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# **ANNUAL FINANCIAL REPORT HARDIN COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2009**



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**ANNUAL FINANCIAL REPORT**  
**HARDIN 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*

**JAMES R. ARNETTE**  
*Director*

**NORM R. NORMENT, CGFM**  
*Audit Manager*

**HORACE B. WISEMAN, CGFM**  
*Auditor 4*

**VICKY BARBER, CFE**  
**ELISHA CROWELL, CFE**  
*State Auditors*

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

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***Audit Highlights***  
Annual Financial Report  
Hardin County, Tennessee  
For the Year Ended June 30, 2009

***Scope***

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

***Results***

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

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

***Findings***

The following are summaries of the audit findings:

**OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ The School Department failed to comply with state statutes when entering into a lease-purchase agreement.
- 

**OFFICE OF CIRCUIT COURT CLERK**

- ◆ The office had deficiencies in computer system backup procedures.
- 

**OFFICE OF TRUSTEE**

- ◆ The office had deficiencies in computer system backup procedures.
- 

**OTHER FINDINGS**

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

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## INTRODUCTORY SECTION

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# Hardin County Officials

June 30, 2009

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## Officials

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

## Board of County Commissioners

Kevin Davis, County Mayor, Chairman  
James Berry, Jr.  
Ernie Bigbie  
Gene Bryant  
Nickie Cagle  
David Childers  
Adam Coleman  
Gary Combs  
Mike Fowler  
Jimmy Grisham  
Tracey Grisham

Tom Haggard  
Wally Hamilton  
Charles Howard  
Roger Jenkins  
Mike Jerrolds  
Fred McFalls, Jr.  
Kathy Smith  
Stacey Stricklin  
Emery White  
James Whitehorn, Sr.

## Highway Commission

Kevin Davis, County Mayor, Secretary  
Billy Grooms  
Carter Horton

Dennis Johnson  
Steve Pickens

## Board of Education

David Long, Chairman  
Ron Ashe  
James David Baker  
Evelyn Sue Bromley  
David Burgess

Jeanelle Dennis  
Janie Milender  
Mike Pitts  
Olga Turnbow  
Ramona Wilkerson

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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  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

January 25, 2010

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardin County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise Hardin County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hardin County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Park Rest Hardin County Health Center (the entire business-type activities and a major fund). Nor did we audit the financial statements of the discretely presented Hardin Medical Center (which represent 51.4 percent and 47.9 percent, respectively, of the assets and revenues of the aggregate discretely presented component units), the discretely presented Hardin County Emergency Communications District (which represent 1.4 percent and .5 percent, respectively, of the assets and revenues of the aggregate discretely presented component units), or the discretely presented Hardin County Convention and Visitors Bureau (which represent .2 percent and .4 percent, respectively, of the assets and revenues of the aggregate discretely presented component units). These financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Park Rest Hardin County Health Center, Hardin Medical Center, Hardin County Emergency Communications District, and Hardin County Convention and Visitors Bureau is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardin County, Tennessee, as of June 30, 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 January 25, 2010, on our consideration of Hardin County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Hardin 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.

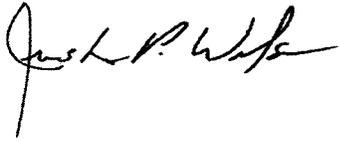
The management of Hardin County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States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

The budgetary comparison, pension, and other postemployment benefits information on pages 101 through 109 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hardin County's basic financial statements. The introductory

section; combining and individual nonmajor fund financial statements; budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Rural Debt Service funds; combining and individual fund financial statements of the Hardin County School Department (a discretely presented component unit); 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 and Rural Debt Service funds; combining and individual fund financial statements of the Hardin County School Department (a discretely presented component unit); and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

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

	Primary Government				Component Units				
	Governmental Activities		Business-type Activities	Total	Hardin County School Department	Hardin Medical Center	Emergency Communications District	Hardin County Convention and Visitors Bureau	
<b>ASSETS</b>									
Cash	\$ 352	\$ 201,410	\$ 201,762	\$ 201,762	\$ 0	\$ 5,054,292	\$ 327,281	\$ 200	
Equity in Pooled Cash and Investments	11,450,511	0	11,450,511	11,450,511	3,217,469	0	0	0	
Inventories	0	5,202	5,202	5,202	0	1,355,928	0	0	
Investments	0	0	0	0	0	0	271,159	0	
Accounts Receivable	114,100	136,138	250,238	250,238	30,297	6,191,892	48,803	114,299	
Due from Other Governments	875,978	0	875,978	875,978	1,430,380	0	0	0	
Due from Component Units	116,866	0	116,866	116,866	0	0	0	0	
Property Taxes Receivable	4,754,397	0	4,754,397	4,754,397	5,931,799	0	0	0	
Allowance for Uncollectible Property Taxes	(260,104)	0	(260,104)	(260,104)	(324,517)	0	0	0	
Prepaid Items	0	15,757	15,757	15,757	0	38,248	0	7,000	
Accrued Interest Receivable	40,758	0	40,758	40,758	0	0	0	0	
Other Current Assets	0	0	0	0	0	915,457	0	0	
Restricted Assets:									
Cash and Cash Equivalents	0	0	0	0	0	319,070	0	0	
Education Assistance Loans	0	0	0	0	0	62,468	0	0	
Patient Trust	0	6,263	6,263	6,263	0	10,496	0	0	
Utility Deposits	0	0	0	0	0	1,850	0	0	
Deferred Charges - Debt Issuance Cost	242,250	0	242,250	242,250	0	0	0	0	
Capital Assets:									
Assets Not Depreciated:									
Land	1,850,254	26,700	1,876,954	1,876,954	904,172	224,500	0	0	
Construction in Progress	49,000	0	49,000	49,000	1,154,067	93,403	0	0	
Assets Net of Accumulated Depreciation:									
Land Improvements	0	0	0	0	0	50,773	0	0	
Buildings and Improvements	11,546,882	449,329	11,996,211	11,996,211	12,088,366	9,485,710	31,544	0	
Infrastructure	13,495,767	0	13,495,767	13,495,767	0	0	0	0	
Other Capital Assets	1,908,533	65,600	1,974,133	1,974,133	580,847	3,609,126	76,132	0	
Total Assets	\$ 46,185,544	\$ 906,399	\$ 47,091,943	\$ 47,091,943	\$ 25,012,880	\$ 27,413,213	\$ 754,919	\$ 121,499	

(Continued)

Exhibit A

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

	Primary Government			Component Units				
	Governmental Activities	Business-type Activities	Total	Hardin County School Department	Hardin Medical Center	Emergency Communications District	Hardin County Convention and Visitors Bureau	
Accounts Payable	\$ 213,581	\$ 26,505	\$ 240,086	\$ 144,823	\$ 1,006,225	\$ 9,198	\$ 13,890	
Accrued Management Fee	0	834,546	834,546	0	0	0	0	
Other Accrued Expenses	0	150,492	150,492	0	187,702	1,044	0	
Accrued Payroll	103,257	0	103,257	0	454,145	0	0	
Payroll Deductions Payable	7,981	0	7,981	207,588	0	0	0	
Accrued Interest Payable	66,153	0	66,153	0	0	0	0	
Due to Primary Government	0	0	0	116,866	0	0	0	
Current Liabilities Payable from Restricted Assets:								
Patient Trust	0	6,263	6,263	0	10,504	0	0	
Deferred Revenue - Current Property Taxes	4,239,731	0	4,239,731	5,289,678	0	0	0	
Other Deferred Revenues	0	0	0	0	319,070	0	0	
Noncurrent Liabilities:								
Due Within One Year	2,177,172	0	2,177,172	90,463	831,498	0	0	
Due in More Than One Year	15,437,726	0	15,437,726	1,920,280	7,419,304	0	0	
Total Liabilities	\$ 22,245,601	\$ 1,017,806	\$ 23,263,407	\$ 7,769,698	\$ 10,228,448	\$ 10,242	\$ 13,890	
Invested in Capital Assets, Net of Related Debt	\$ 14,137,061	\$ 0	\$ 14,137,061	\$ 14,657,337	\$ 5,615,960	\$ 0	\$ 0	
Invested in Capital Assets Restricted for:	0	541,629	541,629	0	0	107,676	0	
Highway/Public Works	1,455,044	0	1,455,044	0	0	0	0	
Solid Waste/Sanitation	523,221	0	523,221	0	0	0	0	
Jail Construction	951,376	0	951,376	0	0	0	0	
Resort District	89,029	0	89,029	0	0	0	0	
Debt Service	4,539,055	0	4,539,055	0	0	0	0	
Capital Projects	683,265	0	683,265	0	0	0	0	

(Continued)

Exhibit A

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

	Primary Government		Total	Component Units					
	Governmental Activities	Business-type Activities		Hardin County School Department	Hardin Medical Center	Emergency Communications District	Hardin County Convention and Visitors Bureau		
	\$	0 \$	0 \$	\$	867,483 \$	0 \$	0 \$	0 \$	0
Food Service	0	0	0		149,802	0	0	0	0
School Federal Projects	0	0	0		28,685	0	0	0	0
Career Ladder	0	0	0		9,425	0	0	0	0
Career Ladder - Extended Contract	0	0	0		57,300	0	0	0	0
Other Local Education	0	0	0		358,883	0	0	0	0
Capital Outlay	332,294	0	332,294		0	0	0	0	0
Other Purposes	1,229,598	(653,036)	576,562		1,114,267	11,568,805	637,001	107,609	
Unrestricted									
Total Net Assets	\$ 23,939,943	\$ (111,407)	\$ 23,828,536	\$ 17,243,182	\$ 17,184,765	\$ 744,677	\$ 107,609		

NET ASSETS (Cont.)

Restricted for: (Cont.)

Food Service	0
School Federal Projects	0
Career Ladder	0
Career Ladder - Extended Contract	0
Other Local Education	0
Capital Outlay	332,294
Other Purposes	1,229,598
Unrestricted	(653,036)

Total Net Assets

\$ 23,939,943 \$ (111,407) \$ 23,828,536

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

Exhibit B

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Business-type Activities	Total Governmental Activities	Hardin County School Department	Hardin Medical Center	Emergency Communications District	Hardin County Convention and Visitors Bureau
<b>Primary Government:</b>										
Governmental Activities:										
General Government	\$ 839,087	\$ 320,939	\$ 14,912	\$ 0	\$ (503,236)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	866,261	684,036	15,543	0	(166,682)	0	0	0	0	0
Administration of Justice	742,693	617,484	0	0	(125,209)	0	0	0	0	0
Public Safety	4,877,234	530,174	104,352	423,481	(3,819,227)	0	0	0	0	0
Public Health and Welfare	2,153,641	304,040	152,232	0	(1,697,369)	0	0	0	0	0
Social, Cultural, and Recreational Services	448,324	97,035	23,843	0	(327,446)	0	0	0	0	0
Agriculture and Natural Resources	188,995	73,862	0	0	(115,133)	0	0	0	0	0
Other Operations	509,150	1,200	0	0	(507,950)	0	0	0	0	0
Highways/Public Works	4,932,860	0	1,798,153	435,216	(2,699,491)	0	0	0	0	0
Education	960,000	0	0	0	(960,000)	0	0	0	0	0
Interest on Long-term Debt	814,819	0	1,582,940	0	768,121	0	0	0	0	0
Other Debt Service	92,888	0	0	0	(92,888)	0	0	0	0	0
<b>Total Governmental Activities</b>	<b>\$ 17,425,952</b>	<b>\$ 2,628,770</b>	<b>\$ 3,691,975</b>	<b>\$ 858,697</b>	<b>\$ (10,246,510)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Business-type Activities:</b>										
Park Rest Hardin County Health Center	\$ 2,495,630	\$ 2,526,268	\$ 0	\$ 0	\$ 30,638	\$ 30,638	\$ 0	\$ 0	\$ 0	\$ 0
<b>Total Business-type Activities</b>	<b>\$ 2,495,630</b>	<b>\$ 2,526,268</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 30,638</b>	<b>\$ 30,638</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total Primary Government</b>	<b>\$ 19,921,582</b>	<b>\$ 5,155,038</b>	<b>\$ 3,691,975</b>	<b>\$ 858,697</b>	<b>\$ (10,246,510)</b>	<b>\$ 30,638</b>	<b>\$ (10,215,872)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Component Units:</b>										
School Department	\$ 32,985,160	\$ 864,703	\$ 4,348,312	\$ 960,000	\$ 0	\$ 0	\$ (26,812,145)	\$ 0	\$ 0	\$ 0
Hardin Medical Center	29,731,066	29,787,170	219,275	34,922	0	0	0	310,301	0	0
Emergency Communications District	187,950	198,293	0	0	0	0	0	0	10,343	0
Hardin County Convention and Visitors Bureau	242,971	6,080	0	0	0	0	0	0	0	(236,891)
<b>Total Component Units</b>	<b>\$ 63,147,147</b>	<b>\$ 30,856,246</b>	<b>\$ 4,567,587</b>	<b>\$ 960,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (26,812,145)</b>	<b>\$ 310,301</b>	<b>\$ 10,343</b>	<b>\$ (236,891)</b>

(Continued)

Exhibit B

Hardin County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets															
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units												
					Total Governmental Activities	Business-type Activities	Hardin County School Department	Hardin Medical Center	Emergency Communications District	Hardin County Convention and Visitors Bureau										
General Revenues:																				
Taxes:																				
Property Taxes Levied for General Purposes					\$ 4,222,690	\$ 0	\$ 0	\$ 5,522,191	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Property Taxes Levied for Debt Service					196,580	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Local Option Sales Taxes					892,653	0	0	3,612,104	0	0	0	0	0	0	0	0	0	0	0	0
Wheel Taxes					1,091,165	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wholesale Beer Tax					394,432	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hotel Motel Tax					205,757	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Litigation Tax					166,334	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Business Tax					105,841	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Local Taxes					142,490	0	0	3,249	0	0	0	0	0	0	0	0	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs					877,173	0	0	17,270,539	100,000	86,169	8,000	0	0	0	0	0	0	0	0	0
Unrestricted Investment Earnings					315,475	418	0	0	119,519	4,724	0	0	0	0	0	0	0	0	0	0
Miscellaneous					70,633	42	0	43,123	0	0	0	0	0	0	0	0	0	0	0	0
Total General Revenues					\$ 8,681,223	\$ 460	\$ 8,681,683	\$ 26,451,206	\$ 219,519	\$ 90,893	\$ 266,548	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Change in Net Assets					\$ (1,565,287)	\$ 31,098	\$ (1,534,189)	\$ (360,939)	\$ 529,820	\$ 101,236	\$ 29,657	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Assets, July 1, 2008					25,505,230	(142,505)	25,362,725	17,604,121	18,554,945	643,441	77,952	0	0	0	0	0	0	0	0	0
Prior-period Adjustment					0	0	0	0	(1,900,000)	0	0	0	0	0	0	0	0	0	0	0
Net Assets, June 30, 2009					\$ 23,939,943	\$ (111,407)	\$ 23,828,536	\$ 17,243,182	\$ 17,184,765	\$ 744,677	\$ 107,609	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway /	General	Rural	Other Governmental Funds		
		Public Works	Debt Service	Debt Service			
\$	0	0	0	0	352	\$	352
	4,893,798	1,090,692	2,440,247	1,949,148	1,076,626		11,450,511
	32,293	18,025	1,842	0	61,940		114,100
	318,150	326,143	0	62,206	169,479		875,978
	352	0	0	0	0		352
	0	0	0	116,866	0		116,866
	4,165,697	377,536	211,164	0	0		4,754,397
	(227,897)	(20,654)	(11,553)	0	0		(260,104)
	40,758	0	0	0	0		40,758
	<u>\$ 9,223,151</u>	<u>\$ 1,791,742</u>	<u>\$ 2,641,700</u>	<u>\$ 2,128,220</u>	<u>\$ 1,308,397</u>		<u>\$ 17,093,210</u>

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable	
Accrued Payroll	
Payroll Deductions Payable	
Due to Other Funds	
Deferred Revenue - Current Property Taxes	
Deferred Revenue - Delinquent Property Taxes	
Other Deferred Revenues	

Total Liabilities

Fund Balances

Reserved for Encumbrances	
Reserved for Resort District	
Reserved for Purchase of Electronic Fingerprint Imaging System	
Reserved for Alcohol and Drug Treatment	
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	

\$	213,581	\$	0	\$	0	\$	0	\$	0	\$	213,581
	89,192		0		0		0		14,065		103,257
	6,897		30		0		0		1,054		7,981
	0		0		0		0		352		352
	3,714,758		336,668		188,305		0		0		4,239,731
	170,045		15,411		8,619		0		0		194,075
	201,033		160,531		0		33,423		94,323		489,310
	<u>\$ 4,395,506</u>		<u>\$ 512,640</u>		<u>\$ 196,924</u>		<u>\$ 33,423</u>		<u>\$ 109,794</u>		<u>\$ 5,248,287</u>

\$	30,149	\$	0	\$	0	\$	0	\$	701,107	\$	731,256
	89,029		0		0		0		0		89,029
	0		0		0		0		5,000		5,000
	113,867		0		0		0		0		113,867
	90,445		0		0		0		0		90,445

(Continued)

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

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General		Rural Debt Service		Other Governmental Funds		
			Debt Service	Service	Debt Service	Service			
\$	3,478	0	0	0	0	0	0	3,478	
	650	0	0	0	0	0	0	650	
	1,931	0	0	0	0	0	0	1,931	
	2,180	0	0	0	0	0	0	2,180	
	9,744	0	0	0	0	0	0	9,744	
	11,009	0	0	0	0	0	0	11,009	
	35,999	0	0	0	0	0	0	35,999	
	1,694	0	0	0	0	0	0	1,694	
	0	802,337	0	0	0	0	0	802,337	
	951,376	0	0	0	0	0	0	951,376	
	3,486,094	0	0	0	0	0	0	3,486,094	
	0	476,765	0	0	0	476,414	0	953,179	
	0	0	2,444,776	2,094,797	0	0	0	4,539,573	
	0	0	0	0	0	16,082	0	16,082	
\$	4,827,645	1,279,102	2,444,776	2,094,797	1,198,603	11,844,923			
\$	9,223,151	1,791,742	2,641,700	2,128,220	1,308,397	17,093,210			

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)	
Reserved for Sexual Offender Registration	
Reserved for Courtroom Security	
Reserved for Computer System - Register	
Reserved for Automation Purposes - Circuit Court	
Reserved for Automation Purposes - General Sessions Court	
Reserved for Automation Purposes - Chancery Court	
Reserved for Automation Purposes - Sheriff	
Reserved for Automation Purposes - County Clerk	
Reserved for Capital Outlay	
Reserved for Other General Purposes	
Unreserved, Reported In:	
General Fund	
Special Revenue Funds	
Debt Service Funds	
Capital Projects Funds	
Total Fund Balances	

Total Liabilities and Fund Balances

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

Exhibit C-2

Hardin County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
June 30, 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)		\$ 11,844,923
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,850,254	
Add: construction in progress	49,000	
Add: buildings and improvements net of accumulated depreciation	11,546,882	
Add: infrastructure net of accumulated depreciation	13,495,767	
Add: other capital assets net of accumulated depreciation	<u>1,908,533</u>	28,850,436
(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	\$ (1,046,656)	
Less: capital leases payable	(1,044,278)	
Less: bonds payable	(15,055,000)	
Add: deferred amount on refunding	20,443	
Add: deferred charges - debt issuance costs	242,250	
Add: other deferred revenue - discount on debt	2,226	
Less: compensated absences payable	(140,606)	
Less: landfill postclosure care costs	(303,092)	
Less: other postemployment benefits liability	(33,241)	
Less: accrued interest on bonds, notes, and capital leases	(66,153)	
Less: other deferred revenue - premium on debt	<u>(14,694)</u>	(17,438,801)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>683,385</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 23,939,943</u>

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

Exhibit C-3

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Other Governmental Funds	
<b>Revenues</b>						
Local Taxes	\$ 5,374,175	\$ 610,145	\$ 199,026	\$ 362,670	\$ 942,931	\$ 7,488,947
Licenses and Permits	129,113	0	0	0	0	129,113
Fines, Forfeitures, and Penalties	193,396	0	0	0	81,312	274,708
Charges for Current Services	43,211	0	0	0	302,466	345,677
Other Local Revenues	368,982	32,174	82,275	47,082	36,310	566,823
Fees Received from County Officials	1,211,365	0	0	0	0	1,211,365
State of Tennessee	1,324,134	2,259,023	17,255	0	46,226	3,646,638
Federal Government	435,963	0	0	0	0	435,963
Other Governments and Citizens Groups	129,615	0	397,191	1,388,403	8,112	1,923,321
<b>Total Revenues</b>	<b>\$ 9,209,954</b>	<b>\$ 2,901,342</b>	<b>\$ 695,747</b>	<b>\$ 1,798,155</b>	<b>\$ 1,417,357</b>	<b>\$ 16,022,555</b>
<b>Expenditures</b>						
Current:						
General Government	\$ 1,016,682	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,016,682
Finance	659,749	0	0	0	0	659,749
Administration of Justice	527,210	0	0	0	15,221	542,431
Public Safety	3,426,151	0	0	0	35,603	3,461,754
Public Health and Welfare	745,720	0	0	0	1,164,206	1,909,926
Social, Cultural, and Recreational Services	255,145	0	0	0	0	255,145
Agriculture and Natural Resources	132,405	0	0	0	0	132,405
Other Operations	1,849,163	0	0	0	171,244	2,020,407
Highways	0	3,185,804	0	0	0	3,185,804
Debt Service:						
Principal on Debt	263,763	23,034	665,947	2,220,000	0	3,172,744
Interest on Debt	60,172	3,327	633,295	114,938	0	811,732
Other Debt Service	0	0	45,037	4,183	0	49,220
Capital Projects	0	0	0	0	1,079,025	1,079,025
<b>Total Expenditures</b>	<b>\$ 8,936,160</b>	<b>\$ 3,212,165</b>	<b>\$ 1,344,279</b>	<b>\$ 2,339,121</b>	<b>\$ 2,465,299</b>	<b>\$ 18,297,024</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 273,794</b>	<b>\$ (310,823)</b>	<b>\$ (648,532)</b>	<b>\$ (540,966)</b>	<b>\$ (1,047,942)</b>	<b>\$ (2,274,469)</b>

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Other Governmental Funds	Governmental Funds	
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,838,150	\$ 1,838,150	
Capital Leases Issued	134,216	0	0	0	0	134,216	
Insurance Recovery	53,813	0	0	0	1,680	55,493	
Transfers In	0	1,455,266	838,496	0	0	2,293,762	
Transfers Out	(110,830)	(227,571)	0	0	(1,955,361)	(2,293,762)	
Total Other Financing Sources (Uses)	\$ 77,199	\$ 1,227,695	\$ 838,496	\$ 0	\$ (115,531)	\$ 2,027,859	
Net Change in Fund Balances	\$ 350,993	\$ 916,872	\$ 189,964	\$ (540,966)	\$ (1,163,473)	\$ (246,610)	
Fund Balance, July 1, 2008	4,476,652	362,230	2,254,812	2,635,763	2,362,076	12,091,533	
Fund Balance, June 30, 2009	\$ 4,827,645	\$ 1,279,102	\$ 2,444,776	\$ 2,094,797	\$ 1,198,603	\$ 11,844,923	

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

Exhibit C-4

Hardin County, Tennessee

Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 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)		\$ (246,610)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,120,357	
Less: current year depreciation expense	<u>(2,878,723)</u>	(1,758,366)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss from disposal of capital assets	\$ (486,545)	
Less: proceeds received from the sale of capital assets	<u>(5,050)</u>	(491,595)
(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	\$ 683,385	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(642,621)</u>	40,764
(4) The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Less: note proceeds	\$ (1,838,150)	
Less: capital lease proceeds	(134,216)	
Add: change in premium on debt issuance	7,346	
Less: change in deferred debt issuance costs	(20,621)	
Less: change in discount on debt issuance	(79)	
Add: principal payments on bonds	1,570,000	
Add: principal payments on notes	1,105,947	
Add: principal payments on capital leases	286,797	
Less: change in deferred amount on refunding debt	<u>(22,968)</u>	954,056
(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	\$ (3,087)	
Change in compensated absences liability	(36,376)	
Change in landfill postclosure care costs	(10,635)	
Change in other postemployment benefits liability	<u>(13,438)</u>	(63,536)
Change in net assets of governmental activities (Exhibit B)		<u>\$ (1,565,287)</u>

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

Exhibit D-1

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

Business-type  
 Activities -  
 Enterprise  
 Fund  


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 Major Fund  


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 Park Rest  
 Hardin County  
 Health Center  


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ASSETS

Current Assets:	
Cash	\$ 201,410
Inventories	5,202
Accounts Receivable	136,138
Prepaid Items	15,757
Restricted Assets:	
Patient Trust	6,263
Total Current Assets	<u>\$ 364,770</u>
Noncurrent Assets:	
Capital Assets:	
Assets not Depreciated:	
Land	\$ 26,700
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	449,329
Other Capital Assets	65,600
Total Noncurrent Assets	<u>\$ 541,629</u>
Total Assets	<u>\$ 906,399</u>

LIABILITIES

Liabilities	
Accounts Payable	\$ 26,505
Accrued Management Fee	834,546
Other Accrued Expenses	150,492
Current Liabilities Payable from Restricted Assets:	
Patient Trust	6,263
Total Liabilities	<u>\$ 1,017,806</u>

NET ASSETS

Invested in Capital Assets	\$ 541,629
Unrestricted	<u>(653,036)</u>
Net Assets	<u>\$ (111,407)</u>

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

Exhibit D-2

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

	Business-type Activities - Enterprise Fund
	<u>Major Fund</u>
	<u>Park Rest</u>
	<u>Hardin County</u>
	<u>Health Center</u>
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Patient Revenues	\$ 2,526,268
Total Operating Revenues	<u>\$ 2,526,268</u>
<u>Operating Expenses</u>	
Administrative	\$ 904,271
Dietary	235,466
Housekeeping	110,438
Laundry	120,000
Operation and Maintenance	158,906
Nursing	875,255
Social Service	45,513
Depreciation	45,781
Total Operating Expenses	<u>\$ 2,495,630</u>
Operating Income (Loss)	<u>\$ 30,638</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 418
Other (net)	42
Total Nonoperating Revenues (Expenses)	<u>\$ 460</u>
Net Income	<u>\$ 31,098</u>
Change in Net Assets	\$ 31,098
Net Assets, July 1, 2008	<u>(142,505)</u>
Net Assets, June 30, 2009	<u><u>\$ (111,407)</u></u>

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

Exhibit D-3

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

	Business-type Activities - Enterprise Fund
	<u>Major Fund</u>
	<u>Park Rest</u>
	<u>Hardin County</u>
	<u>Health Center</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Patient Services	\$ 2,411,288
Payments to Suppliers	(978,174)
Payments to Employees	(1,349,421)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 83,693</u>
<u>Cash Flows from Investing Activities</u>	
Interest Income	\$ 418
Net Cash Provided By (Used In) Investing Activities	<u>\$ 418</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchase of Equipment	\$ (38,053)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (38,053)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Donations	\$ 42
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 42</u>
Net Increase (Decrease) in Cash	\$ 46,100
Cash, July 1, 2008	<u>155,310</u>
Cash, June 30, 2009	<u><u>\$ 201,410</u></u>

(Continued)

Exhibit D-3

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

	Business-type Activities - Enterprise Fund
	<u>Major Fund</u>
	<u>Park Rest</u>
	<u>Hardin County</u>
	<u>Health Center</u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 30,638
Adjustments to Reconcile Net Operating Income	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	45,781
Changes in Assets and Liabilities:	
Accounts Receivable	(114,980)
Due from Hardin Home	278,123
Prepaid Insurance	9,048
Accounts Payable	(6,153)
Accrued Management Fee	(107,196)
Accrued Expenses	(51,568)
	<u>83,693</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 83,693</u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 921,392
Due from Other Governments	<u>479,889</u>
Total Assets	<u>\$ 1,401,281</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 479,889
Due to Litigants, Heirs, and Others	<u>921,392</u>
Total Liabilities	<u>\$ 1,401,281</u>

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

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

Hardin County is a public municipal corporation governed by an elected 20-member board. As required by GAAP, these financial statements present Hardin County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The Hardin County School Department operates the public school system in the county, and the voters of Hardin County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Hardin County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Hardin County, and the Hardin County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Hardin Medical Center is a community medical center providing general and specialized medical services to patients. Included as part of the Hardin Medical Center is the Hardin County Nursing Home, a 73-bed intermediate care facility, of which 25 beds are also certified for skilled care. The Hardin County Commission appoints the Hardin Medical Center's governing body, which also oversees the Hardin County Nursing Home. Hardin County is

financially obligated to retire general obligation bonds of the Hardin Medical Center in the event of default by the hospital.

The Hardin County Convention and Visitors Bureau is a nonprofit organization located in Savannah, Tennessee. Its purpose is to promote tourism in the county. The Hardin County Commission appoints the Hardin County Convention and Visitors Bureau's governing body and provides a significant amount of the bureau's funding.

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

Administrative Offices:

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

Hardin Medical Center  
935 Wayne Road  
Savannah, TN 38372

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

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Hardin County School Department component unit only reports governmental activities in the government-wide financial statements.

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

Hardin County issues all debt for the discretely presented Hardin County School Department. Net debt issues of \$960,000 were contributed by the county to the School Department during the year ended June 30, 2009.

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

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

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

Fund financial statements of Hardin County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Hardin County only reports one proprietary fund, a major enterprise fund, and the discretely presented School Department reports one proprietary fund, an internal service fund.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund

financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The internal service fund and the fiduciary funds in total are reported in single columns by fund type.

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

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

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

Hardin County reports the following major governmental funds:

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

**Highway/Public Works Fund** – This fund accounts for transactions of the county’s Highway Department.

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

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

Hardin County reports the following major enterprise fund:

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

Additionally, Hardin County reports the following fund types:

**Capital Projects Funds** – These funds are used to account for financial resources to be used in the acquisition or construction of major capital projects.

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

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

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

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

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

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

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

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

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

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

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

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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 (excluding the Park Rest Hardin County Health Center) and the discretely presented Hardin County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Hardin County and the School Department have adopted a policy of reporting U.S. Treasury

obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

## **2. Receivables and Payables**

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.94 percent of total taxes levied.

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

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

**3. Capital Assets**

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

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

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

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

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Primary Government:	
Buildings and Improvements	25
Other Capital Assets	5-10
Infrastructure:	
Roads	10-20
Bridges	30
School Department:	
Land Improvements	20
Buildings and Improvements	25
Other Capital Assets	5-10

**4. Compensated Absences**

It is the county's policy to permit employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation from service. The Hardin County Highway Department allows its employees to accrue no more than five vacation days at year-end, except with special permission from the Highway Commissioner. All vacation leave for the Highway Department is accrued when incurred in the government-wide statements for the county. A liability for vacation leave is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. The granting of sick leave for employees of Hardin County has no guaranteed payment attached and therefore is not required to be accrued or recorded.

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

**5. Long-term Obligations**

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable

governmental activities (or proprietary fund type) Statement of Net Assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, landfill closure/postclosure care costs, and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

## **6. Net Assets and Fund Equity**

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

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

The government-wide Statement of Net Assets reports \$8,573,284 of restricted net assets, of which \$89,029 is restricted by enabling legislation.

As of June 30, 2009, Hardin County had \$2,213,840 in outstanding debt for capital purposes for the discretely presented Hardin County School Department. This debt is a liability of Hardin County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Hardin County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2009:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Walking Trail	\$ 3,118
Circuit Court Computers	63,023
GREAT Program	125
Fire Department	142,083

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Assets**

**Primary Government**

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Assets.

**Discretely Presented Hardin County School Department**

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

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

**Primary Government**

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

**Discretely Presented Hardin County School Department**

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

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the 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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, County Mayor, etc.). Management may make revisions within major categories, but only the County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

**B. Unrestricted Net Assets Deficit**

The Employee Insurance Fund (internal service fund) of the discretely presented Hardin County School Department had an unrestricted net assets deficit of \$2,227 at June 30, 2009. This deficit resulted from the School Department incurring medical claims exceeding self-insurance premiums. Premiums charged to county employees after June 30, 2009, will liquidate the deficit.

**C. Expenditures Exceeded Appropriations**

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the Vocational Education Program major appropriation category (the legal level of control) of the School Federal Projects Fund by \$523. Such overexpenditures are a violation of state statutes. These overexpenditures were funded from available fund balance.

**D. A Lease-Purchase Agreement Was Not Authorized by the County Commission**

On September 26, 2008, the Hardin County School Department entered into a four-year lease-purchase agreement for a Chevrolet Silverado Truck without prior approval of the County Commission. Additionally, the School Department did not file a Report on Debt Obligation with the state director of Local Finance.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Hardin County (excluding the Park Rest Hardin County Health Center, enterprise fund) and the Hardin County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash 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. The county had no pooled and nonpooled investments as of June 30, 2009.

### **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	\$ 1,850,254	\$ 0	\$ 0	\$ 1,850,254
Construction in Progress	0	49,000	0	49,000
Total Capital Assets Not Depreciated	<u>\$ 1,850,254</u>	<u>\$ 49,000</u>	<u>\$ 0</u>	<u>\$ 1,899,254</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,589,367	\$ 131,197	\$ 0	\$ 14,720,564
Infrastructure	37,950,164	554,371	(633,136)	37,871,399
Other Capital Assets	6,634,538	385,789	(55,850)	6,964,477
Total Capital Assets Depreciated	<u>\$ 59,174,069</u>	<u>\$ 1,071,357</u>	<u>\$ (688,986)</u>	<u>\$ 59,556,440</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 2,691,859	\$ 481,823	\$ 0	\$ 3,173,682
Infrastructure	22,757,158	1,760,015	(141,541)	24,375,632
Other Capital Assets	4,474,909	636,885	(55,850)	5,055,944
Total Accumulated Depreciation	<u>\$ 29,923,926</u>	<u>\$ 2,878,723</u>	<u>\$ (197,391)</u>	<u>\$ 32,605,258</u>
Total Capital Assets Depreciated, Net	<u>\$ 29,250,143</u>	<u>\$ (1,807,366)</u>	<u>\$ (491,595)</u>	<u>\$ 26,951,182</u>
Governmental Activities Capital Assets, Net	<u>\$ 31,100,397</u>	<u>\$ (1,758,366)</u>	<u>\$ (491,595)</u>	<u>\$ 28,850,436</u>

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

**Governmental Activities:**

General Government	\$ 4,001
Finance	10,624
Administration of Justice	1,235
Public Safety	705,965
Public Health and Welfare	103,562
Social, Cultural, and Recreational Services	97,029
Agriculture and Natural Resources	24,730
Other Operations	14,080
Highways/Public Works	<u>1,917,497</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 2,878,723</u></u>

**Discretely Presented Hardin County School Department**

**Governmental Activities:**

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Capital Assets Not Depreciated:				
Land	\$ 904,172	\$ 0	\$ 0	\$ 904,172
Construction in Progress	0	1,154,067	0	1,154,067
Total Capital Assets Not Depreciated	<u>\$ 904,172</u>	<u>\$ 1,154,067</u>	<u>\$ 0</u>	<u>\$ 2,058,239</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 30,717,574	\$ 36,265	\$ 0	\$ 30,753,839
Other Capital Assets	3,512,919	92,004	(65,566)	3,539,357
Total Capital Assets Depreciated	<u>\$ 34,230,493</u>	<u>\$ 128,269</u>	<u>\$ (65,566)</u>	<u>\$ 34,293,196</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 17,756,825	\$ 908,648	\$ 0	\$ 18,665,473
Other Capital Assets	2,794,362	217,144	(52,996)	2,958,510
Total Accumulated Depreciation	<u>\$ 20,551,187</u>	<u>\$ 1,125,792</u>	<u>\$ (52,996)</u>	<u>\$ 21,623,983</u>

**Governmental Activities (Cont.):**

	Balance 7-1-08	Increases	Decreases	Balance 6-30-09
Total Capital Assets				
Depreciated, Net	\$ 13,679,306	\$ (997,523)	\$ (12,570)	\$ 12,669,213
Governmental Activities				
Capital Assets, Net	\$ 14,583,478	\$ 156,544	\$ (12,570)	\$ 14,727,452

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

**Governmental Activities:**

Instruction	\$ 580,162
Support Services	473,917
Operation of Non-Instructional Services	<u>71,713</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,125,792</u>

**C. Construction Commitments**

At June 30, 2009, the Other Capital Projects Fund had uncompleted construction contracts of \$667,183 for renovations to the courthouse and Tennessee River Museum. Funding for these future expenditures has been provided through the issuance of debt.

**D. Interfund Receivables and Payables**

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

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 352
Discretely Presented School Department:		
General Purpose School	School Federal Projects	548,785

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	Component Unit:	
Primary Government:	Hardin County School Department:	
Rural Debt Service	General Purpose School	\$ 116,866

**Interfund Transfers:**

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

<u>Transfers Out</u>	<u>Transfers In</u>	
	Highway/ Public Works Fund	General Debt Service
General Fund	\$ 0	\$ 110,830
Highway/Public Works Fund	0	227,571
Nonmajor governmental fund	1,455,266	500,095
Total	<u>\$ 1,455,266</u>	<u>\$ 838,496</u>

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

**E. Capital Leases**

**Primary Government**

Terms of capital lease obligations outstanding at June 30, 2009, are as follows:

<u>Description</u>	<u>Date of Lease</u>	<u>Length of Lease in Years</u>	<u>Gross Amount of Assets</u>	<u>Interest Rate</u>
Fire Trucks	6-6-03	10	\$ 427,788	4.75 %
Fire Trucks	11-21-05	10	429,882	4.75
Fire Trucks	7-31-07	10	495,000	5.38
Case Backhoe	9-13-07	3	70,228	8.35
Ford Expedition	4-2-08	2	25,758	4.95
Telephone Equipment	11-17-08	3	42,087	7.92
Sheriff Vehicles	2-20-09	2	92,129	6.55

Title to the above-noted equipment transfers to Hardin County at the end of the lease periods. Lease payments are made from the General and Highway/Public Works funds.

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

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2010	\$ 256,713
2011	223,610
2012	180,832
2013	172,929
2014	118,199
2015-18	<u>274,301</u>
Total Minimum Lease Payments	\$ 1,226,584
Less: Amount Representing Interest	<u>(182,306)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,044,278</u>

**Discretely Presented Hardin County School Department**

Terms of capital lease obligations outstanding at June 30, 2009, are as follows:

Description	Date of Lease	Length of Lease in Years	Gross Amount of Assets	Interest Rate
Dodge Ram 2500	1-10-07	5	\$ 24,362	5.3 %
Chevrolet Silverado 2500 4x4	7-25-08	4	25,895	11.4
Chevrolet Impala LS	7-25-08	4	20,483	11.4
Chevrolet Silverado with Modified Bed	9-26-08	4	24,726	17.9

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	\$ 28,562
2011	28,561
2012	25,741
2013	<u>1,427</u>
Total Minimum Lease Payments	\$ 84,291
Less: Amount Representing Interest	<u>(14,176)</u>
Present Value of Minimum Lease Payments	<u>\$ 70,115</u>

**F. Long-term Debt**

**Primary Government**

**General Obligation Bonds and Notes**

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 30 years for bonds and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and

notes included in long-term debt as of June 30, 2009, will be retired from the General Debt Service and Rural Debt Service funds.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
General Obligation Bonds	3.85 to 4.125 %	\$ 13,600,000	\$ 12,995,000
General Obligation Bonds - Refunding	2 to 3.75	9,865,000	2,060,000
Capital Outlay Notes	0 to 4.98	1,178,550	1,046,656
Capital Leases	4.75 to 8.35	1,582,872	1,044,278

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	\$ 1,625,000	\$ 590,264	\$ 2,215,264
2011	1,090,000	531,976	1,621,976
2012	340,000	490,466	830,466
2013	355,000	477,054	832,054
2014	370,000	463,056	833,056
2015-2019	2,055,000	2,087,552	4,142,552
2020-2024	2,500,000	1,652,755	4,152,755
2025-2029	2,620,000	1,122,158	3,742,158
2030-2034	2,400,000	641,019	3,041,019
2035-2037	1,700,000	138,944	1,838,944
Total	\$ 15,055,000	\$ 8,195,244	\$ 23,250,244

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 251,446	\$ 36,635	\$ 288,081
2011	240,730	26,751	267,481
2012	240,730	17,541	258,271
2013	150,950	10,290	161,240
2014	150,950	5,145	156,095
2015-2017	11,850	0	11,850
<b>Total</b>	<b>\$ 1,046,656</b>	<b>\$ 96,362</b>	<b>\$ 1,143,018</b>

There is \$4,539,573 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$589, based on the 2000 federal census. Debt per capita, including bonds, notes, and capital leases totaled \$670, 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	Capital Leases
Balance, July 1, 2008	\$ 16,625,000	\$ 314,453	\$ 1,196,859
Additions	0	1,838,150	134,216
Deductions	(1,570,000)	(1,105,947)	(286,797)
<b>Balance, June 30, 2009</b>	<b>\$ 15,055,000</b>	<b>\$ 1,046,656</b>	<b>\$ 1,044,278</b>
<b>Balance Due Within One Year</b>	<b>\$ 1,625,000</b>	<b>\$ 251,446</b>	<b>\$ 204,609</b>

	Compensated Absences	Landfill Postclosure Care Costs	Other Post Employment Benefits
Balance, July 1, 2008	\$ 104,230	\$ 292,457	\$ 19,803
Additions	143,094	22,397	37,772
Deductions	(106,718)	(11,762)	(24,334)
<b>Balance, June 30, 2009</b>	<b>\$ 140,606</b>	<b>\$ 303,092</b>	<b>\$ 33,241</b>
<b>Balance Due Within One Year</b>	<b>\$ 88,004</b>	<b>\$ 8,113</b>	<b>\$ 0</b>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 17,622,873
Less: Balance Due Within One Year	(2,177,172)
Add: Unamortized Premium on Debt	14,694
Less: Deferred Discount on Debt	(2,226)
Less: Deferred Amount on Refunding	<u>(20,443)</u>
 Noncurrent Liabilities - Due in More Than One Year - Exhibit A	 <u><u>\$ 15,437,726</u></u>

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

**Discretely Presented Hardin County School Department**

Capital leases outstanding as of June 30, 2009, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-09
Capital Leases	5.3 to 17.9 %	\$ 95,466	\$ 70,115

**Changes in Long-term Liabilities**

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

Governmental Activities:

	Capital Leases	Compensated Absences
Balance, July 1, 2008	\$ 17,980	\$ 403,661
Additions	71,104	92,969
Deductions	<u>(18,969)</u>	<u>(69,418)</u>
Balance, June 30, 2009	<u>\$ 70,115</u>	<u>\$ 427,212</u>
Balance Due Within One Year	<u>\$ 21,136</u>	<u>\$ 69,327</u>

Governmental Activities (Cont.):

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2008	\$ 740,833
Additions	1,094,337
Deductions	<u>(321,754)</u>
Balance, June 30, 2009	<u>\$ 1,513,416</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2009	\$ 2,010,743
Less: Balance Due Within One Year	<u>(90,463)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,920,280</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hardin County School Department. These payments are made by the state to the Teacher 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 Teacher Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2009, were \$87,825 and \$27,402, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**H. Internal Financing**

In-lieu-of issuing debt with financial institutions, Hardin County chose to internally finance a project with idle county funds. This debt issue that was repaid from the same fund in which the loan was obtained is reflected as a contribution to the discretely presented School Department from the primary

government's Education Capital Projects Fund in the financial statements of this report. Internally reported debt from idle funds loaned from the Rural Debt Service Fund that was repaid from the Rural Debt Service Fund is reflected below:

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date
Capital Outlay Note	\$ 960,000	0 %	5-29-09	6-8-09
	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
Capital Outlay Note	\$ 0	\$ 960,000	\$ (960,000)	\$ 0

**V. OTHER INFORMATION**

**A. Risk Management**

**Primary Government**

**Liability, Property, and Casualty**

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

**Workers' Compensation Insurance**

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

### Employee Health Insurance

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

### Discretely Presented Hardin County School Department

#### Liability, Property, Casualty, and Workers' Compensation Insurance

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

#### Employee Health Insurance

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

#### Employee Dental Insurance

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

All full-time employees of the Hardin County School Department are eligible to participate. Liabilities of the fund are reported when it is probable that a

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

Employee Insurance Fund

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2007-08	\$ 6,799	\$ 237,477	\$ 237,403	\$ 6,873
2008-09	6,873	245,774	242,769	9,878

**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 Hardin County for the year ended June 30, 2009, since the county had none of the obligating events. However, it is reasonably expected that Hardin 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 Hardin County for the year ended June 30, 2009, since the county had no

endowment investments. However, it is reasonably expected that Hardin County could have endowment investments in subsequent years.

**C. Subsequent Events**

On September 1, 2009, the county issued \$305,000 in capital outlay notes for the purchase of school buses, a van, and two sedans for use by the Hardin County Board of Education.

On September 15, 2009, and October 20, 2009, the county issued \$10 million and \$20 million, respectively, in Build America Bonds for the construction of new schools and renovation of existing schools.

**D. Contingent Liabilities**

Hardin County is contingently liable for an \$8,000,000 loan agreement dated July 29, 2003, for improvements to the Hardin Medical Center. Hardin County would become liable for this loan and the interest thereon in the event of default by the hospital. The principal of this loan agreement is reflected on the financial statements of the Hardin Medical Center. As of June 30, 2009, \$1,149,000 has been repaid leaving a balance of \$6,851,000. Future principal and interest requirements for the entire loan at June 30, 2009, were \$6,851,000 and \$1,350,548, respectively.

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

**E. Landfill Postclosure Care Costs**

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

State and federal laws and regulations require the entities to place a final cover on their sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Hardin County and the City of Savannah closed their sanitary landfill in 1998. Hardin County and the City of Savannah each agreed to pay 50 percent of the postclosure costs. The \$303,092 reported as postclosure care liability at June 30, 2009, represents the county's 50 percent share of the amounts based on what it would cost to perform all postclosure

care in 2009. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. Joint Ventures**

The Twenty-fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-fourth Judicial District, Henry, Benton, Carroll, Hardin, and Decatur counties, and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within the judicial district.

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

Administrative Office:

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

**G. Retirement Commitments**

**Employees**

**Plan Description**

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

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to 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](http://www.tn.gov/treasury/tcrs).

### **Funding Policy**

Hardin County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 9.03 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Hardin County is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2009, Hardin County's annual pension cost of \$618,892 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. Hardin County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was 15 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	\$618,892	100%	\$0
6-30-08	617,781	100	0
6-30-07	585,069	100	0

### Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 87.52 percent funded. The actuarial accrued liability for benefits was \$14.99 million, and the actuarial value of assets was \$13.12 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.87 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6 million, and the ratio of the UAAL to the covered payroll was 31.92 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 Hardin County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service.

Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs](http://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 Hardin County 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 Hardin County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2009, 2008, and 2007, were \$923,073, \$861,363, and \$814,533, respectively, equal to the required contributions for each year.

## **H. Other Postemployment Benefits (OPEB)**

### **Plan Description**

Hardin County and the Hardin County School Department participate in the state-administered Local Government Group Insurance Plan and Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA), for local education employees, and Section 8-27-207, TCA, for local governments. 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 plans are 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 plans are 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 a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, 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, Hardin County and the discretely presented School Department contributed \$23,467 and \$289,307, respectively, for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 1,061,000	\$ 36,881
Interest on the NPO	33,337	891
Adjustment to the ARC	(32,447)	(867)
Annual OPEB cost	<u>\$ 1,061,890</u>	<u>\$ 36,905</u>
Less: Amount of contribution	(289,307)	(23,467)
Increase/decrease in NPO	\$ 772,583	\$ 13,438
Net OPEB obligation, 7-1-08	<u>740,833</u>	<u>19,803</u>
Net OPEB obligation, 6-30-09	<u><u>\$ 1,513,416</u></u>	<u><u>\$ 33,241</u></u>

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 1,050,000	29%	\$ 740,833
6-30-09	"	1,061,890	27	1,513,416
6-30-08	Local Government Group	40,515	51	19,803
6-30-09	"	36,905	64	33,241

\*Data available for only two years.

### Funded Status and Funding Progress

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

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-07	7-1-07
Actuarial accrued liability (AAL)	\$ 8,846,000	\$ 293,609
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 8,846,000	\$ 293,609
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 14,746,624	\$ 4,198,614
UAAL as a % of covered payroll	60%	7%

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. Both rates include 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.

## **I. Purchasing Laws**

### **Office of County Mayor**

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

### **Office of Highway Commissioner**

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

### **Office of Director of Schools**

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

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

A. **General Information**

1. **General**

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

2. **Fund Accounting**

The accounts of Park Rest are organized on the basis of funds. The operations of funds are accounted for with a separate set of self-balancing accounts that comprise their assets, liabilities, fund equity, revenues, and expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The accounts in the financial statements in this report fall under one broad fund category as follows:

**Proprietary Funds**

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

3. **Reporting Entity**

Park Rest is a department of Hardin County, Tennessee. Park Rest is not a legally separate entity but the Hardin County Commission is responsible for appointing each member of the nursing home committee, which oversees Park Rest's operations. In addition,

nursing home revenues were the source of repayment for bonds issued to finance construction of the facility.

**B. Summary of Significant Accounting Policies**

**1. Measurement Focus and Basis of Accounting**

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

**Inventory**

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

**Property and Equipment**

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

**2. GASB Conformity**

The financial statements included herein are prepared in conformity with generally accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). Park Rest applies Financial Accounting Standards Board (FASB) pronouncements, Accounting Principles Board (APB) Opinions, and Committee on Accounting Procedure (CAP) Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. GASB Statement Nos. 20 and 34 provide the option of electing to apply FASB pronouncements issued after November 30, 1989. Park Rest has elected not to apply those pronouncements.

**3. Cash and Cash Equivalents**

Cash and cash equivalents, as used in the Statement of Cash Flows, include demand deposit accounts and certificates of deposit with

maturities of three months or less when purchased, in accordance with Governmental Accounting Standards Board Statement No. 9.

**4. Operating Revenues/Expenses**

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the nursing home's principal ongoing operations. The principal operating revenues of Park Rest are charges for patient services. Operating expenses include salaries and wages of employees, administrative expenses, and depreciation on capital assets.

**C. Related Party Transactions**

During the year, Hardin Home (an independent nursing home facility owned by the manager of Park Rest) provided Park Rest with laundry services. Hardin Home based the laundry charges on prevailing rates in the area. The total laundry charges for the year were \$120,000.

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

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

The county has contracted with an outside firm to manage Park Rest. The management fee is seven percent of the gross revenues received by the facility from all sources and totaled \$176,839 in 2009.

Park Rest is responsible to pay the county a monthly administrative fee equal to one percent of gross revenues. For 2009, that fee totaled \$25,263.

**D. Risk Management**

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

**E. Custodial Credit Risk – Deposits**

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

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

As of June 30, 2009, the bank balances of \$201,410 were not exposed to custodial credit risk due to being entirely covered by federal depository insurance.

**F. Concentration of Credit Risk**

Approximately 95 percent of the patients in Park Rest participate in the Medicaid program. As a result, a portion of their care is paid for by the State of Tennessee. At June 30, 2009, approximately 86 percent of the accounts receivable balance was due from the State of Tennessee under the Medicaid program.

**G. Compensated Absences**

Park Rest does not grant sick days as such. If employees are off sick, they will not be paid for that time. However, for any month employees do not miss a day for being off sick, they will accumulate four hours pay. After employees have completed one year's service, the facility will pay for all accumulated sick pay hours.

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

Accrued sick pay was not considered material and, accordingly, no liability is included in the financial statements for it.

**H. Trust Funds**

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

**I. Capital Assets**

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

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Not Depreciated:			
Land	\$ 26,700	\$ 0	\$ 26,700
Capital Assets Depreciated:			
Building and Improvements	\$ 1,127,838	\$ 0	\$ 1,127,838
Furniture and Fixtures	51,533	9,999	61,532
Equipment	253,158	28,054	281,212
Total Capital Assets Depreciated	\$ 1,432,529	\$ 38,053	\$ 1,470,582
Less Accumulated Depreciation For:			
Building and Improvements	\$ (647,133)	\$ (31,376)	\$ (678,509)
Furniture and Fixtures	(43,279)	(2,806)	(46,085)
Equipment	(219,460)	(11,599)	(231,059)
Total Accumulated Depreciation	\$ (909,872)	\$ (45,781)	\$ (955,653)
Total Capital Assets Depreciated, Net	\$ 522,657	\$ (45,781)	\$ 514,929
Total Capital Assets, Net	\$ 549,357	\$ (7,728)	\$ 541,629

Fully depreciated assets at June 30, 2009, totaled \$278,259.

**J. Stewardship, Compliance, and Accountability**

As of June 30, 2009, none of the bank balances of \$201,410 was exposed to custodial credit risk due to being entirely covered by federal depository insurance.

**K. Unrestricted Net Assets Deficit**

Park Rest had an unrestricted net assets deficit of \$653,036 at June 30, 2009. This deficit resulted from losses incurred in prior years. Management intends to liquidate this deficit in future years.

## **VII. OTHER NOTES – DISCRETELY PRESENTED HARDIN MEDICAL CENTER**

### **A. General Information**

#### **1. General**

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

#### **2. Reporting Entity**

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

### **B. Summary of Significant Accounting Policies**

#### **1. GASB Conformity**

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

#### **2. Measurement Focus and Basis of Accounting**

Hardin Medical Center uses the economic resources measurement focus. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Hardin Medical Center uses the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred.

#### **3. Cash Equivalents**

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

4. **Accounts Receivable**

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

5. **Inventories**

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

6. **Compensated Absences**

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

7. **Fund Accounting**

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

**Proprietary Fund**

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

8. **Capital Assets**

All Hardin Medical Center plant in-service acquisitions subsequent to 1967 have been recorded at cost. Assets acquired prior to that date and still on hand and in use at that date were inventoried and

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

**9. Operating Income**

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

**C. Pension Plan**

**Plan Description**

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10<sup>th</sup> Floor, Andrew Jackson

Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs](http://www.tn.gov/treasury/tcrs).

### **Funding Policy**

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

The Hardin Medical Center is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 10.66 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. Contribution requirements for the Hardin Medical Center are established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2009, the Hardin Medical Center's annual pension cost of \$560,400 to TCRS was equal to their required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen initial liability actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The Hardin Medical Center's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 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 Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-09	\$ 560,400	100%	\$ 0
6-30-08	1,036,176	100	0
6-30-07	993,229	100	0

### Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 85.39 percent funded. The actuarial accrued liability for benefits was \$26.38 million, and the actuarial value of assets was \$22.52 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.85 million. The covered payroll (annual payroll of active employees covered by this plan) was \$9.56 million, and the ratio of the UAAL to the covered payroll was 40.3 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 AAL's 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.

#### **D. Due from/to Intermediaries**

The Hardin Medical Center participates in the Medicare and TennCare programs as well as provides health-care services to patients whose coverage is paid for by other commercial insurance carriers. Historically, reimbursements for certain services under the Medicare program were made on the basis of audited cost reports filed on a fiscal year basis. Periodically, the commercial insurance carriers may conduct their own audit of the center's records. The amounts presented below are subject to final audit by the intermediaries. The amounts due to intermediaries represent amounts determined to be payable as a result of reviews of the center's records. The center's Medicare cost reports have been audited through June 30, 2008.

**E. Economic Dependency**

Approximately 45 percent of all charges for the year were made to the Medicare program, and 34 percent of the net accounts receivable balance as of June 30, 2009, was due from the Medicare program.

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

**F. Physician Guarantees**

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

**G. Charity Care**

Hardin Medical Center maintains records to identify and monitor the level of charity care it provides for patients. The records include the amount of charges foregone for services and supplies furnished under its charity care policy. Hardin Medical Center provided charity care services, measured in terms of established patient billing rates, of approximately \$1,168,628.

**H. Long-term Debt**

Hardin County has entered into a loan agreement dated July 29, 2003, to borrow up to \$8,000,000 in bonds to improve the Hardin Medical Center. A total of \$8,000,000 was received, and the medical center is repaying the bonds in annual principal and monthly interest payments. The interest rate to be paid is variable but at June 30, 2009, was 1.54 percent.

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

In June 2008, the Hardin Medical Center entered into a capital lease agreement whereby it financed the purchase of equipment with monthly interest and principal payments of \$17,200 through 2013 at an interest rate of 3.52 percent.

Maturities of all long-term debt are as follows:

Year Ending June 30	Bond Principal	Note Principal	Capital Lease Principal	Interest
2010	\$ 216,000	\$ 30,000	\$ 182,248	\$ 129,654
2011	223,000	30,000	188,767	119,809
2012	231,000	30,000	195,921	109,221
2013	238,000	30,000	202,116	99,469
2014	246,000	30,000	0	91,522
2015-2019	1,362,000	77,500	0	398,106
2020-2024	1,604,000	0	0	286,009
2025-2029	1,893,000	0	0	153,907
2030-2031	838,000	0	0	19,388
<b>Total</b>	<b>\$ 6,851,000</b>	<b>\$ 227,500</b>	<b>\$ 769,052</b>	<b>\$ 1,407,085</b>

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

	Balance 7-1-08	Decreases	Balance 6-30-09	Due Within One Year
Bonds	\$ 7,061,000	\$ 210,000	\$ 6,851,000	\$ 216,000
Notes	257,500	30,000	227,500	30,000
Capital Leases	945,005	175,953	769,052	182,248
<b>Total</b>	<b>\$ 8,263,505</b>	<b>\$ 415,953</b>	<b>\$ 7,847,552</b>	<b>\$ 428,248</b>

## I. Net Patient Service Revenue

Hardin Medical Center has agreements with third-party payers that provide for payments at amounts different from their established rates. Net operating revenues are net of contractual adjustments and policy discounts of \$49,158,450. A summary of the payment arrangements with major third-party payers follows:

### **Medicare**

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

### **TennCare – Blue Cross**

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

### **TennCare – Omni Care, BetterHealth, and TLC**

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

### **Blue Cross**

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

### **Other**

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

## **J. Deposits and Investments**

Hardin Medical Center maintains checking accounts and certificates of deposit with local banks. Their investment policies are governed by state statute. Included in permissible investments are direct obligations of the U.S. government and agency securities, certificates of deposit, and savings accounts. Hardin Medical Center has no policy that further limits allowable investments. At June 30, 2009, investments consisted entirely of certificates of deposit. Investments are carried at cost, which approximates fair value.

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Hardin Medical Center deposits may not be returned to them. The center does not have a policy regarding custodial credit risk for deposits. Collateral is required for demand deposits and certificates of deposit at 105 percent of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of Tennessee and its subdivisions. At June 30, 2009, \$263,646 of total bank balances of \$6,162,819 was exposed to custodial credit risk due being uninsured and uncollateralized.

**K. Ambulance Service**

Hardin County paid for the construction of a building to house ambulance facilities and has also purchased ambulances and related equipment, but the Hardin Medical Center is responsible for operating the ambulance service. Expenditures by Hardin County since the Hardin Medical Center began operating the ambulance service totals \$1,269,088. This amount is not reflected in property and equipment in the accompanying financial statements. In addition, Hardin County provides an annual subsidy (\$100,000 in 2009) to defray costs incurred in operating the ambulance service. This annual allocation is in addition to the cumulative expenditures mentioned above.

**L. Risk Management**

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

Beginning April 2002, medical and dental insurance for employees is provided by self-funding claims as they arise. Under this arrangement, the Hardin Medical Center provides coverage up to a maximum of \$50,000 per year for each employee's medical claims. Hardin Medical Center has purchased commercial insurance for claims in excess of coverage provided through the self-insurance plan. Claims expenditures and liabilities are reported under the self-insurance plan when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Changes in the claims liability for all employees are as follows:

Beginning of Fiscal Year	Incurred Claims	Claims Payments	Employee Deductions	End of Fiscal Year
\$ 132,837	\$ 1,642,130	\$ (1,082,211)	\$ (559,919)	\$ 132,837

**M. Net Assets**

Net assets invested in capital assets, net of related debt, are calculated by taking the net plant in service of \$13,463,512 less the long-term debt of \$7,847,552.

**N. Restricted Assets/Deferred Revenue**

The Hardin Medical Center received a contribution that is restricted by the donor for specific construction purposes. If the anticipated construction does not occur, the contribution must be returned to the donor. The money is placed in an interest-bearing account. Accordingly, \$256,992 represents the contribution plus interest earned on the balance at June 30, 2009.

**O. Capital Assets**

Capital assets activity for the year follows:

	Balance 7-1-08	Increases	Balance 6-30-08
Capital Assets Not Depreciated:			
Land	\$ 64,500	\$ 160,000	\$ 224,500
Construction in Progress	0	93,403	93,403
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 64,500</b>	<b>\$ 253,403</b>	<b>\$ 317,903</b>
Capital Assets Depreciated:			
Land Improvements	\$ 317,090	\$ 0	\$ 317,090
Buildings	13,578,977	577,352	14,156,329
Equipment	12,070,882	504,457	12,575,339
Furniture and Fixtures	193,104	0	193,104
Assets Under Capital Lease	2,673,852	0	2,673,852
Intangible Costs	86,989	0	86,989
<b>Total Capital Assets Depreciated</b>	<b>\$ 28,920,894</b>	<b>\$ 1,081,809</b>	<b>\$ 30,002,703</b>
Less Accumulated Depreciation For:			
Land improvements	\$ 242,505	\$ 23,812	\$ 266,317
Buildings	4,316,600	354,019	4,670,619
Equipment	8,646,439	904,498	9,550,937
Furniture and fixtures	131,065	13,445	144,510
Assets under capital lease	1,831,451	306,271	2,137,722
Intangible costs	86,989	0	86,989
<b>Total Accumulated Depreciation</b>	<b>\$ 15,255,049</b>	<b>\$ 1,602,045</b>	<b>\$ 16,857,094</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 13,665,845</b>	<b>\$ (520,236)</b>	<b>\$ 13,145,609</b>
<b>Total Capital Assets, Net</b>	<b>\$ 13,730,345</b>	<b>\$ (266,833)</b>	<b>\$ 13,463,512</b>

Depreciation expense of \$1,602,045 (including \$306,271 on assets under capital lease) was recorded by the Hardin Medical Center. Fully depreciated assets at June 30, 2009, totaled \$8,811,733. Related interest cost of \$155,137 was capitalized in prior years.

**P. Operating Leases**

Hardin Medical Center leased surgery cataract equipment under operating leases during the year at a total expense of \$309,472.

**Q. Accounts Payable**

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

**R. Prior-period Adjustment**

A prior-period adjustment was made to increase the allowance for doubtful accounts by \$1,900,000 as of June 30, 2008.

**VIII. OTHER NOTES - DISCRETELY PRESENTED HARDIN COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**A. General Information**

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

**B. Summary of Significant Accounting Policies**

**1. GASB Conformity**

The financial statements included herein are prepared in conformity with generally accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 20 – "Election of a Reporting Method" – required the district to elect either (1) all provisions of the Financial Accounting Standards Board (FASB) issued prior to 1989 for proprietary type funds, or (2) all of the provisions of FASB regardless of the issue date for proprietary type funds. The district elected to adopt only the provisions of FASB prior to 1989.

**2. Measurement Focus and Basis of Accounting**

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

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

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

**3. Cash and Cash Equivalents**

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

**4. Capital Assets**

All capital assets of the district are recorded at original cost, except for donated equipment, which is recorded at fair market value. Expenses, which materially increase values or capacities, or extend useful lives of these assets are capitalized while expenses for maintenance and repairs are charged to operations as incurred. Any related interest cost is also added to the cost of the asset as appropriate.

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

**5. Operating Revenues and Expenses**

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

**6. Fund Accounting**

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

**Proprietary Fund**

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

**C. Revenues**

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

**D. Risk Management**

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

**E. Contract Agreement**

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

to the city to cover various operating expenses. This year the district remitted \$71,636 to the city.

**F. Deposits and Investments**

The district's investment policies are governed by state statute. Included in permissible investments are direct obligations of the U.S. government and agency securities, certificates of deposit, and savings accounts. The district has no policy that further limits allowable investments. Investments consist of a certificate of deposit, the fair value of which was comparable to the carrying value.

For deposits, custodial credit risk is the risk that, in the event of a bank failure, district deposits may not be returned to it. The district does not have a policy regarding custodial risk for deposits. Collateral is required for demand deposits and certificates of deposit at 105 percent of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of Tennessee and its subdivisions. The district's deposits at year-end were not exposed to custodial risk due to being entirely covered by federal depository insurance and pledged collateral held by the pledging financial institution's agent in the entity's name.

**G. Compensated Absences**

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

**H. Capital Assets**

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

	Balance 7-1-08	Increases	Balance 6-30-09
Capital Assets Depreciated:			
Building Improvements	\$ 43,985	\$ 0	\$ 43,985
Equipment - Capital Lease	339,029	0	339,029
Equipment and Software	264,547	0	264,547
Vehicles	25,196	0	25,196
Maps	176,904	0	176,904
Total Capital Assets			
Depreciated	\$ 849,661	\$ 0	\$ 849,661

	Balance 7-1-08	Increases	Balance 6-30-09
Less Accumulated Depreciation For:			
Building Improvements	\$ (10,975)	\$ (1,466)	\$ (12,441)
Equipment - Capital Lease	(324,191)	(8,903)	(333,094)
Equipment and Software	(235,753)	(14,606)	(250,359)
Vehicles	(25,196)	0	(25,196)
Maps	(108,021)	(12,874)	(120,895)
Total Accumulated Depreciation	<u>\$ (704,136)</u>	<u>\$ (37,849)</u>	<u>\$ (741,985)</u>
 Total Capital Assets			
Depreciated, Net	<u>\$ 145,525</u>	<u>\$ (37,849)</u>	<u>\$ 107,676</u>
 Total Capital Assets, Net	<u>\$ 145,525</u>	<u>\$ (37,849)</u>	<u>\$ 107,676</u>

Depreciation expense of \$37,849 was recorded by the district.

**I. Stewardship, Compliance, and Accountability**

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

**Budget Appropriations**

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

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

**J. Estimates and Assumptions**

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

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

**A. General Information**

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

**B. Summary of Significant Accounting Policies**

**1. GASB Conformity**

The financial statements included herein are prepared in conformity with generally accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 20 – "Election of a Reporting Method" – required the HCCVB to elect either (1) all provisions of the Financial Accounting Standards Board (FASB) issued prior to 1989 for proprietary type funds, or (2) all of the provisions of FASB regardless of the issue date for proprietary type funds. HCCVB elected to adopt only the provisions of FASB prior to 1989.

**2. Measurement Focus**

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

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

**3. Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

**4. Capital Assets**

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

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

	Balance 7-1-08	Balance 6-30-09
Capital Assets Depreciated:		
Furniture and Equipment	\$ 3,343	\$ 3,343
Total Capital Assets Depreciated	<u>\$ 3,343</u>	<u>\$ 3,343</u>
Less Accumulated Depreciation For:		
Furniture and Equipment	\$ (3,343)	\$ (3,343)
Total Accumulated Depreciation	<u>\$ (3,343)</u>	<u>\$ (3,343)</u>
Total Capital Assets Depreciated, Net	<u>\$ 0</u>	<u>\$ 0</u>
Total Capital Assets, Net	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

**5. Cash**

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

**6. Accruals**

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

**7. Equity Classifications**

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

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

**8. Operating Revenues and Expenses**

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

**C. Stewardship, Compliance, and Accountability**

By its nature as a local government component unit, Hardin County Convention and Visitors Bureau (HCCVB) is subject to various federal, state, and local laws and contractual regulations. An analysis of HCCVB's compliance with significant laws and regulations and demonstration of its stewardship over its resources follows:

**1. Deposits and Investments – Laws and regulations**

In accordance with state law, all uninsured deposits of county funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or government agency securities, certain State of Tennessee or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to HCCVB must have a written collateral agreement approved by the board of directors or loan committee. HCCVB has no policy regarding custodial credit risk for deposits.

HCCVB's investment policies are governed by state statute. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit and

savings accounts. Collateral is required for demand deposits, certificates of deposits and repurchase agreements at 105 percent of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its subdivisions. HCCVB has no policy that further limits allowable investments.

**2. Deficit Prohibition**

State statutes prohibit the creation of a deficit fund balance in any individual fund. HCCVB complied with this statute in all material respects for the year ended June 30, 2009.

**3. Budget Appropriation**

State statutes prohibit expenses in excess of budget appropriations. HCCVB did not comply with this state statute since expenses exceeded budget appropriations for the year.

**D. Estimates and Assumptions**

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

**E. Tax Exemption**

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

**F. Concentration of Credit Risk**

HCCVB receives approximately 89 percent of operating revenues from hotel and motel sales tax collections by Hardin County, Tennessee.

**G. Donated Services**

Accounting services were provided at no charge to HCCVB by a local accounting firm. An estimated fair value of \$3,600 for services rendered is reflected in the Statement of Revenues, Expenses, and Changes in Net Assets as both revenue and an expense.

**H. Related Parties**

HCCVB is represented on the board of directors of Team Hardin County, Inc. (THC), another nonprofit organization that is involved in the promotion of Hardin County. THC pays expenses incurred by HCCVB and hotel/motel tax receipts are received by THC to offset those expenses. During the year, cash payments exceeded receipts by \$1,251. At year end, THC owed HCCVB \$72,643.

At year end, THC – NAIA, another related-party nonprofit, owed HCCVB \$24,167 due to HCCVB paying NAIA expenses during the year.

**I. Retirement Plan**

HCCVB is a participant in a non-contributory defined contribution money purchase pension plan, which covers all full-time employees. HCCVB's contribution rate is five percent of base compensation. The total retirement plan expense for the year was \$3,577.

**J. Risk Management**

It is the policy of HCCVB to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability and theft. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Hardin County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 General Fund  
 For the Year Ended June 30, 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	
<b>Revenues</b>							
Local Taxes	\$ 5,374,175	\$ 0	\$ 0	\$ 5,374,175	\$ 5,264,182	\$ 5,264,182	\$ 109,993
Licenses and Permits	129,113	0	0	129,113	87,350	87,350	41,763
Fines, Forfeitures, and Penalties	193,396	0	0	193,396	179,650	179,650	13,746
Charges for Current Services	43,211	0	0	43,211	40,745	40,745	2,466
Other Local Revenues	368,982	0	0	368,982	422,100	438,705	(69,723)
Fees Received from County Officials	1,211,365	0	0	1,211,365	1,251,500	1,251,500	(40,135)
State of Tennessee	1,324,134	0	0	1,324,134	1,114,801	1,216,684	107,450
Federal Government	435,963	0	0	435,963	59,405	259,194	176,769
Other Governments and Citizens Groups	129,615	0	0	129,615	32,000	35,227	94,388
<b>Total Revenues</b>	<b>\$ 9,209,954</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 9,209,954</b>	<b>\$ 8,451,733</b>	<b>\$ 8,773,237</b>	<b>\$ 436,717</b>
<b>Expenditures</b>							
<b>General Government</b>							
County Commission	\$ 62,304	\$ 0	\$ 273	\$ 62,577	\$ 68,018	\$ 68,716	\$ 6,139
Board of Equalization	540	0	0	540	0	960	420
Beer Board	3,255	0	0	3,255	4,075	4,075	820
Other Boards and Committees	200	0	0	200	1,500	1,500	1,300
County Mayor/Executive	138,289	0	0	138,289	139,901	139,151	862
County Attorney	4,884	0	0	4,884	7,000	7,000	2,116
Election Commission	147,014	(90)	0	146,924	148,454	152,148	5,224
Register of Deeds	139,441	0	0	139,441	146,959	146,960	7,519
County Buildings	520,755	(5,224)	3,583	519,114	478,324	538,171	19,057
<b>Finance</b>							
Accounting and Budgeting	99,210	(100)	0	99,110	99,868	99,868	758
Property Assessor's Office	178,521	0	0	178,521	195,075	195,075	16,554

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less:		Add: 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		7/1/2008	6/30/2009			Original	Final	
<b>Expenditures (Cont.)</b>								
<b>Finance (Cont.)</b>								
Reappraisal Program	\$ 26,053	\$ 0	\$ 0	\$ 0	\$ 26,053	\$ 31,086	\$ 31,086	\$ 5,033
County Trustee's Office	149,034	0	0	0	149,034	152,941	152,941	3,907
County Clerk's Office	206,931	0	116	116	207,047	222,407	222,407	15,360
<b>Administration of Justice</b>								
Circuit Court	276,574	0	1,009	1,009	277,583	255,871	285,825	8,242
General Sessions Court	130,480	0	0	0	130,480	131,825	131,826	1,346
Drug Court	10,365	0	0	0	10,365	11,200	11,200	835
Chancery Court	109,791	(632)	0	0	109,159	112,757	112,757	3,598
<b>Public Safety</b>								
Sheriff's Department	989,541	0	212	212	989,753	944,891	1,029,163	39,410
Traffic Control	119,832	(810)	0	0	119,022	30,647	172,727	53,705
Administration of the Sexual Offender Registry	542	0	0	0	542	1,000	1,000	458
Jail	1,329,928	0	912	912	1,330,840	1,361,000	1,420,800	89,960
Juvenile Services	99,926	(185)	0	0	99,741	102,130	102,130	2,389
Fire Prevention and Control	548,715	(1,872)	86	86	546,929	545,165	553,272	6,343
Civil Defense	116,931	0	0	0	116,931	79,125	120,266	3,335
Other Public Safety	220,736	0	23,779	23,779	244,515	248,183	248,183	3,668
<b>Public Health and Welfare</b>								
Local Health Center	111,120	0	0	0	111,120	106,900	120,486	9,366
Rabies and Animal Control	62	0	0	0	62	100,000	100,000	99,938
Ambulance/Emergency Medical Services	537,426	(270,175)	0	0	267,251	191,200	267,500	249
Alcohol and Drug Programs	10,000	0	0	0	10,000	10,000	10,000	0
Crippled Children Services	2,005	0	0	0	2,005	2,005	2,005	0
General Welfare Assistance	3,100	0	0	0	3,100	3,100	3,100	0

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	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>Public Health and Welfare (Cont.)</u>							
Other Local Welfare Services	\$ 7,493	\$ 0	\$ 0	\$ 7,493	\$ 7,500	\$ 7,500	\$ 7
Sanitation Education/Information	74,514	0	0	74,514	67,860	76,687	2,173
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	54,024	0	0	54,024	56,899	56,899	2,875
Libraries	182,621	0	0	182,621	183,226	185,731	3,110
Other Social, Cultural, and Recreational	18,500	0	0	18,500	20,500	20,500	2,000
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	66,147	0	0	66,147	65,431	66,238	91
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	23,472	0	0	23,472	23,472	23,472	0
Flood Control	37,992	0	0	37,992	38,000	38,000	8
Other Agriculture and Natural Resources	3,794	0	0	3,794	5,750	5,750	1,956
<u>Other Operations</u>							
Tourism	194,136	0	0	194,136	180,000	205,000	10,864
Tourism-Resort District	97,360	(20,296)	0	77,064	103,000	103,000	25,936
Industrial Development	68,317	0	0	68,317	69,800	68,800	483
Other Economic and Community Development	13,227	0	144	13,371	16,520	19,020	5,649
Airport	22,500	0	0	22,500	17,500	22,500	0
Veterans Services	43,991	(200)	35	43,826	45,610	45,610	1,784
Other Charges	219,879	0	0	219,879	228,028	225,600	5,721
Contributions to Other Agencies	15,500	0	0	15,500	15,500	15,500	0
Employee Benefits	1,167,964	0	0	1,167,964	1,252,647	1,258,823	90,859
Miscellaneous	6,289	0	0	6,289	10,300	10,300	4,011

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Expenditures (Cont.)</b>							
Principal on Debt							
General Government	\$ 263,763	(28,555)	0	235,208	0	263,763	\$ 28,555
Interest on Debt	60,172	(1,620)	0	58,552	0	58,576	24
General Government	\$ 8,936,160	(329,759)	30,149	8,636,550	8,341,150	9,230,567	\$ 594,017
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	\$ 273,794	329,759	(30,149)	573,404	110,583	(457,330)	\$ 1,030,734
<b>Other Financing Sources (Uses)</b>							
Capital Leases Issued	\$ 134,216	0	0	134,216	0	134,216	\$ 0
Insurance Recovery	53,813	0	0	53,813	0	53,902	(89)
Transfers Out	(110,830)	0	0	(110,830)	(610,925)	(610,925)	500,095
<b>Total Other Financing Sources (Uses)</b>	\$ 77,199	0	0	77,199	(610,925)	(422,807)	\$ 500,006
<b>Net Change in Fund Balance Fund Balance, July 1, 2008</b>	\$ 350,993	329,759	(30,149)	650,603	(500,342)	(880,137)	\$ 1,530,740
	4,476,652	(329,759)	0	4,146,893	4,122,074	4,122,074	24,819
<b>Fund Balance, June 30, 2009</b>	\$ 4,827,645	0	(30,149)	4,797,496	3,621,732	3,241,937	\$ 1,555,559

Exhibit F-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 610,145	\$ 577,645	\$ 577,645	\$ 32,500
Other Local Revenues	32,174	75,000	75,000	(42,826)
State of Tennessee	2,259,023	2,173,177	2,343,313	(84,290)
Total Revenues	<u>\$ 2,901,342</u>	<u>\$ 2,825,822</u>	<u>\$ 2,995,958</u>	<u>\$ (94,616)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 243,529	\$ 257,400	\$ 257,400	\$ 13,871
Highway and Bridge Maintenance	1,030,385	980,580	1,033,976	3,591
Operation and Maintenance of Equipment	303,433	427,147	341,147	37,714
Other Charges	169,932	500,758	255,810	85,878
Employee Benefits	348,779	397,640	397,640	48,861
Capital Outlay	1,089,746	1,716,000	1,909,756	820,010
<u>Principal on Debt</u>				
Highways and Streets	23,034	0	23,034	0
<u>Interest on Debt</u>				
Highways and Streets	3,327	0	3,327	0
Total Expenditures	<u>\$ 3,212,165</u>	<u>\$ 4,279,525</u>	<u>\$ 4,222,090</u>	<u>\$ 1,009,925</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (310,823)</u>	<u>\$ (1,453,703)</u>	<u>\$ (1,226,132)</u>	<u>\$ 915,309</u>
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 0	\$ 1,455,000	\$ 0	\$ 0
Transfers In	1,455,266	0	1,455,000	266
Transfers Out	(227,571)	0	(227,571)	0
Total Other Financing Sources (Uses)	<u>\$ 1,227,695</u>	<u>\$ 1,455,000</u>	<u>\$ 1,227,429</u>	<u>\$ 266</u>
Net Change in Fund Balance	\$ 916,872	\$ 1,297	\$ 1,297	\$ 915,575
Fund Balance, July 1, 2008	362,230	268,888	268,888	93,342
Fund Balance, June 30, 2009	<u>\$ 1,279,102</u>	<u>\$ 270,185</u>	<u>\$ 270,185</u>	<u>\$ 1,008,917</u>

Exhibit F-3

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

(Dollar amounts in thousands)

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued 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	\$ 13,127	\$ 14,999	1,872	87.52%	\$ 5,865	31.92%
6-30-08	7-1-07	13,127	14,999	1,872	87.52	5,865	31.92

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

Hardin County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Discretely Presented Hardin County Medical Center  
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)
6-30-09	7-1-07	\$ 22,524	\$ 26,378	\$ 3,854	85.39 %	\$ 9,564	40.3 %
6-30-08	7-1-07	22,524	26,378	3,854	85.39	9,564	40.3

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, data is only presented for two years.

Exhibit F-5

Hardin County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plans  
Primary Government and Discretely Presented Hardin County School Department  
June 30, 2009

(Dollar amounts in thousands)

Plans	Fiscal Year Ended*	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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)
<u>PRIMARY GOVERNMENT</u>								
Local Government Group	6-30-08	7-1-07	\$ 0	\$ 419	419	0%	\$ 3,379	12%
"	6-30-09	7-1-07	0	419	419	0	3,379	12
<u>DISCRETELY PRESENTED HARDIN COUNTY SCHOOL DEPARTMENT</u>								
Local Education Group	6-30-08	7-1-07	0	8,846	8,846	0	14,125	63
"	6-30-09	7-1-07	0	8,846	8,846	0	14,125	63

\*Data only available for two years.

**HARDIN 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 County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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

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

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

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

# Capital Projects Funds

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

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General Capital Projects Fund – The General Capital Projects Fund is used to account for transactions involving the construction of a new jail.

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

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for transactions involving renovations to the courthouse and the Tennessee River Museum.

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

	Special Revenue Funds			Capital Projects		Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Other Capital Projects	Fund	
\$	0	0	352	0	0	352
\$	333,802	87,209	0	655,615	0	1,076,626
\$	61,940	0	0	0	0	61,940
\$	141,829	0	0	27,650	0	169,479
\$	537,571	87,209	352	683,265	0	1,308,397

ASSETS

Cash	
Equity in Pooled Cash and Investments	
Accounts Receivable	
Due from Other Governments	
Total Assets	

LIABILITIES AND FUND BALANCES

Liabilities					
Accrued Payroll	13,280	785	0	0	14,065
Payroll Deductions Payable	994	60	0	0	1,054
Due to Other Funds	0	0	352	0	352
Other Deferred Revenues	94,323	0	0	0	94,323
Total Liabilities	108,597	845	352	0	109,794
Fund Balances					
Reserved for Encumbrances	33,924	0	0	667,183	701,107
Reserved for Purchase of Electronic Fingerprint Imaging System	0	5,000	0	0	5,000
Unreserved	395,050	81,364	0	16,082	492,496
Total Fund Balances	428,974	86,364	0	683,265	1,198,603
Total Liabilities and Fund Balances	537,571	87,209	352	683,265	1,308,397

Hardin 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
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	Education Capital Projects	Other Capital Projects	Total	Total		
<b>Revenues</b>											
Local Taxes	\$ 942,931	\$ 0	\$ 0	\$ 942,931	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 942,931
Fines, Forfeitures, and Penalties	0	81,312	0	81,312	0	0	0	0	0	0	81,312
Charges for Current Services	287,245	0	15,221	302,466	0	0	0	0	0	0	302,466
Other Local Revenues	11,349	0	0	11,349	24,961	0	0	0	0	24,961	36,310
State of Tennessee	41,876	4,350	0	46,226	0	0	0	0	0	0	46,226
Other Governments and Citizens Groups	8,112	0	0	8,112	0	0	0	0	0	0	8,112
<b>Total Revenues</b>	<b>\$ 1,291,513</b>	<b>\$ 85,662</b>	<b>\$ 15,221</b>	<b>\$ 1,392,396</b>	<b>\$ 24,961</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 24,961</b>	<b>\$ 0</b>	<b>\$ 1,417,357</b>
<b>Expenditures</b>											
Current:											
Administration of Justice	\$ 0	\$ 0	\$ 15,221	\$ 15,221	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,221
Public Safety	0	35,603	0	35,603	0	0	0	0	0	0	35,603
Public Health and Welfare	1,164,206	0	0	1,164,206	0	0	0	0	0	0	1,164,206
Other Operations	157,875	13,369	0	171,244	0	0	0	0	0	0	171,244
Capital Projects	0	0	0	0	39,640	960,000	79,385	1,079,025	1,079,025	1,079,025	1,079,025
<b>Total Expenditures</b>	<b>\$ 1,322,081</b>	<b>\$ 48,972</b>	<b>\$ 15,221</b>	<b>\$ 1,386,274</b>	<b>\$ 39,640</b>	<b>\$ 960,000</b>	<b>\$ 79,385</b>	<b>\$ 1,079,025</b>	<b>\$ 1,079,025</b>	<b>\$ 2,465,299</b>	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (30,568)</b>	<b>\$ 36,690</b>	<b>\$ 0</b>	<b>\$ 6,122</b>	<b>\$ (14,679)</b>	<b>\$ (960,000)</b>	<b>\$ (79,385)</b>	<b>\$ (1,054,064)</b>	<b>\$ (1,047,942)</b>		
<b>Other Financing Sources (Uses)</b>											
Notes Issued	\$ 115,500	\$ 0	\$ 0	\$ 115,500	\$ 0	\$ 960,000	\$ 762,650	\$ 1,722,650	\$ 1,838,150		\$ 1,838,150
Insurance Recovery	1,680	0	0	1,680	0	0	0	0	0	0	1,680
Transfers Out	0	0	0	0	(1,955,361)	0	0	(1,955,361)	(1,955,361)		(1,955,361)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 117,180</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 117,180</b>	<b>\$ (1,955,361)</b>	<b>\$ 960,000</b>	<b>\$ 762,650</b>	<b>\$ (232,711)</b>	<b>\$ (115,531)</b>		
<b>Net Change in Fund Balances Fund Balance, July 1, 2008</b>	<b>\$ 86,612</b>	<b>\$ 36,690</b>	<b>\$ 0</b>	<b>\$ 123,302</b>	<b>\$ (1,970,040)</b>	<b>\$ 0</b>	<b>\$ 683,265</b>	<b>\$ (1,286,775)</b>	<b>\$ (1,163,473)</b>		<b>\$ 2,362,076</b>
<b>Fund Balance, June 30, 2009</b>	<b>\$ 428,974</b>	<b>\$ 86,364</b>	<b>\$ 0</b>	<b>\$ 515,338</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 683,265</b>	<b>\$ 683,265</b>	<b>\$ 1,198,603</b>		

Exhibit G-3

Hardin County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Solid Waste/Sanitation Fund  
 For the Year Ended June 30, 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	
<b>Revenues</b>							
Local Taxes	\$ 942,931	\$ 0	\$ 0	\$ 942,931	\$ 977,160	\$ 977,160	\$ (34,229)
Charges for Current Services	287,245	0	0	287,245	243,000	249,200	38,045
Other Local Revenues	11,349	0	0	11,349	0	2,724	8,625
State of Tennessee	41,876	0	0	41,876	17,595	47,655	(5,779)
Other Governments and Citizens Groups	8,112	0	0	8,112	5,500	8,825	(713)
<b>Total Revenues</b>	<b>\$ 1,291,513</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,291,513</b>	<b>\$ 1,243,255</b>	<b>\$ 1,285,564</b>	<b>\$ 5,949</b>
<b>Expenditures</b>							
Public Health and Welfare	\$ 67,174	(399)	72	\$ 66,847	\$ 68,409	\$ 68,409	\$ 1,562
Sanitation Management	458,753	(596)	8,852	467,009	384,030	502,854	35,845
Waste Pickup	293,689	0	0	293,689	253,200	296,630	2,941
Convenience Centers	344,590	(6,900)	25,000	362,690	368,370	381,220	18,530
Landfill Operation and Maintenance							
Other Operations	54,484	0	0	54,484	54,600	54,600	116
Other Charges	103,391	0	0	103,391	110,042	110,042	6,651
Employee Benefits							
<b>Total Expenditures</b>	<b>\$ 1,322,081</b>	<b>(7,895)</b>	<b>\$ 33,924</b>	<b>\$ 1,348,110</b>	<b>\$ 1,238,651</b>	<b>\$ 1,413,755</b>	<b>\$ 65,645</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ (30,568)</b>	<b>\$ 7,895</b>	<b>\$ (33,924)</b>	<b>\$ (56,597)</b>	<b>\$ 4,604</b>	<b>\$ (128,191)</b>	<b>\$ 71,594</b>
<b>Other Financing Sources (Uses)</b>							
Notes Issued	\$ 115,500	0	0	\$ 115,500	0	\$ 115,500	0
Insurance Recovery	1,680	0	0	1,680	0	1,680	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 117,180</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 117,180</b>	<b>\$ 0</b>	<b>\$ 117,180</b>	<b>\$ 0</b>
<b>Net Change in Fund Balance Fund Balance, July 1, 2008</b>	<b>\$ 86,612</b>	<b>\$ 7,895</b>	<b>\$ (33,924)</b>	<b>\$ 60,583</b>	<b>\$ 4,604</b>	<b>\$ (11,011)</b>	<b>\$ 71,594</b>
	<b>342,362</b>	<b>(7,895)</b>	<b>0</b>	<b>334,467</b>	<b>342,635</b>	<b>342,635</b>	<b>(8,168)</b>
<b>Fund Balance, June 30, 2009</b>	<b>\$ 428,974</b>	<b>\$ 0</b>	<b>\$ (33,924)</b>	<b>\$ 395,050</b>	<b>\$ 347,239</b>	<b>\$ 331,624</b>	<b>\$ 63,426</b>

Exhibit G-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 81,312	\$ 38,000	\$ 38,000	\$ 43,312
State of Tennessee	4,350	3,600	3,600	750
<b>Total Revenues</b>	<b>\$ 85,662</b>	<b>\$ 41,600</b>	<b>\$ 41,600</b>	<b>\$ 44,062</b>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 35,603	\$ 37,469	\$ 37,469	\$ 1,866
<u>Other Operations</u>				
Other Charges	1,352	1,350	1,350	(2)
Employee Benefits	12,017	12,414	12,414	397
<b>Total Expenditures</b>	<b>\$ 48,972</b>	<b>\$ 51,233</b>	<b>\$ 51,233</b>	<b>\$ 2,261</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 36,690</b>	<b>\$ (9,633)</b>	<b>\$ (9,633)</b>	<b>\$ 46,323</b>
<b>Net Change in Fund Balance</b>	<b>\$ 36,690</b>	<b>\$ (9,633)</b>	<b>\$ (9,633)</b>	<b>\$ 46,323</b>
<b>Fund Balance, July 1, 2008</b>	<b>49,674</b>	<b>49,014</b>	<b>49,014</b>	<b>660</b>
<b>Fund Balance, June 30, 2009</b>	<b>\$ 86,364</b>	<b>\$ 39,381</b>	<b>\$ 39,381</b>	<b>\$ 46,983</b>

# Major Governmental Funds

## Debt Service Funds

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

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

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

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Exhibit H-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 199,026	\$ 190,108	\$ 190,108	\$ 8,918
Other Local Revenues	82,275	82,800	82,800	(525)
State of Tennessee	17,255	16,500	16,500	755
Other Governments and Citizens Groups	397,191	853,663	626,092	(228,901)
<b>Total Revenues</b>	<b>\$ 695,747</b>	<b>\$ 1,143,071</b>	<b>\$ 915,500</b>	<b>\$ (219,753)</b>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 504,667	\$ 504,667	\$ 504,667	\$ 0
Highways and Streets	110,000	110,000	110,000	0
Education	51,280	51,280	51,280	0
<u>Interest on Debt</u>				
General Government	506,658	734,092	736,351	229,693
Highways and Streets	117,571	117,572	117,572	1
Education	9,066	9,066	9,066	0
<u>Other Debt Service</u>				
General Government	45,037	47,200	47,200	2,163
<b>Total Expenditures</b>	<b>\$ 1,344,279</b>	<b>\$ 1,573,877</b>	<b>\$ 1,576,136</b>	<b>\$ 231,857</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (648,532)	\$ (430,806)	\$ (660,636)	\$ 12,104
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 838,496	\$ 610,925	\$ 838,496	\$ 0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 838,496</b>	<b>\$ 610,925</b>	<b>\$ 838,496</b>	<b>\$ 0</b>
Net Change in Fund Balance	\$ 189,964	\$ 180,119	\$ 177,860	\$ 12,104
Fund Balance, July 1, 2008	2,254,812	2,256,595	2,256,595	(1,783)
<b>Fund Balance, June 30, 2009</b>	<b>\$ 2,444,776</b>	<b>\$ 2,436,714</b>	<b>\$ 2,434,455</b>	<b>\$ 10,321</b>

Exhibit H-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 362,670	\$ 359,000	\$ 359,000	\$ 3,670
Other Local Revenues	47,082	48,000	48,000	(918)
Other Governments and Citizens Groups	1,388,403	1,435,000	1,435,000	(46,597)
Total Revenues	<u>\$ 1,798,155</u>	<u>\$ 1,842,000</u>	<u>\$ 1,842,000</u>	<u>\$ (43,845)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 2,220,000	\$ 1,260,000	\$ 2,220,000	\$ 0
<u>Interest on Debt</u>				
Education	114,938	114,938	114,938	0
<u>Other Debt Service</u>				
Education	4,183	8,000	8,000	3,817
Total Expenditures	<u>\$ 2,339,121</u>	<u>\$ 1,382,938</u>	<u>\$ 2,342,938</u>	<u>\$ 3,817</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (540,966)</u>	<u>\$ 459,062</u>	<u>\$ (500,938)</u>	<u>\$ (40,028)</u>
Net Change in Fund Balance	<u>\$ (540,966)</u>	<u>\$ 459,062</u>	<u>\$ (500,938)</u>	<u>\$ (40,028)</u>
Fund Balance, July 1, 2008	<u>2,635,763</u>	<u>2,632,350</u>	<u>2,632,350</u>	<u>3,413</u>
Fund Balance, June 30, 2009	<u><u>\$ 2,094,797</u></u>	<u><u>\$ 3,091,412</u></u>	<u><u>\$ 2,131,412</u></u>	<u><u>\$ (36,615)</u></u>

# Fiduciary Funds

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

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

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

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Exhibit I-1

Hardin 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	\$ 921,392	\$	921,392
Due from Other Governments	479,889	0		479,889
Total Assets	<u>\$ 479,889</u>	<u>\$ 921,392</u>	<u>\$</u>	<u>1,401,281</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 479,889	\$ 0	\$	479,889
Due to Litigants, Heirs, and Others	0	921,392		921,392
Total Liabilities	<u>\$ 479,889</u>	<u>\$ 921,392</u>	<u>\$</u>	<u>1,401,281</u>

Exhibit I-2

Hardin County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All 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	\$ 2,740,535	\$ 2,740,535	\$ 0
Due from Other Governments	501,577	479,889	501,577	479,889
<b>Total Assets</b>	<b>\$ 501,577</b>	<b>\$ 3,220,424</b>	<b>\$ 3,242,112</b>	<b>\$ 479,889</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 501,577	\$ 3,220,424	\$ 3,242,112	\$ 479,889
<b>Total Liabilities</b>	<b>\$ 501,577</b>	<b>\$ 3,220,424</b>	<b>\$ 3,242,112</b>	<b>\$ 479,889</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,159,310	\$ 5,974,371	\$ 6,212,289	\$ 921,392
<b>Total Assets</b>	<b>\$ 1,159,310</b>	<b>\$ 5,974,371</b>	<b>\$ 6,212,289</b>	<b>\$ 921,392</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,159,310	\$ 5,974,371	\$ 6,212,289	\$ 921,392
<b>Total Liabilities</b>	<b>\$ 1,159,310</b>	<b>\$ 5,974,371</b>	<b>\$ 6,212,289</b>	<b>\$ 921,392</b>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,159,310	\$ 5,974,371	\$ 6,212,289	\$ 921,392
Equity in Pooled Cash and Investments	0	2,740,535	2,740,535	0
Due from Other Governments	501,577	479,889	501,577	479,889
<b>Total Assets</b>	<b>\$ 1,660,887</b>	<b>\$ 9,194,795</b>	<b>\$ 9,454,401</b>	<b>\$ 1,401,281</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 501,577	\$ 3,220,424	\$ 3,242,112	\$ 479,889
Due to Litigants, Heirs, and Others	1,159,310	5,974,371	6,212,289	921,392
<b>Total Liabilities</b>	<b>\$ 1,660,887</b>	<b>\$ 9,194,795</b>	<b>\$ 9,454,401</b>	<b>\$ 1,401,281</b>

# Hardin County School Department

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

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

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

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

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

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Exhibit J-1

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

Functions/Programs	Program Revenues			Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Total
	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Total					
Governmental Activities:								
Instruction	\$ 20,866,440	\$ 54,087	\$ 1,890,171	\$ 0	\$ (18,922,182)			
Support Services	6,859,052	59,997	475,468	960,000	(5,363,587)			
Operation of Non-Instructional Services	3,802,708	750,619	1,982,673	0	(1,069,416)			
Interest on Long-term Debt	8,164	0	0	0	(8,164)			
Other Debt Service	1,448,796	0	0	0	(1,448,796)			
<b>Total Governmental Activities</b>	<b>\$ 32,985,160</b>	<b>\$ 864,703</b>	<b>\$ 4,348,312</b>	<b>\$ 960,000</b>	<b>\$ (26,812,145)</b>			
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 5,522,191			
Local Option Sales Taxes					3,612,104			
Other Local Taxes					3,249			
Grants and Contributions Not Restricted to Specific Programs					17,270,539			
Miscellaneous					43,123			
<b>Total General Revenues</b>					<b>\$ 26,451,206</b>			
Change in Net Assets					\$ (360,939)			
Net Assets, July 1, 2008					17,604,121			
Net Assets, June 30, 2009					<u>\$ 17,243,182</u>			

Exhibit J-2

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Central</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Cafeteria</u>	<u>Funds</u>
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 2,123,297	\$ 301,411	\$ 785,110	\$ 3,209,818
Accounts Receivable	30,297	0	0	30,297
Due from Other Governments	873,931	473,240	83,209	1,430,380
Due from Other Funds	548,785	0	0	548,785
Property Taxes Receivable	5,931,799	0	0	5,931,799
Allowance for Uncollectible Property Taxes	(324,517)	0	0	(324,517)
<b>Total Assets</b>	<b>\$ 9,183,592</b>	<b>\$ 774,651</b>	<b>\$ 868,319</b>	<b>\$ 10,826,562</b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 67,809	\$ 67,136	\$ 0	\$ 134,945
Payroll Deductions Payable	207,588	0	0	207,588
Due to Other Funds	0	548,785	0	548,785
Due to Primary Government	116,866	0	0	116,866
Deferred Revenue - Current Property Taxes	5,289,678	0	0	5,289,678
Deferred Revenue - Delinquent Property Taxes	242,137	0	0	242,137
Other Deferred Revenues	328,147	8,928	836	337,911
<b>Total Liabilities</b>	<b>\$ 6,252,225</b>	<b>\$ 624,849</b>	<b>\$ 836</b>	<b>\$ 6,877,910</b>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 0	\$ 6,844	\$ 0	\$ 6,844
Other Local Education Reserves	57,300	0	0	57,300
Reserved for Capital Outlay	358,883	0	0	358,883
Reserved for Career Ladder - Extended Contract	9,425	0	0	9,425
Reserved for Career Ladder Program	28,685	0	0	28,685
Reserved for Title I Grants to Local Education Agencies	0	48,870	0	48,870
Reserved for Innovative Education Program Strategies	0	149	0	149
Reserved for Special Education - Grants to States	0	65,511	0	65,511
Other Federal Reserves	0	28,428	0	28,428
Unreserved, Reported In:				
General Fund	2,477,074	0	0	2,477,074
Special Revenue Funds	0	0	867,483	867,483
<b>Total Fund Balances</b>	<b>\$ 2,931,367</b>	<b>\$ 149,802</b>	<b>\$ 867,483</b>	<b>\$ 3,948,652</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,183,592</b>	<b>\$ 774,651</b>	<b>\$ 868,319</b>	<b>\$ 10,826,562</b>

Exhibit J-3

Hardin County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
Discretely Presented Hardin County School Department  
June 30, 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)		\$	3,948,652
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	904,172	
Add: construction in progress		1,154,067	
Add: buildings and improvements net of accumulated depreciation		12,088,366	
Add: other capital assets net of accumulated depreciation		<u>580,847</u>	14,727,452
(2) Internal service funds are used by management to charge the costs of employee insurance benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.			(2,227)
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: capital leases payable	\$	(70,115)	
Less: compensated absences payable		(427,212)	
Less: other postemployment benefits liability		<u>(1,513,416)</u>	(2,010,743)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>580,048</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>17,243,182</u></u>

Exhibit J-4

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Central</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Cafeteria</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 9,226,873	\$ 0	\$ 0	\$ 9,226,873
Licenses and Permits	1,549	0	0	1,549
Charges for Current Services	42,945	0	742,638	785,583
Other Local Revenues	157,735	0	16,225	173,960
State of Tennessee	16,670,295	0	0	16,670,295
Federal Government	116,603	3,215,891	1,259,491	4,591,985
Other Governments and Citizens Groups	960,000	0	0	960,000
<b>Total Revenues</b>	<b>\$ 27,176,000</b>	<b>\$ 3,215,891</b>	<b>\$ 2,018,354</b>	<b>\$ 32,410,245</b>
<u>Expenditures</u>				
Current:				
Instruction	\$ 14,669,508	\$ 2,288,170	\$ 0	\$ 16,957,678
Support Services	8,525,017	1,074,427	0	9,599,444
Operation of Non-Instructional Services	965,989	0	1,963,400	2,929,389
Capital Outlay	1,201,117	0	0	1,201,117
Debt Service:				
Principal on Debt	18,969	0	0	18,969
Interest on Debt	8,164	0	0	8,164
Other Debt Service	1,448,796	0	0	1,448,796
<b>Total Expenditures</b>	<b>\$ 26,837,560</b>	<b>\$ 3,362,597</b>	<b>\$ 1,963,400</b>	<b>\$ 32,163,557</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 338,440	\$ (146,706)	\$ 54,954	\$ 246,688
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 71,104	\$ 0	\$ 0	\$ 71,104
Insurance Recovery	28,548	0	0	28,548
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 99,652</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 99,652</b>
Net Change in Fund Balances	\$ 438,092	\$ (146,706)	\$ 54,954	\$ 346,340
Fund Balance, July 1, 2008	2,493,275	296,508	812,529	3,602,312
<b>Fund Balance, June 30, 2009</b>	<b>\$ 2,931,367</b>	<b>\$ 149,802</b>	<b>\$ 867,483</b>	<b>\$ 3,948,652</b>

Exhibit J-5

Hardin County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Hardin County School Department  
For the Year Ended June 30, 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)		\$ 346,340
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,282,336	
Less: current year depreciation expense	<u>(1,125,792)</u>	156,544
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Add: gain on disposal of capital assets	\$ 8,330	
Less: proceeds received from the disposal of capital assets	<u>(20,900)</u>	(12,570)
(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	\$ 580,048	
Less: deferred delinquent property taxes and other deferred June 30, 2008	<u>(578,064)</u>	1,984
(4) The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net 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: capital lease proceeds	\$ (71,104)	
Add: principal payments on capital leases	<u>18,969</u>	(52,135)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ (23,551)	
Change in other postemployment benefits liability	<u>(772,583)</u>	(796,134)
(6) Internal service funds are used by management to charge the costs of employee insurance benefits to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities in the statement of activities.		<u>(4,968)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (360,939)</u>

Exhibit J-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 9,226,873	\$ 9,029,257	\$ 9,036,572	\$ 190,301
Licenses and Permits	1,549	1,100	1,100	449
Charges for Current Services	42,945	12,600	20,850	22,095
Other Local Revenues	157,735	60,304	139,113	18,622
State of Tennessee	16,670,295	16,398,505	16,719,739	(49,444)
Federal Government	116,603	86,638	117,249	(646)
Other Governments and Citizens Groups	960,000	0	960,000	0
<b>Total Revenues</b>	<b>\$ 27,176,000</b>	<b>\$ 25,588,404</b>	<b>\$ 26,994,623</b>	<b>\$ 181,377</b>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 11,915,451	\$ 12,032,639	\$ 12,040,732	\$ 125,281
Alternative Instruction Program	193,222	149,523	201,401	8,179
Special Education Program	1,553,685	1,641,014	1,561,014	7,329
Vocational Education Program	960,348	984,665	968,515	8,167
Adult Education Program	46,802	77,291	80,791	33,989
<u>Support Services</u>				
Attendance	94,008	98,348	98,628	4,620
Health Services	201,823	165,302	202,417	594
Other Student Support	1,056,310	1,087,085	1,078,585	22,275
Regular Instruction Program	1,081,190	1,009,829	1,093,569	12,379
Alternative Instruction Program	69,776	3,950	70,418	642
Special Education Program	190,423	197,094	200,892	10,469
Vocational Education Program	101,707	104,568	104,930	3,223
Adult Programs	71,604	71,134	73,884	2,280
Other Programs	115,227	0	158,674	43,447
Board of Education	615,886	620,040	652,540	36,654
Director of Schools	201,247	204,230	217,950	16,703
Office of the Principal	1,313,897	1,345,113	1,345,263	31,366
Fiscal Services	170,569	180,138	182,460	11,891
Operation of Plant	1,883,282	1,755,514	1,965,164	81,882
Maintenance of Plant	426,019	409,001	434,628	8,609
Transportation	932,049	1,037,182	974,036	41,987
<u>Operation of Non-Instructional Services</u>				
Food Service	443,487	435,990	447,702	4,215
Early Childhood Education	522,502	510,715	524,815	2,313
<u>Capital Outlay</u>				
Regular Capital Outlay	1,201,117	0	1,508,500	307,383
<u>Principal on Debt</u>				
Education	18,969	0	18,969	0
<u>Interest on Debt</u>				
Education	8,164	10,500	8,164	0

(Continued)

Exhibit J-6

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Other Debt Service</u>				
Education	\$ 1,448,796	\$ 1,457,639	\$ 1,457,686	\$ 8,890
Total Expenditures	\$ 26,837,560	\$ 25,588,504	\$ 27,672,327	\$ 834,767
Excess (Deficiency) of Revenues Over Expenditures	\$ 338,440	\$ (100)	\$ (677,704)	\$ 1,016,144
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 71,104	\$ 0	\$ 71,104	\$ 0
Insurance Recovery	28,548	100	6,600	21,948
Total Other Financing Sources (Uses)	\$ 99,652	\$ 100	\$ 77,704	\$ 21,948
Net Change in Fund Balance	\$ 438,092	\$ 0	\$ (600,000)	\$ 1,038,092
Fund Balance, July 1, 2008	2,493,275	1,009,025	1,009,025	1,484,250
Fund Balance, June 30, 2009	\$ 2,931,367	\$ 1,009,025	\$ 409,025	\$ 2,522,342

Exhibit J-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2008	Add: Encumbrances 6/30/2009	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts Original	Final	Variance with Final Budget - Positive (Negative)
<u>Revenues</u>								
Federal Government	\$ 3,215,891	\$ 0	\$ 0	\$ 3,215,891	\$ 3,158,903	\$ 3,914,912	\$ (699,021)	
Total Revenues	\$ 3,215,891	\$ 0	\$ 0	\$ 3,215,891	\$ 3,158,903	\$ 3,914,912	\$ (699,021)	
<u>Expenditures</u>								
<u>Instruction</u>								
Regular Instruction Program	\$ 1,642,130	\$ (5,299)	\$ 5,659	\$ 1,642,490	\$ 1,846,912	\$ 2,047,425	\$ 404,935	
Special Education Program	544,366	0	0	544,366	574,034	696,897	152,531	
Vocational Education Program	101,674	(2,380)	0	99,294	0	98,771	(523)	
<u>Support Services</u>								
Other Student Support	74,030	0	0	74,030	42,569	81,135	7,105	
Regular Instruction Program	798,203	(282)	1,185	799,106	698,469	999,312	200,206	
Special Education Program	144,286	0	0	144,286	199,004	196,914	52,628	
Vocational Education Program	3,985	0	0	3,985	0	4,000	15	
Transportation	53,923	0	0	53,923	0	78,857	24,934	
Total Expenditures	\$ 3,362,597	\$ (7,961)	\$ 6,844	\$ 3,361,480	\$ 3,360,988	\$ 4,203,311	\$ 841,831	
Excess (Deficiency) of Revenues Over Expenditures	\$ (146,706)	\$ 7,961	\$ (6,844)	\$ (145,589)	\$ (202,085)	\$ (288,399)	\$ 142,810	
<u>Other Financing Sources (Uses)</u>								
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 138,648	\$ 0	\$ 0	
Transfers Out	0	0	0	0	(138,648)	0	0	
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Net Change in Fund Balance Fund Balance, July 1, 2008	\$ (146,706)	\$ 7,961	\$ (6,844)	\$ (145,589)	\$ (202,085)	\$ (288,399)	\$ 142,810	
	296,508	(7,961)	0	288,547	202,085	288,399	148	
Fund Balance, June 30, 2009	\$ 149,802	\$ 0	\$ (6,844)	\$ 142,958	\$ 0	\$ 0	\$ 142,958	

Exhibit J-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 742,638	\$ 720,000	\$ 720,000	\$ 22,638
Other Local Revenues	16,225	12,000	12,000	4,225
Federal Government	1,259,491	1,148,000	1,148,000	111,491
<b>Total Revenues</b>	<b>\$ 2,018,354</b>	<b>\$ 1,880,000</b>	<b>\$ 1,880,000</b>	<b>\$ 138,354</b>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 1,963,400	\$ 2,182,231	\$ 2,182,231	\$ 218,831
<b>Total Expenditures</b>	<b>\$ 1,963,400</b>	<b>\$ 2,182,231</b>	<b>\$ 2,182,231</b>	<b>\$ 218,831</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 54,954</b>	<b>\$ (302,231)</b>	<b>\$ (302,231)</b>	<b>\$ 357,185</b>
<b>Net Change in Fund Balance</b>	<b>\$ 54,954</b>	<b>\$ (302,231)</b>	<b>\$ (302,231)</b>	<b>\$ 357,185</b>
<b>Fund Balance, July 1, 2008</b>	<b>812,529</b>	<b>799,000</b>	<b>799,000</b>	<b>13,529</b>
<b>Fund Balance, June 30, 2009</b>	<b>\$ 867,483</b>	<b>\$ 496,769</b>	<b>\$ 496,769</b>	<b>\$ 370,714</b>

Exhibit J-9

Hardin County, Tennessee  
Statement of Net Assets  
Discretely Presented Hardin County School Department  
Proprietary Fund  
June 30, 2009

Governmental  
Activities -  
Internal  
Service  

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Employee  
Insurance  

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ASSETS

Current Assets:

Equity in Pooled Cash and Investments  
Total Assets

\$ 7,651  

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\$ 7,651  

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LIABILITIES

Current Liabilities:

Accounts Payable  
Total Liabilities

\$ 9,878  

---

\$ 9,878  

---

NET ASSETS

Unrestricted

\$ (2,227)  

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Total Net Assets

\$ (2,227)  

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Exhibit J-10

Hardin County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Assets  
Discretely Presented Hardin County School Department  
Proprietary Fund  
For the Year Ended June 30, 2009

	Governmental Activities - Internal Service
	<u>Employee Insurance</u>
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Self-Insurance Premiums/Contributions	\$ 237,801
Total Operating Revenues	<u>\$ 237,801</u>
<u>Operating Expenses</u>	
<u>Employee Benefits</u>	
Handling Charges and Administrative Costs	\$ 18,939
Office Supplies	50
Medical Claims	223,780
Total Operating Expenses	<u>\$ 242,769</u>
Operating Income (Loss)	<u>\$ (4,968)</u>
Change in Net Assets	\$ (4,968)
Net Assets, July 1, 2008	<u>2,741</u>
Net Assets, June 30, 2009	<u><u>\$ (2,227)</u></u>

Exhibit J-11

Hardin County, Tennessee  
Statement of Cash Flows  
Discretely Presented Hardin County School Department  
Proprietary Fund  
For the Year Ended June 30, 2009

	Governmental Activities - Internal Service <hr/> Employee Insurance <hr/>
<u>Cash Flows from Operating Activities</u>	
Receipts from Self-Insurance Premiums	\$ 237,801
Payments to Fiscal Agents	(18,989)
Payments for Claims	(220,775)
Net Cash Provided By (Used In) Operating Activities	<hr/> \$ (1,963) <hr/>
Increase (Decrease) in Cash	\$ (1,963)
Cash, July 1, 2008	<hr/> 9,614 <hr/>
Cash, June 30, 2009	<hr/> \$ 7,651 <hr/>
<u>Reconciliation of Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (4,968)
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
Increase in Accounts Payable	<hr/> 3,005 <hr/>
Net Cash Provided By (Used In) Operating Activities	<hr/> \$ (1,963) <hr/>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-09
<b>PRIMARY GOVERNMENT</b>								
<b>NOTES PAYABLE</b>								
<u>Payable through General Debt Service Fund</u>								
Jackson State Community College Facility	\$ 750,000	4 to 5.2%	7-2-1997	3-1-09	\$ 80,000	\$ 0	\$ 80,000	\$ 0
School Buses, Series 2006	256,400	4.98	10-2-06	10-1-11	205,120	0	51,280	153,840
Fire Alarm System, Series 2007	44,000	4.3	6-15-07	6-15-10	29,333	0	14,667	14,666
SW Refuse Truck, Series 2008	115,500	3.89	9-12-08	9-12-11	0	115,500	0	115,500
Courthouse Renovations, Series 2009	735,000	3.5	5-20-09	5-20-14	0	735,000	0	735,000
Energy Efficiency Loan - Courthouse Renovations	27,650	0	6-11-09	7-31-16	0	27,650	0	27,650
Total Payable through General Debt Service Fund					\$ 314,453	\$ 878,150	\$ 145,947	\$ 1,046,656
<u>Payable through Rural Debt Service Fund</u>								
General Obligation Capital Outlay Note	960,000	0	5-29-09	6-8-09	\$ 0	\$ 960,000	\$ 960,000	\$ 0
Total Notes Payable					\$ 314,453	\$ 1,838,150	\$ 1,105,947	\$ 1,046,656
<b>CAPITAL LEASES PAYABLE</b>								
<u>Payable through General Fund</u>								
Rescue Squad Truck	116,588	4.95	7-16-02	7-16-12	\$ 65,301	\$ 0	\$ 65,301	\$ 0
Fire Trucks	427,788	4.75	6-6-03	6-6-13	238,598	0	43,396	195,202
Fire Trucks	429,882	4.75	11-21-05	11-21-15	337,541	0	38,893	298,648
Sheriff Department Vehicles	85,753	5.67	10-10-06	10-10-08	28,555	0	28,555	0
Fire Trucks	495,000	5.38	7-31-07	7-31-17	459,862	0	40,357	419,505
2008 Ford Expedition	25,758	4.95	4-2-08	4-2-10	16,754	0	8,175	8,579
Telephone Equipment	42,087	7.92	11-17-08	1-1-12	0	42,087	6,408	35,679
Sheriff Department Vehicles, 2009	92,129	6.55	2-20-09	2-23-11	0	92,129	32,678	59,451
Total Payable through General Fund					\$ 1,146,611	\$ 134,216	\$ 263,763	\$ 1,017,064
<u>Payable through Highway/Public Works Fund</u>								
Case Backhoe	70,228	8.35	9-13-07	8-13-10	\$ 50,248	\$ 0	\$ 23,034	\$ 27,214
Total Capital Leases Payable					\$ 1,196,859	\$ 134,216	\$ 286,797	\$ 1,044,278

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-08	Issued During Period	Matured During Period	Outstanding 6-30-09
<b>PRIMARY GOVERNMENT (CONT.)</b>								
<b>BONDS PAYABLE</b>								
Payable through General Debt Service Fund								
General Obligation Bonds, Series 2007	\$ 8,600,000	3.875 to 4.125 %	5-10-07	6-1-37	\$ 8,415,000	\$ 0	\$ 190,000	\$ 8,225,000
General Obligation Bonds, Series 2008	5,000,000	3.85	2-14-08	6-1-37	4,890,000	0	120,000	4,770,000
Total Payable through General Debt Service Fund					\$ 13,305,000	\$ 0	\$ 310,000	\$ 12,995,000
Payable through Rural Debt Service Fund								
School Refunding Bonds, Series 2002	9,865,000	2 to 3.75	12-17-02	6-1-11	3,320,000	0	1,260,000	2,060,000
Total Bonds Payable					\$ 16,625,000	\$ 0	\$ 1,570,000	\$ 15,055,000
<b>DISCRETELY PRESENTED HARDIN COUNTY SCHOOL DEPARTMENT</b>								
<b>CAPITAL LEASES PAYABLE</b>								
Payable through General Purpose School Fund								
2007 Dodge Ram 2500	24,362	5.3	1-10-07	2-10-12	\$ 17,980	\$ 0	\$ 4,802	\$ 13,178
2008 Chevrolet Silverado 2500 4x4	25,895	11.4	7-25-08	6-25-12	0	25,895	5,610	20,285
2008 Chevrolet Impala LS	20,483	11.4	7-25-08	6-25-12	0	20,483	4,437	16,046
2008 Chevrolet Silverado with Modified Bed	24,726	17.9	9-26-08	8-26-12	0	24,726	4,120	20,606
Total Capital Leases Payable					\$ 17,980	\$ 71,104	\$ 18,969	\$ 70,115

Exhibit K-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2010	\$ 251,446	\$ 36,635	\$ 288,081
2011	240,730	26,751	267,481
2012	240,730	17,541	258,271
2013	150,950	10,290	161,240
2014	150,950	5,145	156,095
2015	3,950	0	3,950
2016	3,950	0	3,950
2017	3,950	0	3,950
<b>Total</b>	<b>\$ 1,046,656</b>	<b>\$ 96,362</b>	<b>\$ 1,143,018</b>

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2010	\$ 204,609	\$ 52,104	\$ 256,713
2011	182,722	40,888	223,610
2012	149,848	30,984	180,832
2013	149,285	23,644	172,929
2014	102,078	16,121	118,199
2015	107,382	10,817	118,199
2016	81,032	5,616	86,648
2017	62,004	2,108	64,112
2018	5,318	24	5,342
<b>Total</b>	<b>\$ 1,044,278</b>	<b>\$ 182,306</b>	<b>\$ 1,226,584</b>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2010	\$ 1,625,000	\$ 590,264	\$ 2,215,264
2011	1,090,000	531,976	1,621,976
2012	340,000	490,466	830,466
2013	355,000	477,054	832,054
2014	370,000	463,056	833,056
2015	380,000	448,466	828,466
2016	395,000	433,484	828,484
2017	410,000	417,909	827,909
2018	425,000	402,061	827,061
2019	445,000	385,632	830,632

(Continued)

Exhibit K-2

Hardin County, Tennessee  
Schedule of Long-term Debt Requirements by Year  
Primary Government and Discretely Presented Hardin County School Department (Cont.)

PRIMARY GOVERNMENT (Cont.)

Year Ending June 30	Bonds (Cont.)		
	Principal	Interest	Total
2020	\$ 465,000	\$ 368,365	\$ 833,365
2021	480,000	350,177	830,177
2022	495,000	331,403	826,403
2023	520,000	311,735	831,735
2024	540,000	291,075	831,075
2025	560,000	269,625	829,625
2026	585,000	247,375	832,375
2027	640,000	224,133	864,133
2028	410,000	198,743	608,743
2029	425,000	182,282	607,282
2030	440,000	165,208	605,208
2031	460,000	147,530	607,530
2032	480,000	129,058	609,058
2033	500,000	109,697	609,697
2034	520,000	89,526	609,526
2035	545,000	68,558	613,558
2036	565,000	46,585	611,585
2037	590,000	23,801	613,801
Total	\$ 15,055,000	\$ 8,195,244	\$ 23,250,244

DISCRETELY PRESENTED HARDIN  
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2010	\$ 21,136	7,426	\$ 28,562
2011	23,733	4,828	28,561
2012	23,849	1,892	25,741
2013	1,397	31	1,428
Total	\$ 70,115	\$ 14,177	\$ 84,292

Exhibit K-3

Hardin County, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2009

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	General Debt Service	Debt retirement	\$ 110,830
Highway/Public Works	General Debt Service	Debt retirement	227,571
General Capital Projects	General Debt Service	Debt retirement	500,095
General Capital Projects	Highway/Public Works	Highway construction	<u>1,455,266</u>
Total Transfers			<u>\$ 2,293,762</u>

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA, and Chapter 113, Private Acts of 1929, as amended	\$ 72,545 (1)	\$ 50,000	CNA Surety Company
Highway Commissioner	Section 8-24-102, TCA	67,927	100,000	"
Director of Schools	State Board of Education and Hardin County Board of Education	85,933 (2)	100,000	Western Surety Company
Trustee	Section 8-24-102, TCA	61,750	877,000	"
Assessor of Property	Section 8-24-102, TCA	61,750	10,000	"
County Clerk	Section 8-24-102, TCA	61,750	50,000	CNA Surety Company
Circuit Court Clerk	Section 8-24-102, TCA	61,750	50,000	"
Clerk and Master	Section 8-24-102, TCA	61,750 (3)	105,000	Western Surety Company
Register	Section 8-24-102, TCA	61,750	25,000	CNA Surety Company
Sheriff	Section 8-24-102, TCA	67,928	25,000	"
Employee Blanket Bonds:				
Office of County Mayor:				
Director of Accounts and Budget			10,000	Western Surety Company
All Other Employees			5,000	"
Office of Highway Commissioner			5,000	"
Office of Director of Schools			150,000	Tennessee Risk Management Trust

(1) Does not include a vehicle allowance of \$6,000. Includes \$1,224 for serving as secretary to the Highway Commission.

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

(3) Does not include special commissioner fees of \$15,221.

Exhibit K-5

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

	Special Revenue Funds							Capital Projects				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Funds			Fund			
						General	Debt Service	Rural Debt Service	General Capital	Projects		
<b>Local Taxes</b>												
<b>County Property Taxes</b>												
Current Property Tax	\$ 3,574,368	\$ 0	\$ 0	\$ 0	\$ 323,942	\$ 181,185	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,079,495	
Trustee's Collections - Prior Year	192,329	0	0	0	17,401	9,754	0	0	0	0	219,484	
Circuit/Clerk & Master Collections - Prior Years	45,890	0	0	0	3,726	2,515	0	0	0	0	52,131	
Interest and Penalty	50,718	0	0	0	4,651	2,678	0	0	0	0	58,047	
Payments in-Lieu-of Taxes - T.V.A.	1,591	0	0	0	144	81	0	0	0	0	1,816	
Payments in-Lieu-of Taxes - Local Utilities	941	0	0	0	85	48	0	0	0	0	1,074	
Payments in-Lieu-of Taxes - Other	13,736	0	0	0	1,243	695	0	0	0	0	15,674	
<b>County Local Option Taxes</b>												
Local Option Sales Tax	0	544,135	0	0	0	0	0	0	0	0	906,805	
Hotel/Motel Tax	204,354	0	0	0	0	0	0	0	0	0	204,354	
Wheel Tax	977,247	0	0	0	0	0	0	0	0	0	1,091,165	
Litigation Tax - General	131,239	0	0	0	113,918	0	0	0	0	0	131,239	
Litigation Tax - Jail, Workhouse, or Courthouse	35,095	0	0	0	0	0	0	0	0	0	35,095	
Business Tax	105,841	0	0	0	0	0	0	0	0	0	105,841	
Mineral Severance Tax	0	0	0	0	141,335	0	0	0	0	0	141,335	
<b>Statutory Local Taxes</b>												
Bank Excise Tax	40,826	0	0	0	3,700	2,070	0	0	0	0	46,596	
Wholesale Beer Tax	0	397,588	0	0	0	0	0	0	0	0	397,588	
Interstate Telecommunications Tax	0	1,208	0	0	0	0	0	0	0	0	1,208	
<b>Total Local Taxes</b>	\$ 5,374,175	\$ 942,931	\$ 0	\$ 0	\$ 610,145	\$ 199,026	\$ 362,670	\$ 0	\$ 0	\$ 0	\$ 7,488,947	
<b>Licenses and Permits</b>												
<b>Licenses</b>												
Marriage Licenses	\$ 1,548	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,548	
Cable TV Franchise	120,978	0	0	0	0	0	0	0	0	0	120,978	
<b>Permits</b>												
Beer Permits	6,587	0	0	0	0	0	0	0	0	0	6,587	
<b>Total Licenses and Permits</b>	\$ 129,113	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 129,113	

(Continued)

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

	Special Revenue Funds										Capital Projects Fund		
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Funds			Capital Projects Fund				
						General	Debt	Service	General	Capital Projects			
<b>Fines, Forfeitures, and Penalties</b>													
<b>Circuit Court</b>													
Fines	\$ 12,731	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,731	
Officers Costs	4,738	0	0	0	0	0	0	0	0	0	0	4,738	
Game and Fish Fines	11	0	0	0	0	0	0	0	0	0	0	11	
Drug Control Fines	0	0	288	0	0	0	0	0	0	0	0	288	
Drug Court Fees	969	0	0	0	0	0	0	0	0	0	0	969	
DUI Treatment Fines	380	0	0	0	0	0	0	0	0	0	0	380	
Data Entry Fee - Circuit Court	388	0	0	0	0	0	0	0	0	0	0	388	
<b>General Sessions Court</b>													
Fines	71,074	0	0	0	0	0	0	0	0	0	0	71,074	
Officers Costs	71,655	0	0	0	0	0	0	0	0	0	0	71,655	
Game and Fish Fines	3,485	0	0	0	0	0	0	0	0	0	0	3,485	
Drug Control Fines	0	0	18,548	0	0	0	0	0	0	0	0	18,548	
Drug Court Fees	9,396	0	0	0	0	0	0	0	0	0	0	9,396	
Jail Fees	1,196	0	0	0	0	0	0	0	0	0	0	1,196	
DUI Treatment Fines	10,814	0	0	0	0	0	0	0	0	0	0	10,814	
Data Entry Fee - General Sessions Court	4,529	0	0	0	0	0	0	0	0	0	0	4,529	
Courtroom Security Fee	170	0	0	0	0	0	0	0	0	0	0	170	
<b>Chancery Court</b>													
Officers Costs	60	0	0	0	0	0	0	0	0	0	0	60	
Data Entry Fee - Chancery Court	1,800	0	0	0	0	0	0	0	0	0	0	1,800	
<b>Other Fines, Forfeitures, and Penalties</b>													
Proceeds from Confiscated Property	0	0	62,476	0	0	0	0	0	0	0	0	62,476	
Total Fines, Forfeitures, and Penalties	\$ 193,396	\$ 0	\$ 81,312	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 274,708	
<b>Charges for Current Services</b>													
<b>General Service Charges</b>													
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 282,139	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 282,139	
Other General Service Charges	0	5,106	0	0	0	0	0	0	0	0	0	5,106	
<b>Fees</b>													
Copy Fees	258	0	0	0	0	0	0	0	0	0	0	258	

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Debt Service Funds		Capital Projects Fund		
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers Fees	Highway / Public Works	Debt Service Funds		Capital Projects Fund				
						General Debt Service	Rural Debt Service	General Capital Projects	Capital Projects			
<b>Charges for Current Services (Cont.)</b>												
<b>Fees (Cont.)</b>												
Greenbelt Late Application Fee	600	0	0	0	0	0	0	0	0	0	0	600
Telephone Commissions	19,673	0	0	0	0	0	0	0	0	0	0	19,673
Constitutional Officers' Fees and Commissions	0	0	0	15,221	0	0	0	0	0	0	0	15,221
Data Processing Fee - Register	12,596	0	0	0	0	0	0	0	0	0	0	12,596
Data Processing Fee - Sheriff	6,990	0	0	0	0	0	0	0	0	0	0	6,990
Sexual Offender Registration Fees - Sheriff	1,400	0	0	0	0	0	0	0	0	0	0	1,400
Data Processing Fee - County Clerk	1,694	0	0	0	0	0	0	0	0	0	0	1,694
<b>Total Charges for Current Services</b>	<b>43,211</b>	<b>287,245</b>	<b>0</b>	<b>15,221</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>345,677</b>
<b>Other Local Revenues</b>												
<b>Recurring Items</b>												
Investment Income	243,432	0	0	0	0	0	0	0	0	0	0	243,432
Lease/Rentals	89,262	0	0	0	0	0	57,600	0	0	0	0	146,862
Sale of Maps	703	0	0	0	0	0	0	0	0	0	0	703
Sale of Recycled Materials	0	8,475	0	0	0	0	0	0	0	0	0	8,475
Miscellaneous Refunds	30,234	874	0	0	25,674	0	0	0	0	0	0	56,782
<b>Nonrecurring Items</b>												
Sale of Equipment	5,350	2,000	0	0	6,500	0	0	0	0	0	0	13,850
Damages Recovered from Individuals	1	0	0	0	0	0	0	0	0	0	0	1
<b>Other Local Revenues</b>												
<b>Total Other Local Revenues</b>	<b>368,982</b>	<b>11,349</b>	<b>0</b>	<b>0</b>	<b>32,174</b>	<b>0</b>	<b>82,275</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>566,823</b>
<b>Fees Received from County Officials</b>												
<b>Fees in-Lieu-of-Salary</b>												
County Clerk	300,479	0	0	0	0	0	0	0	0	0	0	300,479
Circuit Court Clerk	79,618	0	0	0	0	0	0	0	0	0	0	79,618
General Sessions Court Clerk	240,348	0	0	0	0	0	0	0	0	0	0	240,348
Clerk and Master	70,065	0	0	0	0	0	0	0	0	0	0	70,065
Register	134,889	0	0	0	0	0	0	0	0	0	0	134,889

(Continued)

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

	Special Revenue Funds							Capital Projects	
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Funds		Fund	
						General	Rural Debt Service	General	Capital Projects
<b>Fees Received from County Officials (Cont.)</b>									
<b>Fees in-Lieu-of-Salary (Cont.)</b>									
Sheriff	\$ 9,138	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,138
Trustee	376,828	0	0	0	0	0	0	0	376,828
<b>Total Fees Received from County Officials</b>	<b>\$ 1,211,365</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,211,365</b>
<b>State of Tennessee</b>									
<b>General Government Grants</b>									
Juvenile Services Program	\$ 9,225	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,225
Aging Programs	23,843	0	0	0	0	0	0	0	23,843
State Reappraisal Grant	15,543	0	0	0	0	0	0	0	15,543
Solid Waste Grants	0	13,805	0	0	0	0	0	0	13,805
<b>Public Safety Grants</b>									
Law Enforcement Training Programs	9,135	0	4,350	0	0	0	0	0	13,485
<b>Public Works Grants</b>									
Bridge Program	0	0	0	0	270,136	0	0	0	270,136
State Aid Program	0	0	0	0	165,080	0	0	0	165,080
Litter Program	38,771	0	0	0	0	0	0	0	38,771
<b>Other State Revenues</b>									
Income Tax	93,660	0	0	0	0	0	0	0	93,660
Resort District Sales Tax	211,524	0	0	0	0	0	0	0	211,524
Beer Tax	18,701	0	0	0	0	0	0	0	18,701
Alcoholic Beverage Tax	50,597	0	0	0	0	0	0	0	50,597
Mixed Drink Tax	23,366	0	0	0	0	0	0	0	23,366
State Revenue Sharing - T.V.A.	340,388	0	0	0	30,849	17,255	0	0	388,492
Contracted Prisoner Boarding	373,641	0	0	0	0	0	0	0	373,641
Gasoline and Motor Fuel Tax	0	0	0	0	1,774,128	0	0	0	1,774,128
Petroleum Special Tax	0	0	0	0	18,830	0	0	0	18,830
Registrar's Salary Supplement	14,912	0	0	0	0	0	0	0	14,912
Other State Grants	55,554	16,735	0	0	0	0	0	0	72,289
Other State Revenues	45,274	11,336	0	0	0	0	0	0	56,610
<b>Total State of Tennessee</b>	<b>\$ 1,324,134</b>	<b>\$ 41,876</b>	<b>\$ 4,350</b>	<b>\$ 0</b>	<b>\$ 2,259,023</b>	<b>\$ 17,255</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,646,638</b>

(Continued)

Exhibit K-5

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

	Special Revenue Funds							Capital Projects Fund	
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Debt Service Funds		General	Capital Projects
						General	Rural Debt Service		
<b>Federal Government</b>									
<b>Federal Through State</b>									
Disaster Relief	\$ 163,397	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 163,397
Homeland Security Grants	262,566	0	0	0	0	0	0	0	262,566
Other Federal through State	10,000	0	0	0	0	0	0	0	10,000
<b>Total Federal Government</b>	<b>\$ 435,963</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 435,963</b>
<b>Other Governments and Citizens Groups</b>									
<b>Other Governments</b>									
Prisoner Board	\$ 56,856	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 56,856
Contributions	1,000	0	0	0	0	397,191	1,388,403	0	1,786,594
Contracted Services	48,587	8,112	0	0	0	0	0	0	56,699
<b>Citizens Groups</b>									
Donations	3,227	0	0	0	0	0	0	0	3,227
<b>Other</b>									
Other	19,945	0	0	0	0	0	0	0	19,945
<b>Total Other Governments and Citizens Groups</b>	<b>\$ 129,515</b>	<b>\$ 8,112</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 397,191</b>	<b>\$ 1,388,403</b>	<b>\$ 0</b>	<b>\$ 1,923,321</b>
<b>Total</b>	<b>\$ 9,209,954</b>	<b>\$ 1,291,513</b>	<b>\$ 85,662</b>	<b>\$ 15,221</b>	<b>\$ 2,901,342</b>	<b>\$ 695,747</b>	<b>\$ 1,798,155</b>	<b>\$ 24,961</b>	<b>\$ 16,022,555</b>

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 5,089,774	\$ 0	\$ 0	\$ 5,089,774
Trustee's Collections - Prior Year	273,672	0	0	273,672
Circuit/Clerk & Master Collections - Prior Years	67,464	0	0	67,464
Interest and Penalty	78,571	0	0	78,571
Pick-up Taxes	92	0	0	92
Payments in-Lieu-of Taxes - T.V.A.	2,266	0	0	2,266
Payments in-Lieu-of Taxes - Local Utilities	1,339	0	0	1,339
Payments in-Lieu-of Taxes - Other	19,536	0	0	19,536
<u>County Local Option Taxes</u>				
Local Option Sales Tax	3,632,588	0	0	3,632,588
<u>Statutory Local Taxes</u>				
Bank Excise Tax	58,135	0	0	58,135
Interstate Telecommunications Tax	3,436	0	0	3,436
Total Local Taxes	\$ 9,226,873	\$ 0	\$ 0	\$ 9,226,873
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 1,549	\$ 0	\$ 0	\$ 1,549
Total Licenses and Permits	\$ 1,549	\$ 0	\$ 0	\$ 1,549
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 242,913	\$ 242,913
Lunch Payments - Adults	0	0	85,962	85,962
Income from Breakfast	0	0	34,481	34,481
A la carte Sales	0	0	379,282	379,282
Receipts from Individual Schools	38,826	0	0	38,826
<u>Other Charges for Services</u>				
Other Charges for Services	4,119	0	0	4,119
Total Charges for Current Services	\$ 42,945	\$ 0	\$ 742,638	\$ 785,583
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 13,027	\$ 13,027
Lease/Rentals	1,367	0	0	1,367
Miscellaneous Refunds	38,112	0	3,198	41,310
<u>Nonrecurring Items</u>				
Sale of Equipment	461	0	0	461
Damages Recovered from Individuals	1,352	0	0	1,352
Contributions and Gifts	1,209	0	0	1,209
<u>Other Local Revenues</u>				
Other Local Revenues	115,234	0	0	115,234
Total Other Local Revenues	\$ 157,735	\$ 0	\$ 16,225	\$ 173,960
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 115,227	\$ 0	\$ 0	\$ 115,227

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 14,880,754	\$ 0	\$ 0	\$ 14,880,754
Early Childhood Education	532,396	0	0	532,396
School Food Service	19,629	0	0	19,629
Driver Education	7,593	0	0	7,593
Other State Education Funds	253,328	0	0	253,328
Career Ladder Program	249,102	0	0	249,102
Career Ladder - Extended Contract	104,200	0	0	104,200
<u>Other State Revenues</u>				
Mixed Drink Tax	23,366	0	0	23,366
State Revenue Sharing - T.V.A.	484,700	0	0	484,700
<b>Total State of Tennessee</b>	<b>\$ 16,670,295</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 16,670,295</b>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 890,656	\$ 890,656
Breakfast	0	0	345,914	345,914
USDA - Other	0	0	22,921	22,921
Adult Education State Grant Program	88,825	0	0	88,825
Vocational Education - Basic Grants to States	0	123,708	0	123,708
Title I Grants to Local Education Agencies	0	1,797,412	0	1,797,412
Special Education - Grants to States	5,611	709,321	0	714,932
Safe and Drug-Free Schools - State Grants	0	16,636	0	16,636
Rural Education	0	33,314	0	33,314
Eisenhower Professional Development State Grants	0	251,800	0	251,800
Job Training Partnership Act	22,167	0	0	22,167
Other Federal through State	0	283,700	0	283,700
<b>Total Federal Government</b>	<b>\$ 116,603</b>	<b>\$ 3,215,891</b>	<b>\$ 1,259,491</b>	<b>\$ 4,591,985</b>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 960,000	\$ 0	\$ 0	\$ 960,000
<b>Total Other Governments and Citizens Groups</b>	<b>\$ 960,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 960,000</b>
<b>Total</b>	<b>\$ 27,176,000</b>	<b>\$ 3,215,891</b>	<b>\$ 2,018,354</b>	<b>\$ 32,410,245</b>

Exhibit K-7

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

General Fund

General Government

County Commission

Clerical Personnel	\$	6,692	
Board and Committee Members Fees		36,500	
Audit Services		7,673	
Dues and Memberships		1,700	
Operating Lease Payments		2,984	
Legal Services		1,150	
Travel		3,896	
Other Charges		1,709	
Total County Commission			\$ 62,304

Board of Equalization

Board and Committee Members Fees	\$	540	
Total Board of Equalization			540

Beer Board

Board and Committee Members Fees	\$	2,900	
Office Supplies		355	
Total Beer Board			3,255

Other Boards and Committees

Board and Committee Members Fees	\$	200	
Total Other Boards and Committees			200

County Mayor/Executive

County Official/Administrative Officer	\$	71,321	
Secretary(ies)		23,801	
Clerical Personnel		11,959	
Educational Incentive - Other County Employees		9,000	
Other Fringe Benefits		6,000	
Communication		3,014	
Postal Charges		3,918	
Travel		3,653	
Office Supplies		3,363	
Office Equipment		2,260	
Total County Mayor/Executive			138,289

County Attorney

Legal Services	\$	4,884	
Total County Attorney			4,884

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	58,068	
Part-time Personnel		1,495	
Other Salaries and Wages		12,996	
Board and Committee Members Fees		5,885	
Election Workers		13,100	
In-Service Training		160	
Communication		1,420	
Data Processing Services		17,698	
Legal Notices, Recording, and Court Costs		1,777	
Postal Charges		3,526	
Printing, Stationery, and Forms		19,466	
Travel		6,156	
Office Supplies		3,267	
Office Equipment		2,000	
Total Election Commission			\$ 147,014

Register of Deeds

County Official/Administrative Officer	\$	61,750	
Deputy(ies)		43,725	
Communication		2,112	
Contracts with Private Agencies		1,213	
Data Processing Services		12,407	
Postal Charges		300	
Travel		1,100	
Other Contracted Services		4,016	
Office Supplies		9,642	
Office Equipment		3,176	
Total Register of Deeds			139,441

County Buildings

Custodial Personnel	\$	83,483	
Communication		367	
Maintenance and Repair Services - Buildings		25,670	
Maintenance and Repair Services - Equipment		2,665	
Pest Control		1,566	
Custodial Supplies		8,670	
Food Supplies		3,629	
Gasoline		4,776	
Small Tools		412	
Utilities		70,973	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Synthetic Membrane	\$	86	
Other Supplies and Materials		977	
Building and Contents Insurance		1,975	
Liability Insurance		188,980	
Premiums on Corporate Surety Bonds		6,586	
Other Charges		24,437	
Building Improvements		50,567	
Maintenance Equipment		1,406	
Office Equipment		43,530	
Total County Buildings			\$ 520,755

Finance

Accounting and Budgeting

Accountants/Bookkeepers	\$	45,899	
Clerical Personnel		23,918	
Part-time Personnel		12,619	
In-Service Training		397	
Communication		1,515	
Data Processing Services		7,178	
Printing, Stationery, and Forms		991	
Travel		946	
Office Supplies		3,597	
Office Equipment		2,150	
Total Accounting and Budgeting			99,210

Property Assessor's Office

County Official/Administrative Officer	\$	61,750	
Secretary(ies)		22,274	
Clerical Personnel		53,021	
Other Salaries and Wages		4,069	
In-Service Training		907	
Communication		2,257	
Contracts with Government Agencies		1,901	
Contracts with Private Agencies		15,875	
Data Processing Services		6,917	
Postal Charges		1,050	
Travel		2,500	
Office Supplies		6,000	
Total Property Assessor's Office			178,521

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Other Salaries and Wages	\$	13,992	
Data Processing Services		4,365	
Postal Charges		1,178	
Travel		4,608	
Office Supplies		1,910	
Total Reappraisal Program			\$ 26,053

County Trustee's Office

County Official/Administrative Officer	\$	61,750	
Deputy(ies)		22,357	
Part-time Personnel		15,509	
Other Salaries and Wages		22,819	
Communication		2,570	
Data Processing Services		12,751	
Dues and Memberships		926	
Postal Charges		6,500	
Travel		947	
Office Supplies		2,905	
Total County Trustee's Office			149,034

County Clerk's Office

County Official/Administrative Officer	\$	61,750	
Deputy(ies)		43,013	
Clerical Personnel		37,821	
Part-time Personnel		28,205	
Educational Incentive - Other County Employees		750	
Communication		3,863	
Data Processing Services		13,600	
Postal Charges		6,854	
Travel		1,100	
Office Supplies		6,075	
Office Equipment		3,900	
Total County Clerk's Office			206,931

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,750	
Deputy(ies)		115,430	
Clerical Personnel		23,801	
Part-time Personnel		14,651	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Board and Committee Members Fees	\$	400	
Jury and Witness Fees		16,870	
Communication		3,010	
Data Processing Services		9,274	
Postal Charges		3,500	
Travel		924	
Office Supplies		14,710	
Other Charges		1,154	
Data Processing Equipment		5,068	
Office Equipment		6,032	
Total Circuit Court			\$ 276,574

General Sessions Court

Judge(s)	\$	100,662	
Secretary(ies)		22,357	
Communication		848	
Postal Charges		9	
Travel		2,885	
Other Contracted Services		560	
Office Supplies		1,292	
Uniforms		364	
Office Equipment		1,503	
Total General Sessions Court			130,480

Drug Court

Remittance of Revenue Collected	\$	10,365	
Total Drug Court			10,365

Chancery Court

County Official/Administrative Officer	\$	61,750	
Deputy(ies)		22,357	
Educational Incentive - Other County Employees		750	
Other Salaries and Wages		15,971	
Communication		807	
Postal Charges		400	
Travel		1,127	
Office Supplies		6,629	
Total Chancery Court			109,791

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,928	
Assistant(s)		23,949	
Deputy(ies)		557,408	
Salary Supplements		7,800	
Secretary(ies)		25,774	
In-Service Training		4,452	
Communication		8,381	
Data Processing Services		465	
Dues and Memberships		1,900	
Maintenance and Repair Services - Equipment		38	
Maintenance and Repair Services - Vehicles		49,777	
Travel		85	
Other Contracted Services		31,099	
Gasoline		74,930	
Law Enforcement Supplies		2,500	
Office Supplies		8,960	
Uniforms		10,283	
Utilities		951	
Communication Equipment		1,770	
Law Enforcement Equipment		1,872	
Motor Vehicles		109,219	
Total Sheriff's Department			\$ 989,541

Traffic Control

Deputy(ies)	\$	81,979	
Other Fringe Benefits		31,320	
Travel		814	
Other Equipment		5,719	
Total Traffic Control			119,832

Administration of the Sexual Offender Registry

Office Supplies	\$	542	
Total Administration of the Sexual Offender Registry			542

Jail

Guards	\$	650,333	
Attendants		980	
In-Service Training		2,210	
Communication		5,849	
Legal Services		17,069	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Maintenance and Repair Services - Buildings	\$	18,388	
Medical and Dental Services		189,818	
Other Contracted Services		56,997	
Custodial Supplies		20,728	
Food Preparation Supplies		7,802	
Food Supplies		159,511	
Office Supplies		5,833	
Prisoners Clothing		4,236	
Uniforms		5,312	
Utilities		152,352	
Other Supplies and Materials		22,710	
Building Improvements		9,800	
Total Jail			\$ 1,329,928

Juvenile Services

Youth Service Officer(s)	\$	40,800	
Educational Assistants		27,019	
Other Salaries and Wages		21,407	
In-Service Training		2,869	
Communication		2,249	
Data Processing Services		1,200	
Transportation - Other than Students		1,370	
Travel		500	
Office Supplies		2,512	
Total Juvenile Services			99,926

Fire Prevention and Control

Captain(s)	\$	39,609	
Mechanic(s)		72,219	
Part-time Personnel		18,744	
Other Salaries and Wages		4,137	
In-Service Training		5,800	
Communication		6,017	
Maintenance and Repair Services - Equipment		7,893	
Maintenance and Repair Services - Vehicles		48,357	
Travel		1,994	
Remittance of Revenue Collected		5,000	
Drugs and Medical Supplies		973	
Equipment and Machinery Parts		1,872	
Gasoline		28,978	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Instructional Supplies and Materials	\$	2,640	
Office Supplies		2,000	
Uniforms		2,997	
Utilities		41,116	
Other Supplies and Materials		1,500	
Other Charges		40,396	
Building Improvements		3,985	
Motor Vehicles		17,350	
Office Equipment		841	
Site Development		3,312	
Other Equipment		35,385	
Other Capital Outlay		155,600	
Total Fire Prevention and Control			\$ 548,715

Civil Defense

Assistant(s)	\$	24,422	
Supervisor/Director		6,290	
Clerical Personnel		8,265	
Part-time Personnel		6,875	
Other Salaries and Wages		2,866	
Communication		1,708	
Maintenance and Repair Services - Equipment		990	
Maintenance and Repair Services - Vehicles		901	
Travel		289	
Equipment and Machinery Parts		2,965	
Gasoline		1,000	
Office Supplies		1,970	
Other Supplies and Materials		9,639	
Office Equipment		500	
Other Equipment		41,745	
Other Capital Outlay		6,506	
Total Civil Defense			116,931

Other Public Safety

Supervisor/Director	\$	3,184	
Contracts with Government Agencies		217,552	
Total Other Public Safety			220,736

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Medical Personnel	\$	45,654	
Communication		3,325	
Contracts with Government Agencies		34,000	
Janitorial Services		5,700	
Maintenance and Repair Services - Buildings		1,493	
Postal Charges		484	
Travel		5,241	
Custodial Supplies		1,142	
Drugs and Medical Supplies		1,877	
Office Supplies		2,380	
Utilities		9,824	
Total Local Health Center			\$ 111,120

Rabies and Animal Control

Contracts with Government Agencies	\$	62	
Total Rabies and Animal Control			62

Ambulance/Emergency Medical Services

Contracts with Private Agencies	\$	100,000	
Utilities		951	
Motor Vehicles		436,475	
Total Ambulance/Emergency Medical Services			537,426

Alcohol and Drug Programs

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

Crippled Children Services

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

General Welfare Assistance

Contributions	\$	3,100	
Total General Welfare Assistance			3,100

Other Local Welfare Services

Supervisor/Director	\$	6,739	
Social Security		418	
Unemployment Compensation		121	
Employer Medicare		98	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Welfare Services (Cont.)

Travel	\$ 117	
Total Other Local Welfare Services		\$ 7,493

Sanitation Education/Information

Foremen	\$ 29,523	
Other Salaries and Wages	25,397	
Gasoline	2,600	
Instructional Supplies and Materials	7,587	
Other Supplies and Materials	9,407	
Total Sanitation Education/Information		74,514

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$ 23,339	
Custodial Personnel	4,710	
Part-time Personnel	6,909	
Other Salaries and Wages	10,409	
Communication	1,273	
Maintenance and Repair Services - Buildings	411	
Maintenance and Repair Services - Vehicles	116	
Postal Charges	84	
Travel	1,000	
Office Supplies	746	
Utilities	2,259	
Other Supplies and Materials	664	
Vehicle and Equipment Insurance	706	
Office Equipment	1,398	
Total Senior Citizens Assistance		54,024

Libraries

Assistant(s)	\$ 21,425	
Supervisor/Director	30,117	
Custodial Personnel	5,064	
Part-time Personnel	9,846	
Other Salaries and Wages	62,038	
Communication	3,634	
Maintenance and Repair Services - Buildings	1,407	
Travel	1,800	
Custodial Supplies	1,154	
Office Supplies	14,611	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Utilities	\$ 31,525	
Total Libraries		\$ 182,621

Other Social, Cultural, and Recreational

Contributions	\$ 18,500	
Total Other Social, Cultural, and Recreational		18,500

Agriculture and Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$ 20,852	
Assistant(s)	13,260	
Deputy(ies)	9,930	
Secretary(ies)	8,743	
Social Security	2,443	
Extension Service Medicare	302	
Other Fringe Benefits	5,617	
Office Supplies	5,000	
Total Agriculture Extension Service		66,147

Forest Service

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

Soil Conservation

Contributions	\$ 23,472	
Total Soil Conservation		23,472

Flood Control

Other Salaries and Wages	\$ 2,992	
Contributions	33,000	
Office Supplies	2,000	
Total Flood Control		37,992

Other Agriculture and Natural Resources

Part-time Personnel	\$ 2,557	
Food Preparation Supplies	300	
Utilities	937	
Total Other Agriculture and Natural Resources		3,794

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations

Tourism

Contributions	\$	194,136	
Total Tourism			\$ 194,136

Tourism-Resort District

Contributions	\$	97,360	
Total Tourism-Resort District			97,360

Industrial Development

Contracts with Government Agencies	\$	55,000	
Dues and Memberships		11,746	
Other Charges		1,571	
Total Industrial Development			68,317

Other Economic and Community Development

Other Contracted Services	\$	1,751	
Other Charges		11,476	
Total Other Economic and Community Development			13,227

Airport

Contributions	\$	17,500	
Maintenance Equipment		5,000	
Total Airport			22,500

Veterans' Services

Supervisor/Director	\$	23,461	
Secretary(ies)		15,098	
Communication		1,034	
Travel		1,487	
Office Supplies		1,932	
Office Equipment		979	
Total Veterans' Services			43,991

Other Charges

Trustee's Commission	\$	105,635	
Workers' Compensation Insurance		104,963	
Other Self-Insured Claims		9,281	
Total Other Charges			219,879

Contributions to Other Agencies

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

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Social Security	\$	204,983	
State Retirement		267,496	
Life Insurance		11,734	
Medical Insurance		599,283	
Dental Insurance		22,549	
Unemployment Compensation		14,063	
Employer Medicare		47,856	
Total Employee Benefits			\$ 1,167,964

Miscellaneous

Legal Services	\$	218	
Medical and Dental Services		124	
Other Charges		5,947	
Total Miscellaneous			6,289

Principal on Debt

General Government

Principal on Capital Leases	\$	263,763	
Total General Government			263,763

Interest on Debt

General Government

Interest on Capital Leases	\$	60,172	
Total General Government			60,172

Total General Fund \$ 8,936,160

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	45,899	
Secretary(ies)		11,959	
Communication		2,567	
Maintenance and Repair Services - Equipment		999	
Travel		1,447	
Office Supplies		2,803	
Office Equipment		1,500	
Total Sanitation Management			\$ 67,174

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup

Mechanic(s)	\$	34,300	
Truck Drivers		125,336	
Maintenance and Repair Services - Equipment		54,878	
Gasoline		85,040	
Small Tools		1,652	
Tires and Tubes		23,308	
Other Supplies and Materials		3,047	
Motor Vehicles		115,500	
Solid Waste Equipment		15,692	
Total Waste Pickup			\$ 458,753

Convenience Centers

Laborers	\$	211,968	
Advertising		100	
Communication		4,793	
Rentals		2,100	
Utilities		17,092	
Other Supplies and Materials		22,072	
Other Charges		90	
Solid Waste Equipment		11,566	
Other Equipment		23,908	
Total Convenience Centers			293,689

Landfill Operation and Maintenance

Disposal Fees	\$	328,365	
Other Contracted Services		16,225	
Total Landfill Operation and Maintenance			344,590

Other Operations

Other Charges

Trustee's Commission	\$	12,484	
Workers' Compensation Insurance		42,000	
Total Other Charges			54,484

Employee Benefits

Social Security	\$	26,045	
State Retirement		19,922	
Life Insurance		823	
Medical Insurance		45,680	
Dental Insurance		1,487	

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations (Cont.)

Employee Benefits (Cont.)

Unemployment Compensation	\$	3,206	
Employer Medicare		6,228	
Total Employee Benefits			\$ 103,391

Total Solid Waste/Sanitation Fund \$ 1,322,081

Drug Control Fund

Public Safety

Drug Enforcement

Investigator(s)	\$	30,654	
Salary Supplements		4,350	
Office Supplies		599	
Total Drug Enforcement			\$ 35,603

Other Operations

Other Charges

Trustee's Commission	\$	2	
Workers' Compensation Insurance		1,350	
Total Other Charges			1,352

Employee Benefits

Social Security	\$	2,170	
State Retirement		2,762	
Life Insurance		159	
Medical Insurance		6,091	
Dental Insurance		229	
Unemployment Compensation		98	
Employer Medicare		508	
Total Employee Benefits			12,017

Total Drug Control Fund 48,972

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	15,221	
Total Chancery Court			\$ 15,221

Total Constitutional Officers - Fees Fund 15,221

(Continued)

Exhibit K-7

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	67,927	
Assistant(s)		46,330	
Secretary to Board		1,224	
Accountants/Bookkeepers		55,483	
Educational Incentive - Other County Employees		1,157	
Board and Committee Members Fees		4,688	
Communication		19,105	
Data Processing Services		17,050	
Dues and Memberships		3,309	
Legal Notices, Recording, and Court Costs		820	
Maintenance Agreements		273	
Postal Charges		576	
Printing, Stationery, and Forms		1,450	
Travel		7,888	
Electricity		6,715	
Food Preparation Supplies		2,200	
Natural Gas		3,127	
Office Supplies		2,349	
Water and Sewer		762	
Other Charges		1,096	
Total Administration			\$ 243,529

Highway and Bridge Maintenance

Laborers	\$	652,395	
Clerical Personnel		5,600	
Engineering Services		19,999	
Other Contracted Services		27,062	
Asphalt		19,607	
Asphalt - Cold Mix		11,229	
Asphalt - Hot Mix		173,522	
Concrete		493	
Crushed Stone		80,244	
Office Supplies		482	
Pipe		18,000	
Road Signs		13,167	
Wood Products		623	
Gravel and Chert		4,557	
Other Supplies and Materials		3,405	
Total Highway and Bridge Maintenance			1,030,385

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Mechanic(s)	\$	30,887	
Laborers		21,387	
Maintenance Personnel		16,663	
Maintenance and Repair Services - Equipment		16,269	
Maintenance and Repair Services - Vehicles		12,341	
Diesel Fuel		87,007	
Equipment and Machinery Parts		40,068	
Garage Supplies		5,996	
Gasoline		40,317	
Lubricants		5,002	
Propane Gas		168	
Small Tools		458	
Tires and Tubes		25,932	
Other Supplies and Materials		938	
Total Operation and Maintenance of Equipment			\$ 303,433

Other Charges

Liability Insurance	\$	23,742	
Trustee's Commission		27,670	
Workers' Compensation Insurance		118,520	
Total Other Charges			169,932

Employee Benefits

Social Security	\$	68,669	
State Retirement		68,199	
Life Insurance		3,010	
Medical Insurance		193,073	
Dental Insurance		8,889	
Unemployment Compensation		6,939	
Total Employee Benefits			348,779

Capital Outlay

Maintenance and Repair Services - Buildings	\$	2,367	
Bridge Construction		279,117	
Building Improvements		12,393	
Highway Construction		163,928	
State Aid Projects		172,649	
Other Equipment		130,137	
Other Construction		264,609	
Other Capital Outlay		64,546	
Total Capital Outlay			1,089,746

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$ 23,034	
Total Highways and Streets		\$ 23,034

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$ 3,327	
Total Highways and Streets		<u>3,327</u>

Total Highway/Public Works Fund		\$ 3,212,165
---------------------------------	--	--------------

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 200,000	
Principal on Notes	94,667	
Principal on Other Loans	<u>210,000</u>	
Total General Government		\$ 504,667

Highways and Streets

Principal on Bonds	\$ 110,000	
Total Highways and Streets		110,000

Education

Principal on Notes	\$ 51,280	
Total Education		51,280

Interest on Debt

General Government

Interest on Bonds	\$ 410,925	
Interest on Notes	7,680	
Interest on Other Loans	<u>88,053</u>	
Total General Government		506,658

Highways and Streets

Interest on Bonds	\$ 117,571	
Total Highways and Streets		117,571

Education

Interest on Notes	\$ 9,066	
Total Education		9,066

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Trustee's Commission	\$	4,640	
Other Debt Service		40,397	
Total General Government		<u>45,037</u>	\$ 45,037

Total General Debt Service Fund \$ 1,344,279

Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$	1,260,000	
Principal on Notes		960,000	
Total Education		<u>2,220,000</u>	\$ 2,220,000

Interest on Debt

Education

Interest on Bonds	\$	114,938	
Total Education		<u>114,938</u>	114,938

Other Debt Service

Education

Trustee's Commission	\$	3,702	
Other Debt Service		481	
Total Education		<u>4,183</u>	4,183

Total Rural Debt Service Fund 2,339,121

General Capital Projects Fund

Capital Projects

Other General Government Projects

Architects	\$	10,809	
Other Charges		21,049	
Building Construction		7,782	
Total Other General Government Projects		<u>39,640</u>	\$ 39,640

Total General Capital Projects Fund 39,640

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Contributions	\$	960,000	
Total Education Capital Projects		<u>960,000</u>	\$ 960,000

Total Education Capital Projects Fund 960,000

(Continued)

Exhibit K-7

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

<u>Other Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Other General Government Projects</u>		
Architects	\$ 21,536	
Building Improvements	<u>57,849</u>	
Total Other General Government Projects		\$ <u>79,385</u>
Total Other Capital Projects Fund		\$ <u>79,385</u>
Total Governmental Funds - Primary Government		\$ <u><u>18,297,024</u></u>

Exhibit K-8

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 8,088,031	
Career Ladder Program	155,428	
Career Ladder Extended Contracts	104,180	
Educational Assistants	216,910	
Other Salaries and Wages	21,721	
Certified Substitute Teachers	199,500	
Social Security	520,877	
State Retirement	552,830	
Medical Insurance	1,389,787	
Dental Insurance	65,350	
Unemployment Compensation	9,054	
Employer Medicare	122,007	
Maintenance and Repair Services - Equipment	14,078	
Other Contracted Services	4,141	
Instructional Supplies and Materials	20,014	
Textbooks	291,307	
Other Supplies and Materials	102,558	
Other Charges	18	
Motor Vehicles	20,483	
Regular Instruction Equipment	17,177	
Total Regular Instruction Program		\$ 11,915,451

Alternative Instruction Program

Teachers	\$ 51,277	
Homebound Teachers	86,432	
Educational Assistants	8,024	
Certified Substitute Teachers	425	
Social Security	6,082	
State Retirement	9,565	
Medical Insurance	25,210	
Dental Insurance	1,214	
Unemployment Compensation	127	
Employer Medicare	1,422	
Instructional Supplies and Materials	750	
Other Supplies and Materials	2,105	
Other Equipment	589	
Total Alternative Instruction Program		193,222

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	1,044,192	
Career Ladder Program		18,410	
Homebound Teachers		48,872	
Educational Assistants		25,570	
Certified Substitute Teachers		10,518	
Social Security		69,002	
State Retirement		72,367	
Medical Insurance		174,160	
Dental Insurance		8,627	
Unemployment Compensation		980	
Employer Medicare		16,138	
Contracts with Private Agencies		55,766	
Maintenance and Repair Services - Equipment		210	
Other Contracted Services		25	
Other Supplies and Materials		8,848	
Total Special Education Program			\$ 1,553,685

Vocational Education Program

Teachers	\$	701,676	
Career Ladder Program		7,000	
Certified Substitute Teachers		9,812	
Social Security		40,198	
State Retirement		43,852	
Medical Insurance		115,030	
Dental Insurance		5,161	
Unemployment Compensation		570	
Employer Medicare		9,739	
Other Supplies and Materials		27,310	
Total Vocational Education Program			960,348

Adult Education Program

Teachers	\$	4,482	
Other Salaries and Wages		34,011	
Social Security		2,387	
State Retirement		325	
Unemployment Compensation		59	
Employer Medicare		558	
Instructional Supplies and Materials		4,741	
Other Supplies and Materials		239	
Total Adult Education Program			46,802

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	30,786	
Career Ladder Program		3,000	
Clerical Personnel		28,638	
Social Security		3,838	
State Retirement		4,755	
Medical Insurance		16,119	
Dental Insurance		911	
Unemployment Compensation		88	
Employer Medicare		898	
Travel		2,493	
Other Supplies and Materials		1,862	
In Service/Staff Development		620	
Total Attendance			\$ 94,008

Health Services

Medical Personnel	\$	133,767	
Social Security		7,677	
State Retirement		10,753	
Medical Insurance		24,867	
Dental Insurance		1,467	
Unemployment Compensation		175	
Employer Medicare		1,795	
Travel		2,581	
Other Contracted Services		90	
Drugs and Medical Supplies		6,279	
Other Supplies and Materials		11,912	
In Service/Staff Development		460	
Total Health Services			201,823

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		527,804	
Social Workers		30,029	
Attendants		58,413	
Other Salaries and Wages		87,842	
Social Security		42,060	
State Retirement		47,608	
Medical Insurance		123,261	
Dental Insurance		6,350	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Unemployment Compensation	\$	762	
Employer Medicare		9,851	
Communication		7,776	
Contracts with Government Agencies		39,002	
Evaluation and Testing		19,916	
Travel		7,031	
Other Contracted Services		9,973	
Other Supplies and Materials		28,729	
In Service/Staff Development		870	
Other Charges		758	
Other Equipment		2,275	
Total Other Student Support			\$ 1,056,310

Regular Instruction Program

Supervisor/Director	\$	204,032	
Career Ladder Program		12,000	
Librarians		350,979	
Instructional Computer Personnel		145,304	
Clerical Personnel		15,378	
Other Salaries and Wages		52,328	
Social Security		44,324	
State Retirement		48,062	
Medical Insurance		97,514	
Dental Insurance		4,503	
Unemployment Compensation		623	
Employer Medicare		10,924	
Travel		20,480	
Other Contracted Services		7,993	
Library Books/Media		39,231	
Other Supplies and Materials		9,347	
In Service/Staff Development		9,163	
Other Charges		2,165	
Other Equipment		6,840	
Total Regular Instruction Program			1,081,190

Alternative Instruction Program

Supervisor/Director	\$	48,743	
Social Security		2,780	
State Retirement		3,129	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Alternative Instruction Program (Cont.)

Medical Insurance	\$	9,247	
Dental Insurance		304	
Unemployment Compensation		27	
Employer Medicare		650	
Maintenance and Repair Services - Equipment		216	
Travel		2,592	
Other Supplies and Materials		460	
In Service/Staff Development		389	
Other Charges		1,239	
Total Alternative Instruction Program			\$ 69,776

Special Education Program

Supervisor/Director	\$	64,083	
Career Ladder Program		2,000	
Assessment Personnel		65,381	
Social Security		7,910	
State Retirement		9,148	
Medical Insurance		15,764	
Dental Insurance		886	
Unemployment Compensation		96	
Employer Medicare		1,849	
Travel		19,517	
Other Supplies and Materials		1,201	
In Service/Staff Development		420	
Other Charges		2,168	
Total Special Education Program			190,423

Vocational Education Program

Supervisor/Director	\$	30,955	
Secretary(ies)		9,526	
Other Salaries and Wages		30,955	
Social Security		4,120	
State Retirement		4,835	
Medical Insurance		14,001	
Dental Insurance		607	
Unemployment Compensation		68	
Employer Medicare		964	
Maintenance and Repair Services - Equipment		1,060	
Travel		2,963	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Other Supplies and Materials	\$	353	
In Service/Staff Development		125	
Other Charges		1,175	
Total Vocational Education Program			\$ 101,707

Adult Programs

Supervisor/Director	\$	51,978	
Social Security		3,197	
State Retirement		3,337	
Medical Insurance		5,527	
Dental Insurance		304	
Unemployment Compensation		34	
Employer Medicare		748	
Travel		1,220	
Other Supplies and Materials		622	
Other Charges		2,137	
Other Equipment		2,500	
Total Adult Programs			71,604

Other Programs

On-Behalf Payments to OPEB	\$	115,227	
Total Other Programs			115,227

Board of Education

Board and Committee Members Fees	\$	11,243	
Dental Insurance		2,732	
Other Fringe Benefits		102,680	
Audit Services		17,000	
Dues and Memberships		8,486	
Legal Services		67,767	
Travel		8,303	
Other Contracted Services		2,500	
Other Supplies and Materials		657	
Liability Insurance		41,423	
Trustee's Commission		195,289	
Workers' Compensation Insurance		152,791	
In Service/Staff Development		4,965	
Other Charges		50	
Total Board of Education			615,886

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools

County Official/Administrative Officer	\$	84,933	
Secretary(ies)		30,756	
Clerical Personnel		15,378	
Social Security		7,817	
State Retirement		9,619	
Medical Insurance		19,067	
Dental Insurance		911	
Unemployment Compensation		88	
Employer Medicare		1,828	
Communication		4,482	
Dues and Memberships		2,012	
Maintenance and Repair Services - Equipment		2,967	
Postal Charges		3,158	
Travel		2,805	
Office Supplies		3,761	
Other Supplies and Materials		1,821	
Other Charges		37	
Administration Equipment		9,807	
Total Director of Schools			\$ 201,247

Office of the Principal

Principals	\$	476,596
Career Ladder Program		10,000
Accountants/Bookkeepers		25,853
Assistant Principals		268,799
Secretary(ies)		141,939
Clerical Personnel		1,030
Social Security		54,557
State Retirement		63,170
Medical Insurance		159,723
Dental Insurance		7,615
Unemployment Compensation		874
Employer Medicare		12,759
Communication		14,188
Dues and Memberships		625
Maintenance and Repair Services - Equipment		3,052
Travel		1,164
Other Contracted Services		43,965
Other Supplies and Materials		6,808

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

In Service/Staff Development	\$	280	
Administration Equipment		20,900	
Total Office of the Principal			\$ 1,313,897

Fiscal Services

Supervisor/Director	\$	56,301	
Accountants/Bookkeepers		30,756	
Clerical Personnel		12,880	
Social Security		6,178	
State Retirement		8,830	
Medical Insurance		15,235	
Dental Insurance		911	
Unemployment Compensation		101	
Employer Medicare		1,445	
Data Processing Services		5,894	
Dues and Memberships		85	
Maintenance and Repair Services - Equipment		2,278	
Travel		1,516	
Data Processing Supplies		2,601	
Office Supplies		2,698	
Other Supplies and Materials		818	
In Service/Staff Development		463	
Administration Equipment		21,579	
Total Fiscal Services			170,569

Operation of Plant

Custodial Personnel	\$	312,028	
Social Security		19,004	
State Retirement		23,538	
Medical Insurance		115,890	
Dental Insurance		6,882	
Unemployment Compensation		952	
Employer Medicare		4,497	
Laundry Service		6,241	
Disposal Fees		16,070	
Other Contracted Services		3,423	
Custodial Supplies		75,860	
Electricity		837,349	
Natural Gas		186,012	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Water and Sewer	\$	62,028	
Other Supplies and Materials		32,053	
Boiler Insurance		6,411	
Building and Contents Insurance		116,807	
Other Charges		2,875	
Plant Operation Equipment		55,362	
Total Operation of Plant			\$ 1,883,282

Maintenance of Plant

Supervisor/Director	\$	46,230	
Maintenance Personnel		157,142	
Social Security		7,973	
State Retirement		10,075	
Medical Insurance		30,547	
Dental Insurance		1,594	
Unemployment Compensation		341	
Employer Medicare		2,155	
Maintenance and Repair Services - Buildings		22,272	
Maintenance and Repair Services - Equipment		55,161	
Equipment and Machinery Parts		36,490	
General Construction Materials		14,365	
Other Supplies and Materials		11,852	
Other Charges		1,236	
Maintenance Equipment		3,860	
Motor Vehicles		24,726	
Total Maintenance of Plant			426,019

Transportation

Supervisor/Director	\$	35,378	
Mechanic(s)		57,342	
Bus Drivers		366,220	
Other Salaries and Wages		1,055	
Social Security		28,122	
State Retirement		36,776	
Medical Insurance		45,133	
Dental Insurance		2,429	
Unemployment Compensation		1,123	
Employer Medicare		6,637	
Contracts with Other School Systems		282	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Contracts with Parents	\$	23,505	
Maintenance and Repair Services - Vehicles		13,392	
Medical and Dental Services		4,324	
Travel		12	
Other Contracted Services		5,595	
Diesel Fuel		127,244	
Garage Supplies		481	
Gasoline		9,999	
Lubricants		7,399	
Tires and Tubes		23,193	
Vehicle Parts		47,980	
Other Supplies and Materials		9,571	
Vehicle and Equipment Insurance		36,064	
In Service/Staff Development		950	
Other Charges		4,593	
Administration Equipment		535	
Motor Vehicles		25,895	
Transportation Equipment		10,820	
Total Transportation			\$ 932,049

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	65,571	
Career Ladder Program		3,000	
Accountants/Bookkeepers		30,756	
Other Salaries and Wages		3,153	
Social Security		6,039	
State Retirement		7,328	
Medical Insurance		302,689	
Dental Insurance		17,330	
Unemployment Compensation		83	
Employer Medicare		1,422	
Communication		1,950	
Travel		3,066	
Other Supplies and Materials		740	
In Service/Staff Development		350	
Other Charges		10	
Total Food Service			443,487

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education

Teachers	\$	223,496	
Educational Assistants		80,360	
Other Salaries and Wages		30,029	
Social Security		20,240	
State Retirement		20,789	
Medical Insurance		64,277	
Dental Insurance		3,542	
Unemployment Compensation		585	
Employer Medicare		4,733	
Travel		6,294	
Instructional Supplies and Materials		42,459	
Other Supplies and Materials		6,626	
In Service/Staff Development		3,145	
Other Charges		1,784	
Other Equipment		14,143	
Total Early Childhood Education			\$ 522,502

Capital Outlay

Regular Capital Outlay

Architects	\$	1,132,691	
Other Contracted Services		68,426	
Total Regular Capital Outlay			1,201,117

Principal on Debt

Education

Principal on Capital Leases	\$	18,969	
Total Education			18,969

Interest on Debt

Education

Interest on Capital Leases	\$	8,164	
Total Education			8,164

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	1,448,749	
Other Debt Service		47	
Total Education			1,448,796

Total General Purpose School Fund \$ 26,837,560

(Continued)

Exhibit K-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	781,756	
Educational Assistants		191,865	
Other Salaries and Wages		4,571	
Certified Substitute Teachers		8,625	
Social Security		58,112	
State Retirement		65,608	
Medical Insurance		172,135	
Dental Insurance		9,285	
Unemployment Compensation		1,173	
Employer Medicare		13,590	
Maintenance and Repair Services - Equipment		163	
Other Contracted Services		14,226	
Instructional Supplies and Materials		186,653	
Other Supplies and Materials		30,413	
Other Charges		639	
Regular Instruction Equipment		103,316	
<b>Total Regular Instruction Program</b>			\$ 1,642,130

Special Education Program

Teachers	\$	6,235	
Educational Assistants		252,904	
Speech Pathologist		41,301	
Social Security		17,962	
State Retirement		25,215	
Medical Insurance		156,609	
Dental Insurance		8,374	
Unemployment Compensation		907	
Employer Medicare		4,201	
Instructional Supplies and Materials		25,447	
Other Supplies and Materials		4,501	
Special Education Equipment		710	
<b>Total Special Education Program</b>			544,366

Vocational Education Program

Teachers	\$	31,389	
Social Security		1,865	
State Retirement		2,015	
Medical Insurance		5,065	
Dental Insurance		304	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Unemployment Compensation	\$	34	
Employer Medicare		436	
Other Contracted Services		1,000	
Other Supplies and Materials		14,188	
Vocational Instruction Equipment		45,378	
Total Vocational Education Program			\$ 101,674

Support Services

Other Student Support

Psychological Personnel	\$	8,520	
Other Salaries and Wages		9,700	
Social Security		1,127	
State Retirement		1,499	
Employer Medicare		264	
Evaluation and Testing		5,524	
Travel		22,338	
Other Contracted Services		711	
Other Supplies and Materials		13,031	
In Service/Staff Development		11,316	
Total Other Student Support			74,030

Regular Instruction Program

Supervisor/Director	\$	78,817	
Other Salaries and Wages		380,462	
Social Security		27,686	
State Retirement		29,725	
Medical Insurance		39,498	
Dental Insurance		1,847	
Unemployment Compensation		356	
Employer Medicare		6,475	
Communication		3,217	
Consultants		9,500	
Travel		74,215	
Other Contracted Services		10,500	
Library Books/Media		7,045	
Other Supplies and Materials		39,202	
In Service/Staff Development		86,550	
Other Equipment		3,108	
Total Regular Instruction Program			798,203

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program

Psychological Personnel	\$	43,458	
Assessment Personnel		53,344	
Secretary(ies)		10,215	
Other Salaries and Wages		3,124	
Social Security		6,356	
State Retirement		8,271	
Medical Insurance		11,208	
Dental Insurance		607	
Unemployment Compensation		113	
Employer Medicare		1,486	
Travel		1,183	
Other Supplies and Materials		2,487	
In Service/Staff Development		400	
Other Equipment		2,034	
Total Special Education Program			\$ 144,286

Vocational Education Program

Other Salaries and Wages	\$	3,515	
Social Security		198	
State Retirement		226	
Employer Medicare		46	
Total Vocational Education Program			3,985

Transportation

Bus Drivers	\$	38,542	
Social Security		2,561	
State Retirement		3,762	
Unemployment Compensation		50	
Employer Medicare		599	
Diesel Fuel		8,409	
Total Transportation			53,923

Total School Federal Projects Fund \$ 3,362,597

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	605,814	
Other Salaries and Wages		35,049	

(Continued)

Exhibit K-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Social Security	\$	38,370	
State Retirement		47,736	
Unemployment Compensation		2,318	
Employer Medicare		9,140	
Communication		3,783	
Maintenance and Repair Services - Equipment		11,129	
Transportation - Other than Students		11,017	
Travel		3,770	
Other Contracted Services		31,781	
Food Preparation Supplies		53,417	
Food Supplies		1,035,198	
Office Supplies		4,564	
Other Supplies and Materials		32,815	
In Service/Staff Development		2,257	
Other Charges		4,249	
Food Service Equipment		<u>30,993</u>	
Total Food Service			\$ <u>1,963,400</u>

Total Central Cafeteria Fund \$ 1,963,400

Total Governmental Funds - Hardin County School Department \$ 32,154,883

Exhibit K-9

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

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,740,535
Total Cash Receipts	<u>\$ 2,740,535</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 2,713,130
Trustee's Commission	27,405
Total Cash Disbursements	<u>\$ 2,740,535</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

January 25, 2010

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardin County, Tennessee, as of and for the year ended June 30, 2009, which collectively comprise Hardin County's basic financial statements and have issued our report thereon dated January 25, 2010. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Park Rest Hardin County Health Center (enterprise fund), the discretely presented Hardin Medical Center, Hardin County Emergency Communications District, and Hardin County Convention and Visitors Bureau as described in our report on Hardin County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hardin County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing

an opinion on the effectiveness of Hardin County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Hardin County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 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 Hardin County's internal control.

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

### Compliance and Other Matters

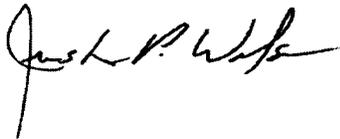
As part of obtaining reasonable assurance about whether Hardin County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 09.01.

We consider item 09.04 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to management of Hardin County in separate communications.

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a prominent vertical line extending downwards from the end.

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

January 25, 2010

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Hardin County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Hardin County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Hardin County's management. Our responsibility is to express an opinion on Hardin County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hardin County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Hardin County's compliance with those requirements.

In our opinion, Hardin County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

#### Internal Control Over Compliance

The management of Hardin County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Hardin County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hardin County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

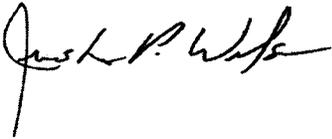
#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardin County as of and for the year ended June 30, 2009, and have issued our report thereon dated January 25, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Hardin County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

Yours very truly,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent initial "J" and a long, sweeping underline.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

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Hardin 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	\$ 134,239 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	345,914
National School Lunch Program	10.555	N/A	890,656 (3)
Summer Food Service Program for Children	10.559	N/A	22,921
Total U.S. Department of Agriculture			<u>\$ 1,393,730</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	\$ 9,225
Total U.S. Department of Justice			<u>\$ 9,225</u>
U.S. Department of Labor:			
Passed-through Southwest Human Resource Agency:			
Incentive Grants - WIA Section 503	17.267	(2)	\$ 22,167
Total U.S. Department of Labor			<u>\$ 22,167</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z0802370600	\$ 52,554
Passed-through State Department of Military:			
Hazardous Material Emergency Planning Grant	20.703	GG-08-25243-00	10,000
Total U.S. Department of Transportation			<u>\$ 62,554</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z0802078600	\$ 88,825
Career and Technical Education - Basic Grants to States	84.048	N/A	135,016
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	1,388,982
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	700,380
Special Education - Preschool Grants	84.173	N/A	31,099
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	16,298
Twenty-first Century Community Learning Centers	84.287	N/A	249,395
State Grants for Innovative Programs	84.298	N/A	5,503
Education Technology State Grants	84.318	(2)	12,658
Reading First State Grants	84.357	(2)	436,069
Rural Education	84.358	N/A	51,293
English Language Acquisition Grant	84.365	N/A	16,909
Improving Teacher Quality State Grants	84.367	N/A	324,605
Total U.S. Department of Education			<u>\$ 3,457,032</u>

(Continued)

Hardin 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>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services:			
Passed-through Administration on Aging:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 23,843
Total U.S. Department of Health and Human Services			<u>\$ 23,843</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance	97.036	(2)	163,397
Emergency Management Performance Grants	97.042	(2)	90,768
Assistance to Firefighters Grant	97.044	(2)	155,776
Homeland Security Grant Program	97.067	(2)	16,022
Total U.S. Department of Homeland Security			<u>\$ 425,963</u>
Total Expenditures of Federal Awards			<u>\$ 5,394,514</u>
State Grants:			
Litter Program - State Department of Transportation	N/A	Z0802100100	\$ 38,771
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	15,543
Volunteer Fire Assistance - State Department of Agriculture	N/A	(2)	3,000
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	13,805
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	(2)	16,735
Used Oil Grant - State Department of Environment and Conservation	N/A	(2)	11,336
Coordinated School Health - State Department of Education	N/A	GZ8/AAX 9	105,000
Safe Schools Act of 2003 - State Department of Education	N/A	(2)	21,400
Total State Grants			<u>\$ 225,590</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 \$1,024,895.

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

**OFFICE OF DIRECTOR OF SCHOOLS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.04	210	The School Department failed to comply with state statutes when entering into lease-purchase agreements

**OTHER FINDINGS**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
08.10	213	A central system of accounting, budgeting, and purchasing had not been adopted
08.11	214	Duties were not segregated adequately in the Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Register, and Sheriff

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**HARDIN COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2009**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. Our report on the financial statements of Hardin County is unqualified.
2. The audit of the financial statements of Hardin County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Hardin County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. 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) and Improving Teacher Quality State Grants (CFDA No. 84.367) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Hardin County did qualify as a low-risk auditee.

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county mayor, director of schools, and circuit court clerk are paraphrased in this report.

### **OFFICE OF DIRECTOR OF SCHOOLS**

#### **FINDING 09.01      **THE SCHOOL DEPARTMENT FAILED TO COMPLY WITH STATE STATUTES WHEN ENTERING INTO A LEASE-PURCHASE AGREEMENT** (Noncompliance Under Government Auditing Standards)**

On September 26, 2008, the School Department entered into a four-year lease-purchase agreement for a Chevrolet Silverado Truck (\$24,725.55) without prior approval of the County Commission. Section 7-51-904, Tennessee Code Annotated (TCA), requires lease-purchase agreements to be approved by the County Commission. Additionally, the office did not file a Report on Debt Obligation with the state director of Local Finance. Section 9-21-151, TCA, requires that within 45 days following the issuance of debt, the county must provide to the state director of Local Finance certain information, such as a description of the purchase/construction for which the debt was issued, and a description of the debt obligation. The School Department did not think that County Commission approval was necessary. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

#### **RECOMMENDATION**

Lease-purchase agreements should be approved by the County Commission, and the county should file a Report on Debt Obligation with the state director of Local Finance within 45 days of the issuance of the debt.

#### **MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS**

It was our understanding that the lease involved was an operating lease, not a lease-purchase. The lease has a non-appropriation clause, which allows for the termination of the lease, without penalty, if the funds cannot be appropriated and budgeted to make the lease payments. We will not use leases in the future for our equipment needs.

#### **AUDITOR'S COMMENT**

Section 7-51-904, TCA, requires operating leases as well as lease-purchase agreements to first be approved by the County Commission regardless of the period or term of such lease before the lease is entered into by the School Department.

## **OFFICE OF CIRCUIT COURT CLERK**

**FINDING 09.02**      **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM  
BACKUP PROCEDURES**  
(Internal Control – Significant Deficiency Under Government Auditing  
Standards)

System backups were not stored off-site until several months into the fiscal year. Sound business practices dictate that off-site storage of system backups be implemented. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. During the prior-year audit, we advised management of the importance of the off-site storage of backups, and management began rotating system backups off-site. However, during the current period, this process was discontinued without management's knowledge. When this was brought to management's attention in May 2009, they resumed storing system backups off-site.

### **RECOMMENDATION**

Management should be consistent in storing their system backups off-site.

### **MANAGEMENT'S RESPONSE – CIRCUIT COURT CLERK**

I realize the importance of storing backups off-site. During a short period of time, the individual responsible for taking the tapes off-site had a foot injury and failed to take the backups to the off-site location. I was unaware that the tapes were not being taken off-site. As management, I take full responsibility for not making sure this was done. The tapes are now being stored off-site and rotated.

---

## **OFFICE OF TRUSTEE**

**FINDING 09.03**      **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM  
BACKUP PROCEDURES**  
(Internal Control – Significant Deficiency Under Government Auditing  
Standards)

The following weaknesses regarding computer system backup procedures in the office were identified during the audit period:

- A. System backups were not stored off-site. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process.
- B. Backups were not tested to ensure reliability. If backup integrity is not periodically tested, accurate backup data may not be available in the event of a disaster.

Sound business practices dictate that proper backup procedures be implemented. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures.

RECOMMENDATION

Backups should be rotated off-site on a weekly basis. Some possibilities for an off-site storage location would be another county office building with a fireproof vault or a safe-deposit box at a local bank. Furthermore, these backups should be tested on a periodic basis to ensure reliability.

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OTHER FINDINGS AND RECOMMENDATIONS

FINDING 09.04      **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**  
(Internal Control – Control Deficiency Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing 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, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Management will continue to encourage the establishment of a central system of accounting, budgeting, and purchasing.

---

**FINDING 09.05**

**DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, REGISTER, AND SHERIFF**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Register, and Sheriff. The employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

**RECOMMENDATION**

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

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

There were no findings and questioned costs for federal awards.

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

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