449)	\$ 814,479	\$ (311,114)	\$ 114,281	\$ 700,198

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 61,428	\$ 0	\$ 0	\$ 61,428	\$ 0	\$ 0	\$ 61,428
Transfers In	206,995	0	0	206,995	169,477	169,477	37,518
Total Other Financing Sources (Uses)	\$ 268,423	\$ 0	\$ 0	\$ 268,423	\$ 169,477	\$ 169,477	\$ 98,946
Net Change in Fund Balance	\$ 1,126,193	\$ 55,158	\$ (98,449)	\$ 1,082,902	\$ (141,637)	\$ 283,758	\$ 799,144
Fund Balance, July 1, 2008	4,237,914	(55,158)	0	4,182,756	4,053,686	4,053,686	129,070
Fund Balance, June 30, 2009	\$ 5,364,107	\$ 0	\$ (98,449)	\$ 5,265,658	\$ 3,912,049	\$ 4,337,444	\$ 928,214

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hardeman County School Department
School Federal Projects Fund
For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 3,071,263	\$ 0	\$ 3,071,263	\$ 2,968,029	\$ 3,001,152	\$ 70,111
Total Revenues	\$ 3,071,263	\$ 0	\$ 3,071,263	\$ 2,968,029	\$ 3,001,152	\$ 70,111
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 1,598,600	\$ 1,168	\$ 1,599,768	\$ 1,706,305	\$ 1,727,510	\$ 127,742
Special Education Program	580,838	0	580,838	702,056	685,117	104,279
Vocational Education Program	58,523	0	58,523	56,013	58,523	0
<u>Support Services</u>						
Other Student Support	63,063	0	63,063	67,240	64,737	1,674
Regular Instruction Program	202,901	0	202,901	244,233	253,736	50,835
Special Education Program	268,431	0	268,431	303,323	303,539	35,108
Vocational Education Program	2,954	0	2,954	2,980	2,954	0
Total Expenditures	\$ 2,775,310	\$ 1,168	\$ 2,776,478	\$ 3,082,150	\$ 3,096,116	\$ 319,638
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ 295,953	\$ (1,168)	\$ 294,785	\$ (114,121)	\$ (94,964)	\$ 389,749
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 33,500	\$ 34,100	\$ (34,100)
Transfers Out	(206,995)	0	(206,995)	(229,805)	(249,562)	42,567
Total Other Financing Sources (Uses)	\$ (206,995)	\$ 0	\$ (206,995)	\$ (196,305)	\$ (215,462)	\$ 8,467
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 88,958	\$ (1,168)	\$ 87,790	\$ (310,426)	\$ (310,426)	\$ 398,216
Fund Balance, July 1, 2008	195,699	0	195,699	310,426	310,426	(114,727)
Fund Balance, June 30, 2009	\$ 284,657	\$ (1,168)	\$ 283,489	\$ 0	\$ 0	\$ 283,489

Exhibit J-10

Hardeman County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Hardeman County School Department
 Central Cafeteria Fund
 For the Year Ended June 30, 2009

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 126	\$ 0	\$ 126	\$ 842	\$ 842	\$ (716)
Charges for Current Services	507,516	0	507,516	608,065	608,065	(100,549)
Other Local Revenues	3,301	0	3,301	3,250	3,250	51
State of Tennessee	24,434	0	24,434	22,500	22,500	1,934
Federal Government	1,705,350	0	1,705,350	1,696,993	1,696,993	8,357
Total Revenues	\$ 2,240,727	\$ 0	\$ 2,240,727	\$ 2,331,650	\$ 2,331,650	\$ (90,923)
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Food Service	\$ 2,215,794	\$ 14,080	\$ 2,229,874	\$ 2,286,210	\$ 2,286,210	\$ 56,336
Total Expenditures	\$ 2,215,794	\$ 14,080	\$ 2,229,874	\$ 2,286,210	\$ 2,286,210	\$ 56,336
Excess (Deficiency) of Revenues Over Expenditures	\$ 24,933	\$ (14,080)	\$ 10,853	\$ 45,440	\$ 45,440	\$ (34,587)
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ 24,933	\$ (14,080)	\$ 10,853	\$ 45,440	\$ 45,440	\$ (34,587)
	533,492	0	533,492	0	45,440	488,052
Fund Balance, June 30, 2009	\$ 558,425	\$ (14,080)	\$ 544,345	\$ 45,440	\$ 90,880	\$ 453,465

MISCELLANEOUS SCHEDULES

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Exhibit K-1

Hardeman County, Tennessee
 Schedule of Changes in Long-term Notes, Capital Leases, and Bonds
 Primary Government and Discretely Presented Hardeman County School Department
 For the Year Ended June 30, 2009

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Paid and/or Matured During Period	Outstanding 6-30-09
PRIMARY GOVERNMENT							
NOTES PAYABLE							
Payable through General Debt Service Fund							
Energy Efficiency Loan	\$ 500,000	3 %	6-5-01	7-15-08	\$ 77,916	\$ 77,916	\$ 0
Convenience Centers	50,000	4.35	5-19-04	5-18-16	36,079	3,867	32,212
Convenience Centers - Trash Compactors	95,000	3.27	10-6-04	10-6-09	30,133	19,926	10,207
Airport Hangars	390,000	4.45	12-27-07	6-1-20	390,000	25,000	365,000
Total Payable through General Debt Service Fund					\$ 534,128	\$ 126,709	\$ 407,419
Payable through Highway/Public Works Fund							
Asphalt Plant	300,000	3.99	2-28-08	2-29-11	\$ 300,000	\$ 96,114	\$ 203,886
Total Payable through Highway/Public Works Fund					\$ 300,000	\$ 96,114	\$ 203,886
Total Notes Payable					\$ 834,128	\$ 222,823	\$ 611,305
CAPITAL LEASES PAYABLE							
Payable through Highway/Public Works Fund							
Trucks	193,300	3.3	11-28-05	11-15-08	\$ 66,568	\$ 66,568	\$ 0
Total Capital Leases Payable					\$ 66,568	\$ 66,568	\$ 0
BONDS PAYABLE							
Payable through General Debt Service Fund							
Hardeman County Industrial, Fm.H.A.	189,000	5	1-1-1975	1-1-15	\$ 65,000	\$ 8,000	\$ 57,000
School Refunding	1,200,000	3 to 5.1	2-1-1994	1-1-09	80,000	80,000	0
School Refunding Series 2005	6,370,000	3.98	12-6-05	4-1-24	6,025,000	275,000	5,750,000
Total Bonds Payable					\$ 6,170,000	\$ 363,000	\$ 5,807,000

(Continued)

Exhibit K-1

Hardeman County, Tennessee
Schedule of Changes in Long-term Notes, Capital Leases, and Bonds
Primary Government and Discretely Presented Hardeman County School Department (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Paid and/or Matured During Period	Outstanding 6-30-09
<u>DISCRETELY PRESENTED HARDEMAN COUNTY</u>							
<u>SCHOOL DEPARTMENT</u>							
<u>CAPITAL LEASES PAYABLE</u>							
Payable through General Purpose School Fund Modular Buildings Lease	\$ 116,091	0 %	9-1-07	8-1-10	\$ 76,910	\$ 35,497	\$ 41,413
Total Capital Leases Payable					\$ 76,910	\$ 35,497	\$ 41,413

Exhibit K-2

Hardeman County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Hardeman County School Department

PRIMARY GOVERNMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2010	\$ 139,192	\$ 25,946	\$ 165,138
2011	133,148	20,503	153,651
2012	34,394	15,060	49,454
2013	34,585	13,534	48,119
2014	34,784	11,999	46,783
2015	39,992	10,456	50,448
2016	40,210	8,682	48,892
2017	35,000	6,898	41,898
2018	40,000	5,340	45,340
2019	40,000	3,560	43,560
2020	40,000	1,780	41,780
Total	\$ 611,305	\$ 123,758	\$ 735,063

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2010	\$ 293,000	\$ 231,500	\$ 524,500
2011	309,000	219,732	528,732
2012	319,000	207,342	526,342
2013	335,000	194,529	529,529
2014	345,000	181,094	526,094
2015	361,000	167,236	528,236
2016	365,000	153,031	518,031
2017	380,000	138,504	518,504
2018	395,000	123,380	518,380
2019	410,000	107,659	517,659
2020	425,000	91,341	516,341
2021	445,000	74,426	519,426
2022	460,000	56,715	516,715
2023	480,000	38,407	518,407
2024	485,000	19,303	504,303
Total	\$ 5,807,000	\$ 2,004,199	\$ 7,811,199

(Continued)

Exhibit K-2

Hardeman County, Tennessee

Schedule of Long-term Debt Requirements by Year

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

DISCRETELY PRESENTED HARDEMAN COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2010	\$ 35,497	\$ 0	\$ 35,497
2011	5,916	0	5,916
Total	<u>\$ 41,413</u>	<u>\$ 0</u>	<u>\$ 41,413</u>

Exhibit K-3

Hardeman County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2009

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt payments	\$ 26,187
Other Capital Projects	General	Airport project	<u>313,419</u>
Total Transfers Primary Government			<u>\$ 339,606</u>
<u>DISCRETELY PRESENTED HARDEMAN</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 61,768
School Federal Projects	General Purpose School	IDEA - DSP funding	<u>145,227</u>
Total Transfers Discretely Presented Hardeman County School Department			<u>\$ 206,995</u>

Hardeman County, Tennessee
 Schedule of Salaries and Official Bonds of Principal Officials
 Primary Government and Discretely Presented Hardeman County School Department
 For the Year Ended June 30, 2009

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA, and Chapter 90, Private Acts of 1989	\$ 74,922 (1)	\$ 50,000	Auto-Owners Mutual Insurance Company
Director of Schools	State Board of Education and County Board of Education	109,385 (2)	150,000	Tennessee Risk Management Trust
Highway Superintendent	Section 8-24-102, TCA	74,121	100,000	Auto-Owners Mutual Insurance Company
Trustee	Section 8-24-102, TCA, and County Commission	63,251 (3)	753,800	"
Assessor of Property	Section 8-24-102, TCA	61,751	10,000	Western Surety Company
County Clerk	Section 8-24-102, TCA	61,751	50,000	Auto-Owners Mutual Insurance Company
Circuit Court Clerk	Section 8-24-102, TCA	61,751	65,000	"
Clerk and Master	Section 8-24-102, TCA, and County Commission	63,251 (3)	80,000	Western Surety Company
Register	Section 8-24-102, TCA, and County Commission	63,251 (3)	25,000	Auto-Owners Mutual Insurance Company
Sheriff	Section 8-24-102, TCA	68,527 (4)	25,000	"
Employee Dishonesty Coverage:				
County General Employees			150,000	Local Government Insurance Pool
Highway Superintendent's Office			150,000	"
Office of Director of Schools:				
Central Office Staff			150,000	Tennessee Risk Management Trust

- (1) Includes purchasing agent supplement of \$3,600.
- (2) Includes chief executive officer training supplement of \$1,000.
- (3) Includes certified public administrator supplement of \$1,500.
- (4) Includes law enforcement training supplement of \$600.

Exhibit K-5

Hardeman County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2009

	Special Revenue Funds				Debt Service Fund			Capital Projects Funds			Total
	General	Drug Control	Constitutional Officers Fees	Highway / Public Works	General	Debt Service	General	Capital Projects	Other Capital Projects		
<u>Local Taxes</u>											
<u>County Property Taxes</u>											
Current Property Tax	\$ 2,524,848	\$ 0	\$ 0	\$ 0	\$ 31,955	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,556,803	
Trustee's Collections - Prior Year	114,499	0	0	0	1,287	0	0	0	0	115,786	
Trustee's Collections - Bankruptcy	10,629	0	0	0	119	0	0	0	0	10,748	
Circuit/Clerk & Master Collections - Prior Years	66,605	0	0	0	748	0	0	0	0	67,353	
Interest and Penalty	22,017	0	0	0	271	0	0	0	0	22,288	
Payments in-Lieu-of Taxes - Other	193,110	0	0	0	496	0	0	0	0	193,606	
<u>County Local Option Taxes</u>											
Local Option Sales Tax	236,372	0	0	0	0	0	0	0	0	236,372	
Hotel/Motel Tax	13,333	0	0	0	0	0	0	0	0	13,333	
Wheel Tax	0	0	0	800,325	0	0	800,324	0	0	1,600,649	
Litigation Tax - General	100,008	0	0	0	0	0	0	0	0	100,008	
Litigation Tax - Jail, Workhouse, or Courthouse	76,498	0	0	0	0	0	0	0	0	76,498	
Business Tax	157,508	0	0	0	0	0	0	0	0	157,508	
<u>Statutory Local Taxes</u>											
Bank Excise Tax	60,426	0	0	0	0	0	0	0	0	60,426	
Wholesale Beer Tax	222,416	0	0	0	0	0	0	0	0	222,416	
Interstate Telecommunications Tax	1,805	0	0	0	0	0	0	0	0	1,805	
Total Local Taxes	\$ 3,800,074	\$ 0	\$ 0	\$ 800,325	\$ 34,876	\$ 800,324	\$ 0	\$ 5,435,599			
<u>Licenses and Permits</u>											
<u>Licenses</u>											
Animal Registration	\$ 820	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 820	
Cable TV Franchise	5,702	0	0	0	0	0	0	0	0	5,702	
<u>Permits</u>											
Beer Permits	2,704	0	0	0	0	0	0	0	0	2,704	
Building Permits	8,050	0	0	0	0	0	0	0	0	8,050	
Other Permits	650	0	0	0	0	0	0	0	0	650	
Total Licenses and Permits	\$ 17,926	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,926	

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund			Capital Projects Funds			Total
	General	Drug Control	Constitutional Officers Fees	Highway / Public Works	General	General	Debt Service	General	Capital Projects	Other Capital Projects		
											\$	
<u>Fines, Forfeitures, and Penalties</u>												
<u>Circuit Court</u>												
Fines	5,692	0	0	0	0	0	0	0	0	0	0	5,692
Officers Costs	8,536	0	0	0	0	0	0	0	0	0	0	8,536
Drug Control Fines	3,487	11,748	0	0	0	0	0	0	0	0	0	15,235
Drug Court Fees	3,841	0	0	0	0	0	0	0	0	0	0	3,841
Jail Fees	1,682	0	0	0	0	0	0	0	0	0	0	1,682
DUI Treatment Fines	526	0	0	0	0	0	0	0	0	0	0	526
Data Entry Fee - Circuit Court	1,221	0	0	0	0	0	0	0	0	0	0	1,221
Courtroom Security Fee	190	0	0	0	0	0	0	0	0	0	0	190
Victims Assistance Assessments	1,008	0	0	0	0	0	0	0	0	0	0	1,008
<u>General Sessions Court</u>												
Fines	22,708	0	0	0	0	0	0	0	0	0	0	22,708
Officers Costs	37,672	0	0	0	0	0	0	0	0	0	0	37,672
Game and Fish Fines	861	0	0	0	0	0	0	0	0	0	0	861
Drug Control Fines	6,632	6,407	0	0	0	0	0	0	0	0	0	13,039
Drug Court Fees	5,734	0	0	0	0	0	0	0	0	0	0	5,734
Jail Fees	7,934	0	0	0	0	0	0	0	0	0	0	7,934
DUI Treatment Fines	3,568	0	0	0	0	0	0	0	0	0	0	3,568
Data Entry Fee - General Sessions Court	5,278	0	0	0	0	0	0	0	0	0	0	5,278
Courtroom Security Fee	871	0	0	0	0	0	0	0	0	0	0	871
Victims Assistance Assessments	5,654	0	0	0	0	0	0	0	0	0	0	5,654
<u>Juvenile Court</u>												
Fines	514	0	0	0	0	0	0	0	0	0	0	514
Officers Costs	676	0	0	0	0	0	0	0	0	0	0	676
Jail Fees	48	0	0	0	0	0	0	0	0	0	0	48
Data Entry Fee - Juvenile Court	1,186	0	0	0	0	0	0	0	0	0	0	1,186
Courtroom Security Fee	4	0	0	0	0	0	0	0	0	0	0	4
Victims Assistance Assessments	42	0	0	0	0	0	0	0	0	0	0	42
<u>Chancery Court</u>												
Officers Costs	2,375	0	0	0	0	0	0	0	0	0	0	2,375
Data Entry Fee - Chancery Court	2,136	0	0	0	0	0	0	0	0	0	0	2,136

(Continued)

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

	Special Revenue Funds					Debt Service Fund			Total
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Capital Projects Funds		Other Capital Projects	
						General	Projects		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>									
<u>Other Courts - In-county</u>									
<u>Officers Costs</u>	114 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	114
<u>Other Fines, Forfeitures, and Penalties</u>									
<u>Proceeds from Confiscated Property</u>	0	19,074	0	0	0	0	0	0	19,074
<u>Total Fines, Forfeitures, and Penalties</u>	\$ 130,190	\$ 37,229	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 167,419
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
<u>Patient Charges</u>	1,536,320	0	0	0	0	0	0	0	1,536,320
<u>Work Release Charges for Board Fees</u>	2,376	0	0	0	0	0	0	0	2,376
<u>Copy Fees</u>	1,412	0	0	0	0	0	0	0	1,412
<u>Greenbelt Late Application Fee</u>	200	0	0	0	0	0	0	0	200
<u>Telephone Commissions</u>	14,369	0	0	0	0	0	0	0	14,369
<u>Constitutional Officers' Fees and Commissions</u>	0	0	515,716	0	0	0	0	0	515,716
<u>Data Processing Fee - Register</u>	9,002	0	0	0	0	0	0	0	9,002
<u>Data Processing Fee - Sheriff</u>	5,148	0	0	0	0	0	0	0	5,148
<u>Data Processing Fee - County Clerk</u>	1,310	0	0	0	0	0	0	0	1,310
<u>Other Charges for Services</u>									
<u>Other Charges for Services</u>	300	0	0	0	0	0	0	0	300
<u>Total Charges for Current Services</u>	\$ 1,570,437	\$ 0	\$ 515,716	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,086,153
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
<u>Investment Income</u>	270,619	0	0	0	0	0	2,764	0	273,383
<u>Lease/Rentals</u>	180	0	0	0	0	0	0	0	180
<u>Sale of Materials and Supplies</u>	0	0	0	6	0	0	0	0	6
<u>Sale of Maps</u>	1,334	0	0	0	0	0	0	0	1,334
<u>Miscellaneous Refunds</u>	33,654	0	0	2	0	0	0	0	33,656
<u>Nonrecurring Items</u>									
<u>Sale of Property</u>	20,097	0	0	0	0	0	0	0	20,097

(Continued)

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

	Special Revenue Funds					Debt Service Fund		Capital Projects Funds			Total
	General	Drug Control	Constitutional Officers Fees	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects				
<u>Other Local Revenues (Cont.)</u>											
<u>Nonrecurring Items (Cont.)</u>											
Contributions and Gifts	\$ 11,415	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,415	
<u>Other Local Revenues</u>	8,998	0	0	0	0	0	0	0	0	8,998	
Total Other Local Revenues	\$ 346,297	\$ 0	\$ 0	\$ 8	\$ 0	\$ 0	\$ 0	\$ 2,764	\$ 0	\$ 349,069	
<u>Fees Received from County Officials</u>											
<u>Excess Fees</u>											
County Clerk	\$ 95,866	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 95,866	
Clerk and Master	1,047	0	0	0	0	0	0	0	0	1,047	
Trustee	201,806	0	0	0	0	0	0	0	0	201,806	
<u>Fees in-Lieu-of-Salary</u>											
Circuit Court Clerk	93,791	0	0	0	0	0	0	0	0	93,791	
General Sessions Court Clerk	242,066	0	0	0	0	0	0	0	0	242,066	
Juvenile Court Clerk	29,099	0	0	0	0	0	0	0	0	29,099	
Sheriff	25,240	0	0	0	0	0	0	0	0	25,240	
Total Fees Received from County Officials	\$ 688,915	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 688,915	
<u>State of Tennessee</u>											
<u>General Government Grants</u>											
Juvenile Services Program	\$ 11,295	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,295	
Airport Maintenance Program	8,460	0	0	0	0	0	0	0	0	8,460	
State Reappraisal Grant	12,679	0	0	0	0	0	0	0	0	12,679	
Solid Waste Grants	25,136	0	0	0	0	0	0	0	0	25,136	
On-Behalf Contributions for OPEB	153	0	0	0	0	0	0	0	0	153	
<u>Health and Welfare Grants</u>											
Health Department Programs	276,713	0	0	0	0	0	0	0	0	276,713	
<u>Public Works Grants</u>											
State Aid Program	0	0	0	223,379	0	0	0	0	0	223,379	
Litter Program	20,969	0	0	0	0	0	0	0	0	20,969	

(Continued)

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

	Special Revenue Funds					Debt Service Fund			Capital Projects Funds			Total
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Capital Projects		Other Capital Projects	Total			
						General	Other					
<u>State of Tennessee (Cont.)</u>												
<u>Other State Revenues</u>												
Income Tax	\$ 40,581	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 40,581
Beer Tax	18,701	0	0	0	0	0	0	0	0	0	0	18,701
Alcoholic Beverage Tax	57,065	0	0	0	0	0	0	0	0	0	0	57,065
State Revenue Sharing - T.V.A.	693,469	0	0	0	0	0	0	0	0	0	0	693,469
Contracted Prisoner Boarding	270,436	0	0	0	0	0	0	0	0	0	0	270,436
Gasoline and Motor Fuel Tax	0	0	0	1,890,109	0	0	0	0	0	0	0	1,890,109
Petroleum Special Tax	0	0	0	22,571	0	0	0	0	0	0	0	22,571
Registrar's Salary Supplement	10,817	0	0	0	0	0	0	0	0	0	0	10,817
Other State Grants	11,000	0	0	0	0	0	0	0	0	0	0	11,000
Other State Revenues	10,200	0	0	0	0	0	0	0	0	0	0	10,200
Total State of Tennessee	\$ 1,467,674	\$ 0	\$ 0	\$ 2,136,059	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,603,733
<u>Federal Government</u>												
<u>Federal Through State</u>												
Homeland Security Grants	\$ 50,554	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,554
Other Federal through State	169,599	0	0	0	0	0	0	0	0	2,915,880	0	3,085,479
<u>Direct Federal Revenue</u>												
Other Direct Federal Revenue	26,572	0	0	0	0	0	0	0	0	0	0	26,572
Total Federal Government	\$ 246,725	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,915,880	\$ 0	\$ 3,162,605
<u>Other Governments and Citizens Groups</u>												
<u>Other Governments</u>												
Contributions	\$ 55,895	\$ 0	\$ 0	\$ 0	\$ 677,452	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 733,347
Other	3,255	0	0	0	0	0	0	0	0	0	0	3,255
Total Other Governments and Citizens Groups	\$ 59,150	\$ 0	\$ 0	\$ 0	\$ 677,452	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 736,602
Total	\$ 8,327,388	\$ 37,229	\$ 515,716	\$ 2,936,392	\$ 712,328	\$ 800,324	\$ 2,918,644	\$ 16,248,021				

Exhibit K-6

Hardeman County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2009

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 4,666,175	\$ 0	\$ 0	\$ 4,666,175
Trustee's Collections - Prior Year	174,964	0	0	174,964
Trustee's Collections - Bankruptcy	16,247	0	0	16,247
Circuit/Clerk & Master Collections - Prior Years	101,778	0	0	101,778
Interest and Penalty	35,155	0	126	35,281
Payments in-Lieu-of-Taxes - Other	67,187	0	0	67,187
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,467,624	0	0	2,467,624
Other County Local Option Taxes	217	0	0	217
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	3,508	0	0	3,508
Total Local Taxes	\$ 7,532,855	\$ 0	\$ 126	\$ 7,532,981
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 2,755	\$ 0	\$ 0	\$ 2,755
Total Licenses and Permits	\$ 2,755	\$ 0	\$ 0	\$ 2,755
<u>Charges for Current Services</u>				
<u>Fees</u>				
Vending Machine Collections	\$ 1,178	\$ 0	\$ 0	\$ 1,178
<u>Education Charges</u>				
Tuition - Summer School	3,630	0	0	3,630
Lunch Payments - Children	0	0	236,234	236,234
Lunch Payments - Adults	0	0	61,020	61,020
Income from Breakfast	0	0	63,220	63,220
A la carte Sales	0	0	110,025	110,025
Contract for Instructional Services with Other LEAs	13,595	0	0	13,595
Receipts from Individual Schools	2,017	0	0	2,017
<u>Other Charges for Services</u>				
Other Charges for Services	96,926	0	37,017	133,943
Total Charges for Current Services	\$ 117,346	\$ 0	\$ 507,516	\$ 624,862
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 1,292	\$ 1,292
Lease/Rentals	29,387	0	0	29,387
Retirees' Insurance Payments	16,128	0	0	16,128
Miscellaneous Refunds	62,633	0	2,009	64,642
<u>Nonrecurring Items</u>				
Sale of Equipment	3,712	0	0	3,712
Sale of Property	12,832	0	0	12,832
Contributions and Gifts	12,048	0	0	12,048
<u>Other Local Revenues</u>				
Other Local Revenues	23,262	0	0	23,262
Total Other Local Revenues	\$ 160,002	\$ 0	\$ 3,301	\$ 163,303

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 107,847	\$ 0	\$ 0	\$ 107,847
<u>State Education Funds</u>				
Basic Education Program	20,553,999	0	0	20,553,999
Early Childhood Education	997,368	0	0	997,368
School Food Service	0	0	24,434	24,434
Driver Education	8,479	0	0	8,479
Other State Education Funds	188,540	0	0	188,540
Career Ladder Program	233,236	0	0	233,236
Career Ladder - Extended Contract	114,600	0	0	114,600
<u>Other State Revenues</u>				
Other State Grants	195,000	0	0	195,000
Total State of Tennessee	<u>\$ 22,399,069</u>	<u>\$ 0</u>	<u>\$ 24,434</u>	<u>\$ 22,423,503</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,176,918	\$ 1,176,918
Breakfast	0	0	513,824	513,824
USDA - Other	0	0	14,608	14,608
Vocational Education - Basic Grants to States	0	101,474	0	101,474
Title I Grants to Local Education Agencies	0	1,078,508	0	1,078,508
Special Education - Grants to States	203,310	968,178	0	1,171,488
Special Education Preschool Grants	0	42,729	0	42,729
Safe and Drug-Free Schools - State Grants	0	17,497	0	17,497
Rural Education	0	94,397	0	94,397
Eisenhower Professional Development State Grants	0	285,335	0	285,335
Other Federal through State	0	483,145	0	483,145
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	25,040	0	0	25,040
Total Federal Government	<u>\$ 228,350</u>	<u>\$ 3,071,263</u>	<u>\$ 1,705,350</u>	<u>\$ 5,004,963</u>
Total	<u>\$ 30,440,377</u>	<u>\$ 3,071,263</u>	<u>\$ 2,240,727</u>	<u>\$ 35,752,367</u>

Exhibit K-7

Hardeman County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2009

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 12,975	
Total County Commission		\$ 12,975

Board of Equalization

Board and Committee Members Fees	\$ 455	
Total Board of Equalization		455

Beer Board

Board and Committee Members Fees	\$ 1,680	
Total Beer Board		1,680

Budget and Finance Committee

Board and Committee Members Fees	\$ 3,150	
Total Budget and Finance Committee		3,150

Other Boards and Committees

Board and Committee Members Fees	\$ 4,060	
Travel	2,511	
Total Other Boards and Committees		6,571

County Mayor/Executive

County Official/Administrative Officer	\$ 71,322	
Secretary(ies)	71,559	
Communication	5,553	
Maintenance and Repair Services - Office Equipment	767	
Postal Charges	1,999	
Travel	4,470	
Office Supplies	4,352	
Other Supplies and Materials	287	
Other Charges	473	
Office Equipment	1,892	
Total County Mayor/Executive		162,674

County Attorney

County Official/Administrative Officer	\$ 10,621	
Total County Attorney		10,621

Election Commission

County Official/Administrative Officer	\$ 55,576
Clerical Personnel	19,985

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Overtime Pay	\$	1,371	
Other Salaries and Wages		1,396	
Board and Committee Members Fees		3,400	
Election Workers		25,273	
Communication		2,577	
Dues and Memberships		178	
Legal Notices, Recording, and Court Costs		3,086	
Maintenance and Repair Services - Office Equipment		231	
Postal Charges		2,466	
Printing, Stationery, and Forms		5,558	
Rentals		14,874	
Travel		6,040	
Other Contracted Services		13,482	
Office Supplies		3,372	
Utilities		4,905	
Other Charges		1,267	
Office Equipment		7,065	
Total Election Commission			\$ 172,102

Register of Deeds

Educational Incentive - Official/Admin Officer	\$	1,500	
Educational Incentive - Other County Employees		3,000	
Communication		3,516	
Data Processing Services		8,279	
Postal Charges		294	
Travel		133	
Data Processing Supplies		550	
Office Supplies		5,523	
Total Register of Deeds			22,795

Development

County Official/Administrative Officer	\$	18,092	
Clerical Personnel		22,899	
Part-time Personnel		1,154	
Communication		2,081	
Contracts with Government Agencies		11,250	
Rentals		818	
Travel		2,468	
Office Supplies		988	
Office Equipment		43	
Total Development			59,793

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Supervisor/Director	\$	33,771	
Custodial Personnel		40,317	
Communication		1,697	
Maintenance and Repair Services - Buildings		24,273	
Maintenance and Repair Services - Equipment		59,454	
Rentals		101	
Other Contracted Services		102	
Custodial Supplies		3,872	
Gasoline		318	
Uniforms		816	
Utilities		56,172	
Other Supplies and Materials		305	
Other Charges		332	
Building Improvements		<u>5,092</u>	
Total County Buildings			\$ 226,622

Other General Administration

Land	\$	<u>15,716</u>	
Total Other General Administration			15,716

Preservation of Records

Maintenance and Repair Services - Buildings	\$	124	
Utilities		<u>1,378</u>	
Total Preservation of Records			1,502

Finance

Accounting and Budgeting

Other Contracted Services	\$	<u>13,600</u>	
Total Accounting and Budgeting			13,600

Purchasing

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

Property Assessor's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		44,341	
Clerical Personnel		39,641	
Part-time Personnel		69	
Educational Incentive - Official/Admin Officer		300	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Educational Incentive - Other County Employees	\$	1,200	
Communication		2,622	
Data Processing Services		14,269	
Dues and Memberships		1,185	
Maintenance and Repair Services - Office Equipment		35	
Postal Charges		759	
Travel		1,715	
Other Contracted Services		2,976	
Office Supplies		1,342	
Other Supplies and Materials		2,298	
Office Equipment		1,466	
Total Property Assessor's Office			\$ 175,969

Reappraisal Program

Other Salaries and Wages	\$	22,867	
Advertising		140	
Data Processing Services		3,481	
Postal Charges		494	
Travel		5,232	
Other Contracted Services		192	
Total Reappraisal Program			32,406

County Trustee's Office

Educational Incentive - Official/Admin Officer	\$	1,500	
Educational Incentive - Other County Employees		3,000	
Communication		4,035	
Maintenance and Repair Services - Office Equipment		291	
Postal Charges		7,706	
Office Supplies		4,554	
Office Equipment		210	
Total County Trustee's Office			21,296

County Clerk's Office

Communication	\$	3,091	
Maintenance and Repair Services - Office Equipment		10,719	
Postal Charges		5,500	
Office Supplies		3,992	
Office Equipment		124	
Total County Clerk's Office			23,426

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		46,829	
Clerical Personnel		100,392	
Part-time Personnel		11,210	
Educational Incentive - Other County Employees		4,125	
Jury and Witness Fees		15,058	
Other Per Diem and Fees		968	
Communication		3,899	
Maintenance and Repair Services - Office Equipment		801	
Postal Charges		6,311	
Travel		204	
Office Supplies		12,662	
Other Charges		237	
Office Equipment		3,259	
Total Circuit Court			\$ 267,706

General Sessions Court

Judge(s)	\$	95,055	
Secretary(ies)		6,624	
Part-time Personnel		3,300	
Dues and Memberships		190	
Travel		1,234	
Total General Sessions Court			106,403

Chancery Court

Educational Incentive - Official/Admin Officer	\$	2,925	
Communication		2,293	
Data Processing Services		509	
Legal Notices, Recording, and Court Costs		2,112	
Maintenance and Repair Services - Office Equipment		353	
Postal Charges		7,039	
Travel		1,126	
Office Supplies		4,484	
Total Chancery Court			20,841

Juvenile Court

Other Salaries and Wages	\$	27,316	
Communication		2,302	
Contracts with Government Agencies		4,900	
Contracts with Other Public Agencies		600	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Travel	\$	1,999	
Drug Treatment		1,500	
Office Supplies		166	
Total Juvenile Court			\$ 38,783

Victims Assitance Programs

Other Per Diem and Fees	\$	6,794	
Total Victims Assistance Programs			6,794

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,927	
Assistant(s)		26,517	
Deputy(ies)		454,069	
Investigator(s)		115,500	
Salary Supplements		11,745	
Dispatchers/Radio Operators		103,739	
Secretary(ies)		51,170	
Part-time Personnel		2,430	
Overtime Pay		15,310	
In-Service Training		2,160	
Communication		23,980	
Dues and Memberships		1,770	
Maintenance and Repair Services - Vehicles		37,093	
Postal Charges		1,072	
Travel		4,750	
Gasoline		76,676	
Office Supplies		9,995	
Tires and Tubes		1,126	
Uniforms		6,083	
Medical Claims		1,850	
Other Charges		11,379	
Communication Equipment		2,580	
Law Enforcement Equipment		1,278	
Motor Vehicles		45,973	
Office Equipment		4,280	
Total Sheriff's Department			1,080,452

Workhouse

Medical Personnel	\$	1,875	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Guards	\$	231,772	
Cafeteria Personnel		25,995	
Part-time Personnel		18,713	
Overtime Pay		4,024	
Communication		2,987	
Maintenance and Repair Services - Buildings		3,494	
Maintenance and Repair Services - Equipment		8,783	
Medical and Dental Services		49,024	
Custodial Supplies		27,201	
Drugs and Medical Supplies		4,553	
Electricity		59,152	
Food Preparation Supplies		6,468	
Food Supplies		128,751	
Other Supplies and Materials		5,893	
Other Charges		1,444	
Building Improvements		25	
Communication Equipment		38	
Total Workhouse			\$ 580,192

Juvenile Services

Supervisor/Director	\$	32,216	
Communication		946	
Postal Charges		308	
Office Supplies		131	
Office Equipment		648	
Total Juvenile Services			34,249

Fire Prevention and Control

Contracts with Government Agencies	\$	106,000	
Total Fire Prevention and Control			106,000

Civil Defense

Supervisor/Director	\$	2,816	
Part-time Personnel		1,224	
Communication		5,412	
Gasoline		763	
Other Charges		658	
Other Equipment		48,216	
Total Civil Defense			59,089

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Other Contracted Services	\$ 14,706	
Total County Coroner/Medical Examiner		\$ 14,706

Public Health and Welfare

Local Health Center

Communication	\$ 8,187	
Contracts with Government Agencies	25,320	
Janitorial Services	18,450	
Maintenance and Repair Services - Buildings	5,159	
Postal Charges	597	
Travel	340	
Custodial Supplies	2,173	
Drugs and Medical Supplies	145	
Office Supplies	2,845	
Utilities	16,699	
Other Supplies and Materials	2,503	
Total Local Health Center		82,418

Rabies and Animal Control

County Official/Administrative Officer	\$ 23,629	
Communication	2,176	
Maintenance and Repair Services - Vehicles	1,222	
Travel	384	
Animal Food and Supplies	330	
Drugs and Medical Supplies	554	
Gasoline	3,387	
Uniforms	632	
Utilities	1,806	
Other Supplies and Materials	17,389	
Refunds	50	
Other Charges	2,860	
Total Rabies and Animal Control		54,419

Ambulance/Emergency Medical Services

Assistant(s)	\$ 34,628
Supervisor/Director	43,250
Clerical Personnel	26,322
Attendants	704,285
Educational Incentive - Other County Employees	1,380
Overtime Pay	217,421

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

In-Service Training	\$	4,736	
Communication		10,335	
Contracts with Private Agencies		24,123	
Maintenance and Repair Services - Buildings		11,040	
Maintenance and Repair Services - Equipment		948	
Maintenance and Repair Services - Vehicles		33,809	
Postal Charges		8,442	
Travel		963	
Custodial Supplies		4,351	
Drugs and Medical Supplies		78,885	
Gasoline		68,631	
Office Supplies		10,400	
Tires and Tubes		4,521	
Uniforms		9,707	
Utilities		11,331	
Refunds		12,190	
Other Charges		4,925	
Motor Vehicles		69,695	
Other Equipment		2,720	
Total Ambulance/Emergency Medical Services			\$ 1,399,038

Dental Health Program

Medical Personnel	\$	141,550	
Paraprofessionals		21,758	
Clerical Personnel		42,445	
State Retirement		15,695	
Employee and Dependent Insurance		16,244	
Travel		1,474	
Drugs and Medical Supplies		17,961	
Total Dental Health Program			257,127

Alcohol and Drug Programs

Contributions	\$	10,000	
Total Alcohol and Drug Programs			10,000

Crippled Children Services

Contracts with Government Agencies	\$	1,779	
Total Crippled Children Services			1,779

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services

Supervisor/Director	\$	2,816	
Contributions		<u>4,000</u>	
Total Other Local Health Services			\$ 6,816

Regional Mental Health Center

Contributions	\$	11,250	
Other Contracted Services		<u>7,000</u>	
Total Regional Mental Health Center			18,250

Other Local Welfare Services

Other Contracted Services	\$	<u>5,000</u>	
Total Other Local Welfare Services			5,000

Sanitation Education/Information

Foremen	\$	8,399	
Laborers		5,551	
Employee and Dependent Insurance		5,377	
Instructional Supplies and Materials		2,400	
Other Supplies and Materials		877	
Other Charges		<u>600</u>	
Total Sanitation Education/Information			23,204

Waste Pickup

Contracts with Private Agencies	\$	<u>243,683</u>	
Total Waste Pickup			243,683

Convenience Centers

Supervisor/Director	\$	9,981	
Clerical Personnel		8,445	
Part-time Personnel		162,369	
Communication		5,272	
Maintenance and Repair Services - Equipment		1,603	
Postal Charges		1,024	
Rentals		10,500	
Travel		675	
Other Contracted Services		8,493	
Data Processing Supplies		1,072	
Gasoline		952	
Office Supplies		1,152	
Uniforms		839	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Utilities	\$	11,043	
Gravel and Chert		4,694	
Other Supplies and Materials		3,564	
Other Charges		1,566	
Solid Waste Equipment		35,264	
Total Convenience Centers			\$ 268,508

Social, Cultural, and Recreational Services

Libraries

Contributions	\$	7,150	
Other Contracted Services		78,182	
Total Libraries			85,332

Other Social, Cultural, and Recreational

Contributions	\$	2,500	
Total Other Social, Cultural, and Recreational			2,500

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	68,287	
Communication		2,809	
Rentals		19,104	
Travel		2,000	
Utilities		4,011	
Other Supplies and Materials		947	
Other Capital Outlay		1,659	
Total Agriculture Extension Service			98,817

Forest Service

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

Soil Conservation

Secretary(ies)	\$	20,866	
Part-time Personnel		7,734	
Dues and Memberships		1,030	
Travel		1,933	
Other Supplies and Materials		1,011	
Total Soil Conservation			32,574

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations

Industrial Development

Contracts with Other Public Agencies	\$	24,775	
Contributions		32,510	
Dues and Memberships		20	
Total Industrial Development			\$ 57,305

Housing and Urban Development

Other Contracted Services	\$	26,572	
Total Housing and Urban Development			26,572

Airport

Communication	\$	2,469	
Maintenance and Repair Services - Buildings		3,039	
Maintenance and Repair Services - Equipment		8,865	
Other Contracted Services		12,680	
Gasoline		26,885	
Utilities		9,077	
Other Charges		590	
Airport Improvement		147,179	
Total Airport			210,784

Veterans' Services

Secretary(ies)	\$	7,210	
Communication		467	
Postal Charges		58	
Office Supplies		375	
Total Veterans' Services			8,110

Contributions to Other Agencies

Contributions	\$	11,500	
Dues and Memberships		20,306	
Total Contributions to Other Agencies			31,806

Employee Benefits

Social Security	\$	243,798	
State Retirement		366,818	
Employee and Dependent Insurance		587,339	
Disability Insurance		122,277	
Unemployment Compensation		9,724	
Employer Medicare		57,042	
On-Behalf Payments to OPEB		153	
Total Employee Benefits			1,387,151

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Audit Services	\$	8,432	
Contributions		14,975	
Data Processing Services		29,406	
Dues and Memberships		8,548	
Legal Notices, Recording, and Court Costs		11,882	
Other Contracted Services		334	
Liability Insurance		111,072	
Premiums on Corporate Surety Bonds		840	
Trustee's Commission		92,303	
Other Charges		13,145	
Total Miscellaneous			\$ 290,937

Total General Fund \$ 7,886,298

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	6,000	
Instructional Supplies and Materials		7,333	
Office Supplies		632	
Trustee's Commission		270	
Other Charges		1,053	
Law Enforcement Equipment		7,191	
Other Equipment		656	
Total Drug Enforcement			\$ 23,135

Total Drug Control Fund 23,135

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	112,076	
Total Register of Deeds			\$ 112,076

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	122,663	
Total County Trustee's Office			122,663

(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund (Cont.)

Finance (Cont.)

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 163,634	
Total County Clerk's Office		\$ 163,634

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 131,326	
Total Chancery Court		<u>131,326</u>

Total Constitutional Officers - Fees Fund		\$ 529,699
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 74,121	
Secretary(ies)	53,110	
Educational Incentive - Other County Employees	1,770	
Board and Committee Members Fees	7,750	
Communication	6,154	
Data Processing Services	5,349	
Dues and Memberships	3,854	
Legal Services	3,427	
Legal Notices, Recording, and Court Costs	184	
Maintenance and Repair Services - Office Equipment	442	
Postal Charges	800	
Rentals	2,283	
Travel	827	
Other Contracted Services	1,180	
Electricity	21,730	
Office Supplies	5,228	
Other Supplies and Materials	<u>786</u>	
Total Administration		\$ 188,995

Highway and Bridge Maintenance

Foremen	\$ 126,906
Laborers	542,493
Overtime Pay	11,486
Other Salaries and Wages	11,117
Rentals	1,200
Other Contracted Services	1,250
Asphalt - Liquid	46,280

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Crushed Stone	\$	55,533	
General Construction Materials		2,560	
Pipe		26,907	
Road Signs		10,564	
Wood Products		25,788	
Chemicals		10,690	
Other Supplies and Materials		305	
Total Highway and Bridge Maintenance			\$ 873,079

Operation and Maintenance of Equipment

Materials Supervisor	\$	17,300	
Foremen		27,619	
Mechanic(s)		49,151	
Overtime Pay		1,614	
Other Salaries and Wages		1,753	
Equipment and Machinery Parts		96,977	
Garage Supplies		961	
Gasoline		174,873	
Lubricants		9,832	
Tires and Tubes		26,122	
Uniforms		12,020	
Other Supplies and Materials		837	
Total Operation and Maintenance of Equipment			419,059

Asphalt Plant Operations

Laborers	\$	6,857	
Asphalt - Hot Mix		339,832	
Crushed Stone		58,084	
Utilities		78,735	
Total Asphalt Plant Operations			483,508

Other Charges

Liability Insurance	\$	36,201	
Trustee's Commission		27,089	
Total Other Charges			63,290

Employee Benefits

Social Security	\$	57,893	
State Retirement		97,919	
Employee and Dependent Insurance		171,246	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits (Cont.)

Disability Insurance	\$	55,508	
Unemployment Compensation		1,001	
Employer Medicare		13,539	
Other Fringe Benefits		1,099	
Total Employee Benefits			\$ 398,205

Capital Outlay

Bridge Construction	\$	15,715	
Building Improvements		3,984	
Communication Equipment		1,406	
Highway Equipment		164,170	
Total Capital Outlay			185,275

Principal on Debt

Highways and Streets

Principal on Notes	\$	96,114	
Principal on Capital Leases		66,568	
Total Highways and Streets			162,682

Interest on Debt

Highways and Streets

Interest on Notes	\$	11,970	
Interest on Capital Leases		2,230	
Total Highways and Streets			14,200

Total Highway/Public Works Fund \$ 2,788,293

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	8,000	
Principal on Notes		48,793	
Total General Government			\$ 56,793

Education

Principal on Bonds	\$	355,000	
Principal on Notes		77,916	
Total Education			432,916

(Continued)

Exhibit K-7

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Interest on Debt</u>			
<u>General Government</u>			
Interest on Bonds	\$	3,050	
Interest on Notes		19,749	
Total General Government			\$ 22,799
 <u>Education</u>			
Interest on Bonds	\$	241,835	
Interest on Notes		2,288	
Total Education			244,123
 <u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	686	
Total General Government			686
 <u>Education</u>			
Other Charges	\$	411	
Total Education			411
Total General Debt Service Fund			\$ 757,728
 <u>General Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Administration of Justice Projects</u>			
Contributions	\$	421,572	
Trustee's Commission		7,996	
Total Administration of Justice Projects			\$ 429,568
Total General Capital Projects Fund			429,568
 <u>Other Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Other General Government Projects</u>			
Engineering Services	\$	152,616	
Legal Services		4,296	
Other Charges		2,500	
Land		2,500	
Site Development		2,400	
Other Construction		2,721,673	
Total Other General Government Projects			\$ 2,885,985
Total Other Capital Projects Fund			2,885,985
Total Governmental Funds - Primary Government			<u>\$ 15,300,706</u>

Exhibit K-8

Hardeman County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2009

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,016,868	
Career Ladder Program	125,000	
Career Ladder Extended Contracts	50,190	
Homebound Teachers	16,090	
Educational Assistants	350,903	
Other Salaries and Wages	100	
Certified Substitute Teachers	28,256	
Non-certified Substitute Teachers	65,318	
Social Security	636,974	
State Retirement	681,960	
Medical Insurance	1,380,725	
Dental Insurance	84,166	
Employer Medicare	148,383	
Other Contracted Services	34,501	
Instructional Supplies and Materials	124,192	
Textbooks	272,542	
Other Charges	15,170	
Regular Instruction Equipment	46,140	
Other Equipment	32,754	
Total Regular Instruction Program		\$ 14,110,232

Alternative Instruction Program

Teachers	\$ 125,144	
Career Ladder Extended Contracts	1,942	
Educational Assistants	13,133	
Social Security	8,594	
State Retirement	9,691	
Medical Insurance	14,771	
Dental Insurance	808	
Employer Medicare	2,010	
Instructional Supplies and Materials	45,919	
Total Alternative Instruction Program		222,012

Special Education Program

Teachers	\$ 1,427,904
Career Ladder Program	17,000
Career Ladder Extended Contracts	700
Educational Assistants	165,338
Certified Substitute Teachers	768

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Non-certified Substitute Teachers	\$	4,533	
Social Security		96,724	
State Retirement		110,772	
Medical Insurance		187,074	
Dental Insurance		9,362	
Employer Medicare		22,621	
Contracts with Private Agencies		176,519	
Instructional Supplies and Materials		7,785	
Other Supplies and Materials		3,131	
Total Special Education Program			\$ 2,230,231

Vocational Education Program

Teachers	\$	839,523	
Career Ladder Program		12,000	
Career Ladder Extended Contracts		1,978	
Certified Substitute Teachers		7,433	
Non-certified Substitute Teachers		7,247	
Social Security		52,185	
State Retirement		55,674	
Medical Insurance		126,051	
Dental Insurance		6,003	
Employer Medicare		12,205	
Maintenance and Repair Services - Equipment		2,528	
Instructional Supplies and Materials		17,923	
Other Supplies and Materials		1,606	
Other Charges		1,574	
Vocational Instruction Equipment		6,285	
Total Vocational Education Program			1,150,215

Support Services

Attendance

Supervisor/Director	\$	30,452	
Career Ladder Program		2,000	
Career Ladder Extended Contracts		6,000	
Clerical Personnel		10,498	
Other Salaries and Wages		18,238	
Social Security		4,133	
State Retirement		3,639	
Medical Insurance		7,298	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Dental Insurance	\$	427	
Employer Medicare		966	
Travel		689	
Other Supplies and Materials		352	
In Service/Staff Development		160	
Total Attendance			\$ 84,852

Health Services

Medical Personnel	\$	121,088	
Other Salaries and Wages		36,444	
Social Security		9,352	
State Retirement		18,384	
Medical Insurance		24,699	
Dental Insurance		1,303	
Employer Medicare		2,187	
Travel		5,957	
Other Contracted Services		594	
Drugs and Medical Supplies		7,245	
Other Supplies and Materials		21,134	
Total Health Services			248,387

Other Student Support

Supervisor/Director	\$	30,453	
Career Ladder Program		8,000	
Guidance Personnel		559,750	
Career Ladder Extended Contracts		750	
Social Workers		78,353	
Other Salaries and Wages		69,540	
Certified Substitute Teachers		110	
Social Security		45,394	
State Retirement		49,344	
Medical Insurance		83,681	
Dental Insurance		3,932	
Employer Medicare		10,616	
Evaluation and Testing		9,694	
Travel		4,970	
Other Contracted Services		2,000	
Other Supplies and Materials		18,658	
In Service/Staff Development		945	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Other Equipment	\$ 11,427	
Total Other Student Support		\$ 987,617

Regular Instruction Program

Supervisor/Director	\$ 109,077	
Career Ladder Program	15,000	
Career Ladder Extended Contracts	6,355	
Librarians	396,594	
Educational Assistants	67,913	
Other Salaries and Wages	334,974	
Social Security	55,976	
State Retirement	62,239	
Medical Insurance	103,584	
Dental Insurance	4,925	
Employer Medicare	13,091	
Maintenance and Repair Services - Equipment	11,875	
Travel	5,499	
Other Contracted Services	51,875	
Library Books/Media	33,634	
Other Supplies and Materials	440	
In Service/Staff Development	1,838	
Total Regular Instruction Program		1,274,889

Alternative Instruction Program

Supervisor/Director	\$ 43,887	
Career Ladder Extended Contracts	750	
Social Security	2,692	
State Retirement	2,670	
Medical Insurance	11,752	
Dental Insurance	673	
Employer Medicare	630	
Total Alternative Instruction Program		63,054

Special Education Program

Supervisor/Director	\$ 60,905
Career Ladder Program	6,500
Psychological Personnel	115,332
Assessment Personnel	112,082
Clerical Personnel	23,575

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Other Salaries and Wages	\$	35,833	
Social Security		21,412	
State Retirement		24,368	
Medical Insurance		26,526	
Dental Insurance		1,598	
Employer Medicare		5,008	
Travel		3,403	
Other Contracted Services		819	
In Service/Staff Development		3,692	
Total Special Education Program			\$ 441,053

Vocational Education Program

Supervisor/Director	\$	63,120	
Career Ladder Program		1,000	
Career Ladder Extended Contracts		1,750	
Social Security		3,818	
State Retirement		4,229	
Medical Insurance		8,876	
Employer Medicare		893	
Travel		1,194	
Total Vocational Education Program			84,880

Other Programs

On-Behalf Payments to OPEB	\$	107,847	
Total Other Programs			107,847

Board of Education

Board and Committee Members Fees	\$	6,000	
Social Security		526	
State Retirement		290	
Medical Insurance		10,976	
Unemployment Compensation		11,085	
Employer Medicare		123	
Audit Services		23,100	
Dues and Memberships		14,594	
Legal Services		6,541	
Travel		7,014	
Other Contracted Services		2,000	
Other Supplies and Materials		194	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Liability Insurance	\$	23,503	
Premiums on Corporate Surety Bonds		1,689	
Trustee's Commission		184,286	
Workers' Compensation Insurance		111,988	
In Service/Staff Development		1,680	
Other Charges		3,164	
Total Board of Education			\$ 408,753

Director of Schools

County Official/Administrative Officer	\$	108,385	
Career Ladder Program		1,000	
Clerical Personnel		55,358	
Social Security		9,729	
State Retirement		13,483	
Medical Insurance		4,778	
Dental Insurance		261	
Employer Medicare		2,388	
Communication		30,261	
Dues and Memberships		439	
Maintenance and Repair Services - Equipment		165	
Postal Charges		5,176	
Travel		2,911	
Other Contracted Services		14,106	
Office Supplies		4,690	
Other Supplies and Materials		4,625	
In Service/Staff Development		898	
Other Charges		8,939	
Total Director of Schools			267,592

Office of the Principal

Principals	\$	562,590	
Career Ladder Program		13,000	
Career Ladder Extended Contracts		16,720	
Assistant Principals		323,181	
Secretary(ies)		352,694	
Social Security		76,726	
State Retirement		99,570	
Medical Insurance		97,305	
Dental Insurance		4,716	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Employer Medicare	\$	17,989	
Travel		27	
Total Office of the Principal			\$ 1,564,518

Fiscal Services

Supervisor/Director	\$	44,727	
Accountants/Bookkeepers		96,024	
Social Security		7,792	
State Retirement		16,079	
Medical Insurance		1,800	
Employer Medicare		1,827	
Data Processing Services		7,896	
Travel		1,523	
Data Processing Supplies		348	
Office Supplies		3,769	
Other Supplies and Materials		1,463	
In Service/Staff Development		945	
Other Charges		7	
Total Fiscal Services			184,200

Human Services/Personnel

Supervisor/Director	\$	97,306	
Social Security		5,682	
State Retirement		8,475	
Medical Insurance		9,296	
Dental Insurance		662	
Employer Medicare		1,329	
Travel		1,381	
Office Supplies		805	
In Service/Staff Development		335	
Total Human Services/Personnel			125,271

Operation of Plant

Supervisor/Director	\$	38,110	
Career Ladder Extended Contracts		2,000	
Custodial Personnel		24,211	
Social Security		3,998	
State Retirement		5,400	
Medical Insurance		2,389	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Dental Insurance	\$	131	
Employer Medicare		935	
Janitorial Services		640,000	
Travel		336	
Disposal Fees		13,497	
Electricity		629,180	
Natural Gas		219,341	
Water and Sewer		97,482	
Boiler Insurance		5,403	
Building and Contents Insurance		98,450	
Total Operation of Plant			\$ 1,780,863

Maintenance of Plant

Supervisor/Director	\$	7,510	
Secretary(ies)		1,631	
Maintenance Personnel		222,070	
Other Salaries and Wages		18,232	
In-Service Training		87	
Social Security		14,411	
State Retirement		25,689	
Medical Insurance		23,996	
Dental Insurance		1,648	
Employer Medicare		3,203	
Laundry Service		3,392	
Maintenance and Repair Services - Buildings		114,355	
Maintenance and Repair Services - Equipment		45,770	
Maintenance and Repair Services - Vehicles		704	
Travel		1,167	
Other Contracted Services		9,517	
Garage Supplies		1,620	
General Construction Materials		72,960	
Lubricants		37	
Other Supplies and Materials		36,748	
In Service/Staff Development		210	
Other Charges		15,699	
Administration Equipment		471	
Maintenance Equipment		30,198	
Total Maintenance of Plant			651,325

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Supervisor/Director	\$	38,110	
Career Ladder Extended Contracts		2,000	
Mechanic(s)		155,124	
Bus Drivers		443,822	
Clerical Personnel		25,676	
Other Salaries and Wages		18,232	
In-Service Training		5,995	
Social Security		42,679	
State Retirement		72,986	
Medical Insurance		24,956	
Dental Insurance		1,503	
Employer Medicare		10,103	
Laundry Service		2,639	
Maintenance and Repair Services - Vehicles		36,125	
Medical and Dental Services		504	
Travel		1,248	
Diesel Fuel		229,558	
Garage Supplies		7,511	
Gasoline		50,667	
Lubricants		5,783	
Tires and Tubes		25,984	
Vehicle Parts		87,909	
Other Supplies and Materials		9,872	
Vehicle and Equipment Insurance		30,396	
In Service/Staff Development		260	
Other Charges		13,201	
Transportation Equipment		206,793	
Total Transportation			\$ 1,549,636

Central and Other

Supervisor/Director	\$	43,373
Computer Programmer(s)		53,417
Social Security		5,956
State Retirement		9,715
Medical Insurance		9,557
Dental Insurance		552
Employer Medicare		1,393
Maintenance and Repair Services - Equipment		18,973
Travel		2,877

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Other Contracted Services	\$	1,187	
Data Processing Supplies		370	
Other Supplies and Materials		475	
In Service/Staff Development		2,197	
Data Processing Equipment		9,110	
Total Central and Other			\$ 159,152

Operation of Non-Instructional Services

Food Service

Career Ladder Program	\$	1,000	
Social Security		62	
State Retirement		64	
Employer Medicare		14	
Total Food Service			1,140

Community Services

Supervisor/Director	\$	65,729	
Part-time Personnel		7,522	
Non-certified Substitute Teachers		1,262	
Social Security		4,909	
State Retirement		7,680	
Medical Insurance		7,964	
Dental Insurance		276	
Employer Medicare		1,148	
Travel		326	
Food Supplies		1,038	
Other Supplies and Materials		14,059	
Other Charges		6,123	
Total Community Services			118,036

Early Childhood Education

Supervisor/Director	\$	118,229	
Teachers		388,467	
Accountants/Bookkeepers		18,967	
Educational Assistants		123,325	
Other Salaries and Wages		5,566	
Certified Substitute Teachers		2,274	
Non-certified Substitute Teachers		6,104	
Social Security		39,393	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

State Retirement	\$	46,177	
Medical Insurance		67,376	
Dental Insurance		3,758	
Employer Medicare		9,209	
Travel		8,382	
Food Supplies		1,996	
Instructional Supplies and Materials		101,829	
Other Supplies and Materials		14,002	
In Service/Staff Development		4,551	
Other Equipment		29,487	
Total Early Childhood Education			\$ 989,092

Capital Outlay

Regular Capital Outlay

Building Construction	\$	60,095	
Building Improvements		4,716	
Total Regular Capital Outlay			64,811

Principal on Debt

Education

Principal on Capital Leases	\$	35,497	
Total Education			35,497

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	677,452	
Total Education			677,452

Total General Purpose School Fund \$ 29,582,607

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	799,906	
Educational Assistants		63,147	
Other Salaries and Wages		223,530	
Certified Substitute Teachers		2,404	
Non-certified Substitute Teachers		3,278	
Social Security		63,758	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

State Retirement	\$	72,485	
Medical Insurance		103,477	
Dental Insurance		5,000	
Employer Medicare		15,380	
Maintenance and Repair Services - Equipment		946	
Travel		13,466	
Other Contracted Services		29,114	
Instructional Supplies and Materials		149,109	
Other Supplies and Materials		19,734	
In Service/Staff Development		1,120	
Other Charges		434	
Regular Instruction Equipment		32,312	
Total Regular Instruction Program			\$ 1,598,600

Special Education Program

Educational Assistants	\$	434,005	
Social Security		26,487	
State Retirement		50,011	
Employer Medicare		6,868	
Instructional Supplies and Materials		56,083	
Special Education Equipment		7,384	
Total Special Education Program			580,838

Vocational Education Program

Educational Assistants	\$	13,133	
Social Security		814	
State Retirement		1,533	
Employer Medicare		190	
Other Supplies and Materials		11,253	
Other Charges		904	
Vocational Instruction Equipment		30,696	
Total Vocational Education Program			58,523

Support Services

Other Student Support

Other Salaries and Wages	\$	23,939	
Social Security		1,462	
State Retirement		2,794	
Medical Insurance		4,778	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Dental Insurance	\$	264	
Employer Medicare		342	
Travel		15,992	
Other Contracted Services		320	
In Service/Staff Development		4,678	
Other Charges		8,494	
Total Other Student Support			\$ 63,063

Regular Instruction Program

Supervisor/Director	\$	97,512	
Clerical Personnel		22,608	
Other Salaries and Wages		1,031	
Social Security		7,133	
State Retirement		9,502	
Medical Insurance		9,557	
Dental Insurance		299	
Employer Medicare		1,683	
Travel		9,675	
Other Contracted Services		60	
Other Supplies and Materials		10,510	
In Service/Staff Development		27,396	
Other Equipment		5,935	
Total Regular Instruction Program			202,901

Special Education Program

Other Salaries and Wages	\$	175,057	
Social Security		10,527	
State Retirement		22,945	
Medical Insurance		24,749	
Dental Insurance		1,211	
Employer Medicare		2,355	
Travel		10,634	
Other Supplies and Materials		19,883	
Other Equipment		1,070	
Total Special Education Program			268,431

Vocational Education Program

Travel	\$	2,954	
Total Vocational Education Program			2,954

Total School Federal Projects Fund \$ 2,775,310

(Continued)

Exhibit K-8

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	58,391	
Accountants/Bookkeepers		24,720	
Cafeteria Personnel		749,453	
Other Salaries and Wages		2,486	
Social Security		51,345	
State Retirement		87,970	
Medical Insurance		5,278	
Dental Insurance		261	
Unemployment Compensation		2,126	
Employer Medicare		12,008	
Data Processing Services		2,992	
Dues and Memberships		540	
Maintenance and Repair Services - Equipment		6,826	
Printing, Stationery, and Forms		918	
Travel		2,169	
Permits		1,600	
Other Contracted Services		9,639	
Food Preparation Supplies		10,263	
Food Supplies		1,035,788	
Office Supplies		2,856	
Uniforms		1,181	
Utilities		47,375	
Other Supplies and Materials		90,267	
Refunds		30	
In Service/Staff Development		445	
Other Charges		1,335	
Food Service Equipment		7,532	
Total Food Service			\$ 2,215,794

Total Central Cafeteria Fund \$ 2,215,794

Total Governmental Funds - Hardeman County School Department \$ 34,573,711

Exhibit K-9

Hardeman County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2009

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,277,635
Total Cash Receipts	<u>\$ 1,277,635</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,264,859
Trustee's Commission	<u>12,776</u>
Total Cash Disbursements	<u>\$ 1,277,635</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2008	<u>0</u>
Cash Balance, June 30, 2009	<u><u>\$ 0</u></u>

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SINGLE AUDIT SECTION

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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

November 12, 2009

Hardeman County Mayor and
Board of County Commissioners
Hardeman 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 Hardeman County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise Hardeman County's basic financial statements and have issued our report thereon dated November 12, 2009. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Hardeman County Emergency Communications District, which were not available from other auditors as of the date of this report. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hardeman 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 Hardeman County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hardeman 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: 09.01, 09.02, 09.03, and 09.05.

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 Hardeman 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

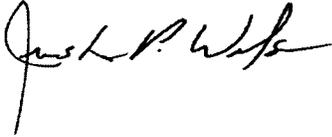
As part of obtaining reasonable assurance about whether Hardeman County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as item 09.04.

We consider item 09.06 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 Hardeman County in separate communications.

Hardeman 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 Hardeman 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 superintendent, County Commission, Board of Education, others within Hardeman 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent initial "J" and "W".

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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

November 12, 2009

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Hardeman 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, 2009. Hardeman County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Hardeman County's management. Our responsibility is to express an opinion on Hardeman 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 Hardeman County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We

believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Hardeman County's compliance with those requirements.

In our opinion, Hardeman 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, 2009.

Internal Control Over Compliance

The management of Hardeman 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 Hardeman 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 Hardeman 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

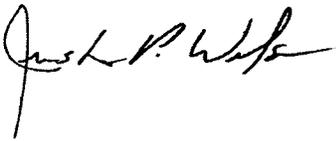
We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardeman County, Tennessee, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 12, 2009. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Hardeman County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements

that collectively comprise Hardeman County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Grants 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.

Hardeman 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 Hardeman 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 superintendent, County Commission, Board of Education, others within Hardeman County, and 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, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a large initial "J" and "W".

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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Hardeman County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2009

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:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 173,955 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	513,824
National School Lunch Program	10.555	N/A	1,176,918 (3)
Summer Food Service Program for Children	10.559	N/A	14,608
Total U.S. Department of Agriculture			<u>\$ 1,879,305</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z09022859	\$ 11,295
Total U.S. Department of Justice			<u>\$ 11,295</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Safety Improvement Grant	20.106	Z08200625	\$ 3,085,479
Total U.S. Department of Transportation			<u>\$ 3,085,479</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 978,589
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,170,341
Special Education - Preschool Grants	84.173	N/A	44,726
Vocational Education - Basic Grants to States	84.048	N/A	83,697
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	21,408
Twenty-first Century Community Learning Centers	84.287	N/A	359,430
State Grants for Innovative Programs	84.298	N/A	267
Education Technology State Grants	84.318	(2)	10,155
Rural Education	84.358	(2)	109,782
Gaining Early Awareness and Reading for Undergraduate Programs	84.334	N/A	114,553
Improving Teacher Quality State Grants	84.367	N/A	292,667
Total U.S. Department of Education			<u>\$ 3,185,615</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Preventive Health and Health Services Block Grant	93.991	(2)	\$ 276,713
Total U.S. Department of Health and Human Services			<u>\$ 276,713</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	GG0825975	\$ 50,554
Total U.S. Department of Homeland Security			<u>\$ 50,554</u>
Total Expenditures of Federal Awards			<u>\$ 8,488,961</u>

(Continued)

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

<u>Federal/Pass-through Agency/State Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
<u>State Grants</u>			
Airport Maintenance Program - State Department of Transportation	N/A	(2)	\$ 8,460
Litter Program - State Department of Transportation	N/A	(2)	20,969
Reappraisal Program - Comptroller of the Treasury	N/A	(2)	12,679
Coordinated School Health - State Department of Education	N/A	(2)	105,000
Community Enhancement Grants - Tennessee Secretary of State	N/A	(2)	10,000
Safe Schools Act Grant - State Department of Education	N/A	(2)	29,900
Tobacco Cessation Grants - State Department of Health	N/A	(2)	65,000
Touching the Lives of Children - State Department of Education	N/A	(2)	7,057
The Heart Program - State Department of Education	N/A	(2)	25,000
Certified Voting Equipment Grant - Tennessee Secretary of State	N/A	(2)	1,000
Solid Waste Grants - State Department of Environment and Conservation	N/A	(2)	57,087
Save the Children - Save the Children Federation, Inc.	N/A	(2)	<u>96,926</u>
Total State Grants			<u>\$ 439,078</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.
- (3) Total for CFDA No. 10.555 is \$1,350,873.

Hardeman County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2009

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 Hardeman County, Tennessee, for the year ended June 30, 2008, which have not been corrected.

OFFICE OF COUNTY MAYOR

Finding Number	Page Number	Subject
08.03	178	The Solid Waste Disposal Fund had a deficit in unrestricted net assets
08.05	179	The software used by the Landfill Office did not have adequate application controls

OFFICE OF SHERIFF

Finding Number	Page Number	Subject
08.10	182	The office did not comply with federal regulations and local personnel policies for compensatory leave

OTHER FINDING

Finding Number	Page Number	Subject
08.12	184	A central system of accounting and budgeting had not been adopted

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HARDEMAN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2009

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Hardeman 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 Hardeman 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. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); Airport Safety Improvement Grant (CFDA No. 20.106); and Twenty-first Century Community Learning Centers (CFDA No. 84.287) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Hardeman County did not 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 from the sheriff are paraphrased in this report.

OFFICE OF COUNTY MAYOR

**FINDING 09.01 THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET ASSETS
(Internal Control – Significant Deficiency Under Government Auditing Standards)**

The Solid Waste Disposal Fund had a deficit of \$1,887,728 in unrestricted net assets at June 30, 2009. This deficit primarily resulted from the recognition of a liability (\$2,314,095) for future costs associated with closing the county's landfill and monitoring the landfill for 30 years after closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

County officials should develop and implement a plan that would fund the deficit in unrestricted net assets.

**FINDING 09.02 THE AMBULANCE BILLING SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS
(Internal Control – Significant Deficiency Under Government Auditing Standards)**

The software used to bill patients and record collections for ambulance services allowed users to alter or delete patient charges and payments. These alterations and deletions were recorded in a transaction log; however, this log is purged by the software after it is printed. Although the office printed these logs daily, they did not retain monthly backups that could be used to restore this information should the printed logs be lost or destroyed. Sound business practices dictate that proper controls be implemented. Because the vendor did not design the system with proper controls and management did not implement compensating controls to mitigate the application control weakness, inappropriate system activity could occur. The office began printing these logs daily and retaining monthly backups as of October 2008.

RECOMMENDATION

Management should contact the software vendor concerning the addition of controls to the application that would retain the transaction log that records alterations and deletions to charges and payments. This log should not be purged by the application. Management should continue to retain all monthly backups as a compensating control.

FINDING 09.03 THE SOLID WASTE AND LANDFILL OFFICES DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT THEIR INFORMATION RESOURCES
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The Solid Waste and Landfill offices did not implement adequate controls to protect their information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the offices' information systems or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur. This deficiency was resolved after it was brought to the attention of management.

OFFICE OF SHERIFF

FINDING 09.04 THE OFFICE DID NOT COMPLY WITH PERSONNEL POLICIES FOR COMPENSATORY TIME
(Noncompliance Under Government Auditing Standards)

On December 31, 2008, the Sheriff's Department had eight employees with accumulated compensatory time ranging from 91.5 to 249.5 hours. The county's personnel policy states that employees may accumulate a maximum of 80 hours of compensatory time during each calendar year. Any accumulated hours in excess of 80 at the end of the calendar year must be paid to the employee. This deficiency exists because the sheriff has found it difficult to allow his employees time-off and prefers not to pay for overtime hours. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

County officials should comply with county personnel policies regarding compensatory time.

MANAGEMENT'S RESPONSE – SHERIFF

Starting November 2, 2009, all employees with excess compensatory time will be notified of the dates and times that they have been given to use their compensatory time to comply with department policy.

FINDING 09.05 **AN EMPLOYEE IMPROPERLY USED A COUNTY VEHICLE AND FUEL CARD WHILE ON LEAVE OF ABSENCE** (Internal Control – Significant Deficiency Under Governmental Auditing Standards)

Our audit revealed that during the period September 2008 through March 2009, the chief deputy was on leave of absence due to personal illness. Records in the Office of County Mayor disclosed that during this time period, the deputy improperly used a Sheriff's Department vehicle and a county fuel card to purchase gasoline (\$296.32) for personal use. This finding has been reviewed with staff from the Office of District Attorney General.

RECOMMENDATION

County officials should perform an internal risk assessment to determine ways to strengthen controls over the use of county vehicles and fuel cards. County vehicles should be parked at the department while employees are on leave of absence for extended periods. Also, officials should collect the \$296.32 for the fuel charges made by the chief deputy while on leave of absence.

MANAGEMENT'S RESPONSE – SHERIFF

I received a call from the county attorney on December 15, 2008, in reference to the chief deputy using his department issued vehicle for personal business. I immediately contacted the chief deputy and advised him that this was to stop and that he could not use the vehicle for personal business. I do not have any knowledge of the vehicle being used for personal business after our conversation.

AUDITOR'S RESPONSE

Records on file in the Office of County Mayor indicate that the chief deputy purchased fuel on two occasions after the sheriff had advised him to stop purchasing fuel for personal use. Officials should collect the \$296.32 for the fuel charges made by the chief deputy.

OTHER FINDING AND RECOMMENDATION

**FINDING 09.06 **A CENTRAL SYSTEM OF ACCOUNTING AND BUDGETING
HAD NOT BEEN ADOPTED****
(Internal Control – Control Deficiency Under Government Auditing
Standards)

County officials had not adopted a central system of accounting and budgeting. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting and budgeting processes. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report. The absence of a central system of accounting and budgeting has been a management decision by the County Commission resulting in decentralization and some duplication of effort.

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 and budgeting covering all county departments.

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

There were no findings and questioned costs for federal awards.

**HARDEMAN COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2009**

There were no audit findings relative to federal awards presented in the prior- or current-years' Schedules of Findings and Questioned Costs.