

---

---

# ANNUAL FINANCIAL REPORT HARDEMAN COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2010



**ANNUAL FINANCIAL REPORT  
HARDEMAN COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2010**

***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***

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

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

***LEE ANN WEST, CPA, CGFM  
AMANDA MARCH  
JUSTIN NEAL  
ELISHA CROWELL, CFE  
State Auditors***

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

---



---

## HARDEMAN COUNTY, TENNESSEE TABLE OF CONTENTS

---



---

	Exhibit	Page(s)
Audit Highlights		6-7
<u>INTRODUCTORY SECTION</u>		8
Hardeman County Officials		9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Assets	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	20
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	22
Proprietary Fund:		
Statement of Net Assets	D-1	23
Statement of Revenues, Expenses, and Changes in Net Assets	D-2	24-25
Statement of Cash Flows	D-3	26
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	27
Notes to the Financial Statements		28-66
REQUIRED SUPPLEMENTARY INFORMATION:		67
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
General Fund	F-1	68-69
Highway/Public Works Fund	F-2	70
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Hardeman County School Department	F-3	71

	Exhibit	Page(s)
Schedule of Funding Progress – Pension Plan – Discretely Presented Hardeman County Emergency Communications District	F-4	72
Schedule of Funding Progress – Other Postemployment Benefits Plan – Discretely Presented Hardeman County School Department	F-5	73
Notes to the Required Supplementary Information		74
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		75
Nonmajor Governmental Funds:		76
Combining Balance Sheet	G-1	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	78
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual (Budgetary Basis) and Budget:		
Drug Control Fund	G-3	79
Major Governmental Fund:		80
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	81
Fiduciary Funds:		82
Combining Statement of Fiduciary Assets and Liabilities	I-1	83
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	84
Component Unit:		
Discretely Presented Hardeman County School Department:		85
Statement of Activities	J-1	86
Balance Sheet – Governmental Funds	J-2	87
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	J-3	88
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-4	89
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-5	90
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-6	91-93
School Federal Projects Fund	J-7	94
Central Cafeteria Fund	J-8	95
Miscellaneous Schedules:		96
Schedule of Changes in Long-term Notes, Capital Leases, and Bonds – Primary Government and Discretely Presented Hardeman County School Department	K-1	97-98
Schedule of Long-term Debt Requirements by Year – Primary Government and Discretely Presented Hardeman County School Department	K-2	99-100

	Exhibit	Page(s)
Schedule of Transfers – Primary Government and Discretely Presented Hardeman County School Department	K-3	101
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Hardeman County School Department	K-4	102
Schedule of Detailed Revenues – All Governmental Fund Types	K-5	103-107
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Hardeman County School Department	K-6	108-109
Schedule of Detailed Expenditures – All Governmental Fund Types	K-7	110-126
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Hardeman County School Department	K-8	127-141
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balance – City Agency Fund	K-9	142
 <u>SINGLE AUDIT SECTION</u>		 143
Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		144-146
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		147-149
Schedule of Expenditures of Federal Awards and State Grants		150-151
Schedule of Audit Findings Not Corrected		152
Schedule of Findings and Questioned Costs		153-159
Auditee Reporting Responsibilities		160

***Audit Highlights***  
Annual Financial Report  
Hardeman County, Tennessee  
For the Year Ended June 30, 2010

***Scope***

We have audited the basic financial statements of Hardeman County as of and for the year ended June 30, 2010.

***Results***

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

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

***Findings and Best Practices***

The following are summaries of the audit findings and best practices:

**OFFICE OF COUNTY MAYOR**

- ◆ The office had deficiencies in budget operations.
- ◆ Amounts withheld from contractor payments totaling \$114,778 were not deposited into an escrow account.
- ◆ The Solid Waste Disposal Fund had a deficit in unrestricted net assets of \$1,669,228 at June 30, 2010.

---

**OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ The School Federal Projects Fund required material audit adjustments for proper financial statement presentation.
- ◆ The office had deficiencies in computer system backup procedures.

---

**OFFICE OF SHERIFF**

- ◆ A cash shortage of \$1,297 existed in the department's commissary operations at June 30, 2010.
-

## **BEST PRACTICES**

The Division of County Audit strongly believes that the items noted below are best practices that should be considered by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens in Hardeman County.

- ◆ Hardeman County should adopt a central system of accounting, budgeting, and purchasing.
- ◆ Hardeman County should establish an Audit Committee.

---

---

# INTRODUCTORY SECTION

---

---

# Hardeman County Officials

## June 30, 2010

---

### **Officials**

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

### **Board of County Commissioners**

Willie Spencer, County Mayor, Chairman	Anthony Pulse
Darlene Cardwell	Jackie Sain
L. J. Cheairs	Opal Shaw
Joe Cole	Mac Vaughn
Bobby Doyle	John Watson
Keith Foote	Elvis White
Junious McTizic	Major Wilburn
Viscen Morrow	Stephen Young
Aubrey Phillips	

### **Board of Highway Supervisors**

Mike Mitchell, Chairman  
Russell DeBerry  
Kenny Pulse

### **Board of Education**

Terry King, Chairman	Jerry McCord
Gregory Barnes	Richard Nelms
Beverly Bodiford	Ricky Watkins
Rickey Griggs	Larry Williams
Bobby Henderson	

---

---

## **FINANCIAL SECTION**

---

---



**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-1402  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

January 11, 2011

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardeman County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Hardeman County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hardeman County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hardeman County Emergency Communications District, which represent 2.4 percent and .9 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hardeman County Emergency Communications District, is based on the report of 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 report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report 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 Hardeman County, Tennessee, as of June 30, 2010, 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 11, 2011, on our consideration of Hardeman County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

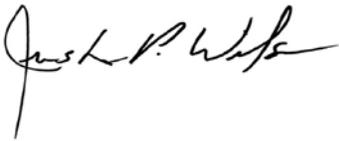
As described in Note V.B., Hardeman County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 68 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hardeman County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hardeman County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hardeman County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke at the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

---

---

# BASIC FINANCIAL STATEMENTS

---

---

Exhibit A

Hardeman County, Tennessee  
Statement of Net Assets  
June 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Hardeman County School Department	Emergency Communica- tions District
<u>ASSETS</u>					
Cash	\$ 74,811	\$ 340	\$ 75,151	\$ 280	\$ 539,461
Equity in Pooled Cash and Investments	6,157,738	667,122	6,824,860	5,829,448	0
Accounts Receivable	1,101,253	177,543	1,278,796	12,676	8,904
Allowance for Uncollectibles	(553,098)	(136,111)	(689,209)	0	0
Due from Other Governments	490,223	0	490,223	1,281,118	0
Due from Other Funds	0	5,372	5,372	0	0
Property Taxes Receivable	2,582,673	0	2,582,673	5,782,166	0
Allowance for Uncollectible Property Taxes	(131,583)	0	(131,583)	(267,443)	0
Prepaid Expenses	0	0	0	0	1,262
Accrued Interest Receivable	0	0	0	0	52
Cash Shortage	0	3,032	3,032	0	0
Deferred Charges - Debt Issuance Costs	42,114	0	42,114	0	0
Capital Assets:					
Assets Not Depreciated:					
Land	1,477,092	219,838	1,696,930	358,116	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	4,393,551	1,462,438	5,855,989	12,526,116	41,167
Infrastructure	12,199,707	0	12,199,707	0	0
Other Capital Assets	1,833,004	274,195	2,107,199	1,856,177	68,424
Total Assets	<u>\$ 29,667,485</u>	<u>\$ 2,673,769</u>	<u>\$ 32,341,254</u>	<u>\$ 27,378,654</u>	<u>\$ 659,270</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 95,786	\$ 28,027	\$ 123,813	\$ 3,474	\$ 606
Accrued Payroll	0	0	0	0	2,673
Payroll Deductions Payable	4,800	10	4,810	0	0
Contracts Payable	55,268	0	55,268	0	0
Retainage Payable	114,778	0	114,778	0	0
Due to Other Funds	5,372	0	5,372	0	0
Due to State of Tennessee	4,504	66	4,570	0	0
Accrued Interest Payable	57,122	0	57,122	0	0
Deferred Revenue - Current Property Taxes	2,312,881	0	2,312,881	5,262,490	0
Noncurrent Liabilities:					
Due Within One Year	515,672	70,052	585,724	50,871	0
Due in More Than One Year	5,497,300	2,407,173	7,904,473	538,517	0
Total Liabilities	<u>\$ 8,663,483</u>	<u>\$ 2,505,328</u>	<u>\$ 11,168,811</u>	<u>\$ 5,855,352</u>	<u>\$ 3,279</u>

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Hardeman	Emergency
				School Department	Communica- tions District
<u>NET ASSETS</u>					
Invested in Capital Assets, Net of Related Debt	\$ 19,382,241	\$ 1,837,669	\$ 21,219,910	\$ 14,740,409	\$ 0
Invested in Capital Assets	0	0	0	0	109,591
Restricted for:					
Highways/Public Works	1,316,571	0	1,316,571	0	0
Debt Service	1,097,971	0	1,097,971	0	0
Capital Projects	705,058	0	705,058	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	432,850	0	432,850	0	0
Drug Control	126,306	0	126,306	0	0
Alcohol and Drug Treatment	30,909	0	30,909	0	0
Automation Purposes	100,916	0	100,916	0	0
School Federal Projects	0	0	0	594,583	0
Central Cafeteria	0	0	0	609,246	0
Other Purposes	2,823	0	2,823	55,107	0
Unrestricted	(2,191,643)	(1,669,228)	(3,860,871)	5,523,957	546,400
Total Net Assets	<u>\$ 21,004,002</u>	<u>\$ 168,441</u>	<u>\$ 21,172,443</u>	<u>\$ 21,523,302</u>	<u>\$ 655,991</u>

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

Exhibit B

Hardeman County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2010

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Program Revenues					Component Units				
	Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions	Primary Government		Hardeman County School Department		Emergency Communications District
	Expenses					Total Governmental Activities	Business-type Activities	Total		
Primary Government:										
Governmental Activities:										
General Government	\$ 897,953	\$ 115,420	\$ 25,080	\$ 0	\$ 0	\$(757,453)	\$ 0	\$(757,453)	\$ 0	\$ 0
Finance	759,553	557,764	10,210	0	0	(191,579)	0	(191,579)	0	0
Administration of Justice	966,339	697,297	9,135	0	0	(259,907)	0	(259,907)	0	0
Public Safety	3,188,445	297,501	41,488	54,987	0	(2,794,469)	0	(2,794,469)	0	0
Public Health and Welfare	2,868,286	1,394,901	20,411	0	0	(1,452,974)	0	(1,452,974)	0	0
Social, Cultural, and Recreational Services	101,758	0	0	0	0	(101,758)	0	(101,758)	0	0
Agriculture and Natural Resources	122,467	0	0	0	0	(122,467)	0	(122,467)	0	0
Other Operations	1,940,871	0	52,028	911,452	0	(977,391)	0	(977,391)	0	0
Highways/Public Works	2,352,159	0	1,933,511	213,454	0	(205,194)	0	(205,194)	0	0
Interest on Long-term Debt	254,465	0	0	0	0	(254,465)	0	(254,465)	0	0
Other Debt Service	27,773	0	0	0	0	(27,773)	0	(27,773)	0	0
Total Governmental Activities	\$ 13,480,069	\$ 3,062,883	\$ 2,091,863	\$ 1,179,893	\$ 1,179,893	\$ (7,145,430)	\$ 0	\$ (7,145,430)	\$ 0	\$ 0
Business-type Activities:										
Solid Waste Disposal	\$ 989,107	\$ 1,404,086	\$ 0	\$ 0	\$ 0	\$ 0	\$ 414,979	\$ 414,979	\$ 0	\$ 0
Total Business-type Activities	\$ 989,107	\$ 1,404,086	\$ 0	\$ 0	\$ 0	\$ 0	\$ 414,979	\$ 414,979	\$ 0	\$ 0
Total Primary Government	\$ 14,469,176	\$ 4,466,969	\$ 2,091,863	\$ 1,179,893	\$ 1,179,893	\$ (7,145,430)	\$ 414,979	\$ (6,730,451)	\$ 0	\$ 0
Component Units:										
Hardeman County School Department	\$ 36,538,512	\$ 578,212	\$ 5,335,074	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (30,625,226)	\$ 0
Emergency Communications District	240,933	296,607	0	0	0	0	0	0	0	55,674
Total Component Units	\$ 36,779,445	\$ 874,819	\$ 5,335,074	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (30,625,226)	\$ 55,674

(Continued)

Exhibit B

Hardeman County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Expenses	Primary Government		Component Units	
					Total Governmental Activities	Business-type Activities	Hardeman County School Department	Emergency Communications District
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes				\$ 2,792,342	\$ 0	\$ 2,792,342	\$ 5,240,671	\$ 0
Property Taxes Levied for Debt Service				35,379	0	35,379	0	0
Local Option Sales Tax				255,103	0	255,103	2,434,959	0
Wheel Tax				1,590,956	0	1,590,956	0	0
Wholesale Beer Tax				222,508	0	222,508	0	0
Litigation Tax				174,155	0	174,155	0	0
Business Tax				177,099	0	177,099	0	0
Other Local Taxes				16,946	0	16,946	2,439	0
Grants and Contributions Not Restricted for Specific Programs				1,725,374	18,778	1,744,152	22,920,257	9,998
Unrestricted Investment Earnings				227,977	7,939	235,916	3,085	9,275
Miscellaneous				58,723	0	58,723	119,228	0
Total General Revenues				\$ 7,276,562	\$ 26,717	\$ 7,303,279	\$ 30,720,639	\$ 19,273
Change in Net Assets				\$ 131,132	\$ 441,696	\$ 572,828	\$ 95,413	\$ 74,947
Net Assets (Deficit), July 1, 2009				20,872,870	(273,255)	20,599,615	21,427,889	591,119
Prior-period Adjustment				0	0	0	0	(10,075)
Net Assets, June 30, 2010				\$ 21,004,002	\$ 168,441	\$ 21,172,443	\$ 21,523,302	\$ 655,991

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

Exhibit C-1

Hardeman County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2010

	Major Funds			Nonmajor	Total
	General	Highway /	General	Other	
		Public	Debt	Governmental	
	Works	Service	Funds	Governmental	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 74,811	\$ 74,811
Equity in Pooled Cash and Investments	3,180,518	1,008,532	967,278	1,001,410	6,157,738
Accounts Receivable	1,100,982	0	45	226	1,101,253
Allowance for Uncollectibles	(553,098)	0	0	0	(553,098)
Due from Other Governments	135,203	355,020	0	0	490,223
Due from Other Funds	754	0	0	0	754
Property Taxes Receivable	2,545,660	0	37,013	0	2,582,673
Allowance for Uncollectible Property Taxes	(129,817)	0	(1,766)	0	(131,583)
<b>Total Assets</b>	<b>\$ 6,280,202</b>	<b>\$ 1,363,552</b>	<b>\$ 1,002,570</b>	<b>\$ 1,076,447</b>	<b>\$ 9,722,771</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 95,786	\$ 0	\$ 0	\$ 0	\$ 95,786
Payroll Deductions Payable	3,946	854	0	0	4,800
Contracts Payable	0	0	0	55,268	55,268
Retainage Payable	0	0	0	114,778	114,778
Due to Other Funds	5,372	0	0	754	6,126
Due to State of Tennessee	4,504	0	0	0	4,504
Deferred Revenue - Current Property Taxes	2,279,361	0	33,520	0	2,312,881
Deferred Revenue - Delinquent Property Taxes	119,301	0	1,509	0	120,810
Other Deferred Revenues	433,307	170,014	0	0	603,321
<b>Total Liabilities</b>	<b>\$ 2,941,577</b>	<b>\$ 170,868</b>	<b>\$ 35,029</b>	<b>\$ 170,800</b>	<b>\$ 3,318,274</b>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 1,194	\$ 1,194
Reserved for Alcohol and Drug Treatment	30,909	0	0	0	30,909
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	432,850	0	0	0	432,850
Reserved for Courtroom Security	2,771	0	0	0	2,771
Reserved for Computer System - Register	34,235	0	0	0	34,235
Reserved for Automation Purposes - General Sessions Court	48,935	0	0	0	48,935
Reserved for Automation Purposes - Juvenile Court	5,810	0	0	0	5,810
Reserved for Automation Purposes - Chancery Court	2,673	0	0	0	2,673
Reserved for Automation Purposes - Sheriff	6,979	0	0	0	6,979
Reserved for Automation Purposes - County Clerk	2,284	0	0	0	2,284
Reserved for Other General Purposes	52	0	0	0	52
Unreserved, Reported In:					
General Fund	2,771,127	0	0	0	2,771,127
Special Revenue Funds	0	1,192,684	0	199,395	1,392,079
Debt Service Funds	0	0	967,541	0	967,541
Capital Projects Funds	0	0	0	705,058	705,058
<b>Total Fund Balances</b>	<b>\$ 3,338,625</b>	<b>\$ 1,192,684</b>	<b>\$ 967,541</b>	<b>\$ 905,647</b>	<b>\$ 6,404,497</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,280,202</b>	<b>\$ 1,363,552</b>	<b>\$ 1,002,570</b>	<b>\$ 1,076,447</b>	<b>\$ 9,722,771</b>

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

Exhibit C-2

Hardeman County, Tennessee

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

June 30, 2010

Amounts reported for governmental activities in the statement of net assets

(Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 6,404,497
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,477,092	
Add: infrastructure net of accumulated depreciation	12,199,707	
Add: buildings and improvements net of accumulated depreciation	4,393,551	
Add: other capital assets net of accumulated depreciation	<u>1,833,004</u>	19,903,354
(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	\$ (472,113)	
Less: bonds payable	(5,514,000)	
Add: deferred amount on refunding	183,298	
Add: deferred charges - debt issuance costs	42,114	
Less: compensated absences payable	(210,157)	
Less: accrued interest on bonds, notes, and capital leases	<u>(57,122)</u>	(6,027,980)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>724,131</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 21,004,002</u>

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

Exhibit C-3

Hardeman County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2010

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway /	General	Other	
		Public Works	Debt Service	Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 3,845,556	\$ 795,478	\$ 35,685	\$ 795,478	\$ 5,472,197
Licenses and Permits	17,815	0	0	0	17,815
Fines, Forfeitures, and Penalties	135,646	0	0	35,280	170,926
Charges for Current Services	1,420,001	0	0	339,277	1,759,278
Other Local Revenues	326,852	6,982	0	677	334,511
Fees Received from County Officials	860,388	0	0	0	860,388
State of Tennessee	1,598,360	2,148,197	0	1,828	3,748,385
Federal Government	128,894	0	0	877,452	1,006,346
Other Governments and Citizens Groups	18,923	0	514,100	0	533,023
<b>Total Revenues</b>	<b>\$ 8,352,435</b>	<b>\$ 2,950,657</b>	<b>\$ 549,785</b>	<b>\$ 2,049,992</b>	<b>\$ 13,902,869</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 752,230	\$ 0	\$ 0	\$ 19,829	\$ 772,059
Finance	281,993	0	0	293,529	575,522
Administration of Justice	528,317	0	0	63,659	591,976
Public Safety	1,889,105	0	0	28,325	1,917,430
Public Health and Welfare	2,452,373	0	0	0	2,452,373
Social, Cultural, and Recreational Services	90,464	0	0	0	90,464
Agriculture and Natural Resources	121,288	0	0	0	121,288
Other Operations	2,148,809	0	0	0	2,148,809
Highways	0	2,880,202	0	0	2,880,202
Debt Service:					
Principal on Debt	0	99,949	332,243	0	432,192
Interest on Debt	0	8,135	249,305	0	257,440
Other Debt Service	0	0	950	0	950
Capital Projects	0	0	0	2,010,274	2,010,274
<b>Total Expenditures</b>	<b>\$ 8,264,579</b>	<b>\$ 2,988,286</b>	<b>\$ 582,498</b>	<b>\$ 2,415,616</b>	<b>\$ 14,250,979</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 87,856	\$ (37,629)	\$ (32,713)	\$ (365,624)	\$ (348,110)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 17,980	\$ 9,935	\$ 0	\$ 0	\$ 27,915
Transfers In	0	0	15,812	0	15,812
Transfers Out	(15,812)	0	0	0	(15,812)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 2,168</b>	<b>\$ 9,935</b>	<b>\$ 15,812</b>	<b>\$ 0</b>	<b>\$ 27,915</b>
Net Change in Fund Balances	\$ 90,024	\$ (27,694)	\$ (16,901)	\$ (365,624)	\$ (320,195)
Fund Balance, July 1, 2009	3,248,601	1,220,378	984,442	1,271,271	6,724,692
<b>Fund Balance, June 30, 2010</b>	<b>\$ 3,338,625</b>	<b>\$ 1,192,684</b>	<b>\$ 967,541</b>	<b>\$ 905,647</b>	<b>\$ 6,404,497</b>

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

Exhibit C-4

Hardeman County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2010

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)		\$ (320,195)
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 1,867,475	
Less: current year depreciation expense	<u>(1,367,113)</u>	500,362
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.</p>		
Less: proceeds received from the disposal of capital assets	\$ (1,500)	
Less: loss on disposal of capital assets	<u>(109,223)</u>	(110,723)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$ 724,131	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(1,014,299)</u>	(290,168)
<p>(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.</p>		
Less: change in deferred debt issuance costs	\$ (3,074)	
Add: principal payments on bonds	293,000	
Add: principal payments on notes	139,192	
Less: change in deferred amount on refunding debt	<u>(23,749)</u>	405,369
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ 2,975	
Change in compensated absences payable	<u>(56,488)</u>	(53,513)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 131,132</u>

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

Exhibit D-1

Hardeman County, Tennessee  
Statement of Net Assets  
Proprietary Fund  
June 30, 2010

	<u>Major Fund</u>
	<u>Enterprise</u>
	<u>Fund</u>
	<u>Solid Waste</u>
	<u>Disposal</u>
	<u>Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 340
Equity in Pooled Cash and Investments	667,122
Accounts Receivable	177,543
Allowance for Uncollectibles	(136,111)
Due from Other Funds	5,372
Cash Shortage	3,032
Total Current Assets	<u>\$ 717,298</u>
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	\$ 219,838
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	1,462,438
Machinery and Equipment	274,195
Total Noncurrent Assets	<u>\$ 1,956,471</u>
Total Assets	<u>\$ 2,673,769</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 28,027
Payroll Deductions Payable	10
Due to State of Tennessee	66
Accrued Liability for Landfill Closure/Postclosure Care Costs	3,490
Compensated Absences Payable	8,468
Capital Outlay Note Payable	58,094
Total Current Liabilities	<u>\$ 98,155</u>
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 2,346,465
Capital Outlay Notes Payable	60,708
Total Noncurrent Liabilities	<u>\$ 2,407,173</u>
Total Liabilities	<u>\$ 2,505,328</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 1,837,669
Unrestricted	<u>(1,669,228)</u>
Net Assets	<u>\$ 168,441</u>

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

Exhibit D-2

Hardeman County, Tennessee  
Statement of Revenues, Expenses, and  
Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2010

	<u>Major Fund</u>
	<u>Enterprise</u>
	<u>Fund</u>
	<u>Solid Waste</u>
	<u>Disposal</u>
	<u>Fund</u>
<u>Operating Revenues</u>	
Solid Waste Disposal Fee	\$ 1,404,086
Total Operating Revenues	<u>\$ 1,404,086</u>
<u>Operating Expenses</u>	
County Official/Administrative Officer	\$ 33,750
Laborers	121,288
Clerical Personnel	26,233
Part-time Personnel	30,687
Compensated Absences	1,662
Social Security	13,208
State Retirement	22,178
Employee and Dependent Insurance	37,779
Disability Insurance	24,240
Unemployment Compensation	311
Employer Medicare	3,089
Communication	5,241
Consultant	55,071
Contracts with Private Agencies	180,066
Legal Notices, Recording, and Court Costs	298
Maintenance and Repair Services - Buildings	1,239
Maintenance and Repair Services - Equipment	68,010
Maintenance and Repair Services - Vehicles	10,174
Postal Charges	4,580
Travel	878
Disposal Fees	16,064
Custodial Supplies	912
Data Processing Supplies	3,811
Food Supplies	343
Gasoline	31,363
Lubricants	3,632

(Continued)

Exhibit D-2

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

	<u>Major Fund</u>
	<u>Enterprise</u>
	<u>Fund</u>
	<u>Solid Waste</u>
	<u>Disposal</u>
	<u>Fund</u>
<u>Operating Expenses (Cont.)</u>	
Office Supplies	\$ 5,016
Uniforms	2,560
Utilities	31,727
Gravel and Chert	4,888
Other Supplies and Materials	3,658
Liability Insurance	5,891
Depreciation	147,096
Surcharge	19,027
Landfill Closure/Postclosure Care Costs	39,350
Other Charges	5,752
Other Capital Outlay	11,530
Total Operating Expenses	<u>\$ 972,602</u>
Operating Income (Loss)	<u>\$ 431,484</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 7,939
Solid Waste Grants	18,778
Interest on Notes	(16,505)
Total Nonoperating Revenues (Expenses)	<u>\$ 10,212</u>
Change in Net Assets	\$ 441,696
Net Assets (Deficit), July 1, 2009	<u>(273,255)</u>
Net Assets, June 30, 2010	<u>\$ 168,441</u>

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

Hardeman County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2010

	<u>Major Fund</u> <u>Enterprise</u> <u>Fund</u> <u>Solid Waste</u> <u>Disposal</u> <u>Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 1,396,735
Payments for Waste Disposal and Maintenance	(790,546)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 606,189</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Solid Waste Grants	\$ 18,778
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 18,778</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	\$ (54,700)
Principal Paid on Notes	(315,592)
Interest Paid on Notes	(16,505)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (386,797)</u>
<u>Cash Flows from Investing Activities</u>	
Investment Income	\$ 7,939
Net Cash Provided By (Used In) Investing Activities	<u>\$ 7,939</u>
Increase (Decrease) in Cash	\$ 246,109
Cash, July 1, 2009	<u>421,353</u>
Cash, June 30, 2010	<u><u>\$ 667,462</u></u>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided By</u> <u>(Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 431,484
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	147,096
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(11,680)
(Increase) in Due from Other Funds	(5,372)
Increase in Accounts Payable	7,075
Increase in Due to State of Tennessee	64
Increase in Compensated Absences Payable	1,662
Increase in Accrued Liability for Landfill Closure/Postclosure Costs	<u>35,860</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 606,189</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	\$ 340
Equity in Pooled Cash and Investments per Net Assets	<u>667,122</u>
Cash, June 30, 2010	<u><u>\$ 667,462</u></u>

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

Exhibit E

Hardeman County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 579,094
Cash Shortage	1,296
Due from Other Governments	<u>238,471</u>
Total Assets	<u>\$ 818,861</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 238,471
Due to Litigants, Heirs, and Others	<u>580,390</u>
Total Liabilities	<u>\$ 818,861</u>

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

**HARDEMAN COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

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

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

The Hardeman County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. Complete financial statements of the Hardeman County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

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

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

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

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

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

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

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

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

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

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

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

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

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period.

Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

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

Hardeman County reports the following major governmental funds:

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

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

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

Hardeman County reports the following major enterprise fund:

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

Additionally, Hardeman County reports the following fund types:

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. Hardeman County has elected not to follow subsequent private-sector guidance.

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

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

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

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

**1. Deposits and Investments**

For purposes of the Statement of Cash Flows, cash includes cash on hand and funds held by the county trustee as Equity in Pooled Cash and Investments.

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

debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Hardeman County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Hardeman County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

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

All ambulance, property taxes, and solid waste receivables are shown with an allowance for uncollectibles. Ambulance and solid waste receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.55 percent of total taxes levied.

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

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the

period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as deferred revenue as of June 30.

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

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

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

### **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 and business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 (infrastructure, buildings, and buses \$10,000) or more and an estimated useful life of more than five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

**4. Compensated Absences**

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

**5. Long-term Obligations**

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

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

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

**6. Net Assets and Fund Equity**

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

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

The government-wide Statement of Net Assets reports \$3,813,404 in restricted net assets, of which \$432,850 is restricted by enabling legislation.

As of June 30, 2010, Hardeman County had \$5,465,000 in outstanding debt for capital purposes for the discretely presented Hardeman County School Department. This debt is a liability of Hardeman County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Hardeman County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2010:

<u>Fund/Purpose</u>	<u>Amount</u>
General:	
Animal Shelter	\$ 16,700
Spay and Neuter Program	400
Airport	4,027

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

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

**Primary Government**

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

**Discretely Presented Hardeman County School Department**

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

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

**Primary Government**

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

**Discretely Presented Hardeman County School Department**

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

### III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgetary Information

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

#### B. Unrestricted Net Assets Deficit/Fund Deficit

The Solid Waste Disposal Fund had a deficit in unrestricted net assets of \$1,669,228 at June 30, 2010. This deficit primarily resulted from the recognition of a liability totaling \$2,349,955 for costs associated with closing the county's landfill and monitoring the landfill for 30 years after closure.

The Other Capital Projects Fund had a deficit in unreserved fund balance of \$95,488 at June 30, 2010. Funding for these expenditures is expected to come from grants.

#### C. Cash Shortages – Prior and Current Years

The Solid Waste Disposal Fund had a cash shortage of \$3,032 at June 30, 2010. As noted in Finding 08.02 in the Schedule of Findings and Questioned Costs of the 2007-08 Annual Financial Report, collections of \$3,032 were not deposited with the county trustee. A former employee was

sentenced on August 5, 2010, for theft of property and ordered to pay restitution. As of January 11, 2011, the cash shortage of \$3,032 remains unpaid.

The audit of Hardeman County for the 2008-09 year reported a cash shortage totaling \$296.32. During the period September 2008 through March 2009, the chief deputy at the Sheriff's Department was on leave of absence due to personal illness. Records in the Office of County Mayor disclosed that during this time period, the deputy improperly used a Sheriff's Department vehicle and a county fuel card to purchase gasoline totaling \$296.32 for personal use. On December 1, 2009, the chief deputy repaid the \$296.32 from personal funds.

The Office of Sheriff had a cash shortage of \$1,297 as of June 30, 2010. This cash shortage resulted from a theft of commissary funds during the period May 1, 2009, through June 30, 2010. The cash shortage was liquidated subsequent to June 30, 2010. Details of this cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

**D. Expenditures Exceeded Appropriations**

General Fund expenditures exceeded appropriations approved by the County Commission in the County Attorney major appropriation category (the legal level of control) by \$7,441. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

**E. Appropriations Exceeded Estimated Available Funds**

The budget and subsequent amendments submitted to and approved by the County Commission for the Drug Control Fund resulted in appropriations exceeding estimated available funding by \$36,961.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

## Deposits

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

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

## Investments

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

**Investment Balances.** As of June 30, 2010, Hardeman County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Hardeman County and the discretely

presented Hardeman County School Department since both pool their deposits and investments through the county trustee.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 1,895,907

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

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Hardeman County has no investment policy that would further limit its investment choices. As of June 30, 2010, Hardeman County's investment in the State Treasurer's Investment Pool was unrated.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2010, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 1,450,124	\$ 26,968	\$ 0	\$ 1,477,092
Construction in Progress	3,530,683	0	(3,530,683)	0
Total Capital Assets Not Depreciated	\$ 4,980,807	\$ 26,968	\$ (3,530,683)	\$ 1,477,092

**Governmental Activities (Cont.):**

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Depreciated:				
Buildings and Improvements	\$ 5,702,858	\$ 3,080,750	\$ 0	\$ 8,783,608
Infrastructure	15,048,181	1,470,294	0	16,518,475
Other Capital Assets	4,249,664	820,146	(181,025)	4,888,785
<b>Total Capital Assets Depreciated</b>	<b>\$ 25,000,703</b>	<b>\$ 5,371,190</b>	<b>\$ (181,025)</b>	<b>\$ 30,190,868</b>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,229,556	\$ 160,501	\$ 0	\$ 4,390,057
Infrastructure	3,407,081	911,687	0	4,318,768
Other Capital Assets	2,831,158	294,925	(70,302)	3,055,781
<b>Total Accumulated Depreciation</b>	<b>\$ 10,467,795</b>	<b>\$ 1,367,113</b>	<b>\$ (70,302)</b>	<b>\$ 11,764,606</b>
<b>Total Capital Assets Depreciated, Net</b>	<b>\$ 14,532,908</b>	<b>\$ 4,004,077</b>	<b>\$ (110,723)</b>	<b>\$ 18,426,262</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 19,513,715</b>	<b>\$ 4,031,045</b>	<b>\$ (3,641,406)</b>	<b>\$ 19,903,354</b>

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

**Governmental Activities:**

General Government	\$ 41,446
Finance	4,345
Administration of Justice	5,575
Public Safety	67,298
Public Health and Welfare	98,343
Social, Cultural, and Recreational Services	9,551
Other Operations	84,982
Highways/Public Works	<u>1,055,573</u>
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ <u>1,367,113</u></b>

**Business-type Activities:**

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Not Depreciated:			
Land	\$ 219,838	\$ 0	\$ 219,838
Total Capital Assets Not Depreciated	<u>\$ 219,838</u>	<u>\$ 0</u>	<u>\$ 219,838</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 1,984,592	\$ 0	\$ 1,984,592
Machinery and Equipment	585,305	54,700	640,005
Total Capital Assets Depreciated	<u>\$ 2,569,897</u>	<u>\$ 54,700</u>	<u>\$ 2,624,597</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 429,631	\$ 92,523	\$ 522,154
Machinery and Equipment	311,237	54,573	365,810
Total Accumulated Depreciation	<u>\$ 740,868</u>	<u>\$ 147,096</u>	<u>\$ 887,964</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,829,029</u>	<u>\$ (92,396)</u>	<u>\$ 1,736,633</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,048,867</u>	<u>\$ (92,396)</u>	<u>\$ 1,956,471</u>

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

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Not Depreciated:			
Land	\$ 358,116	\$ 0	\$ 358,116
Total Capital Assets Not Depreciated	<u>\$ 358,116</u>	<u>\$ 0</u>	<u>\$ 358,116</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 27,504,249	\$ 123,688	\$ 27,627,937
Other Capital Assets	6,191,251	462,950	6,654,201
Total Capital Assets Depreciated	<u>\$ 33,695,500</u>	<u>\$ 586,638</u>	<u>\$ 34,282,138</u>

**Governmental Activities (Cont.):**

	Balance 7-1-09	Increases	Balance 6-30-10
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 14,343,904	\$ 757,917	\$ 15,101,821
Other Capital Assets	4,340,057	457,967	4,798,024
Total Accumulated Depreciation	<u>\$ 18,683,961</u>	<u>\$ 1,215,884</u>	<u>\$ 19,899,845</u>
Total Capital Assets Depreciated, Net	<u>\$ 15,011,539</u>	<u>\$ (629,246)</u>	<u>\$ 14,382,293</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,369,655</u>	<u>\$ (629,246)</u>	<u>\$ 14,740,409</u>

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

**Governmental Activities:**

Instruction	\$ 726,945
Support Services	412,581
Operation of Non-Instructional Services	<u>76,358</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,215,884</u>

**C. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2010, is as follows:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 754
Solid Waste Disposal	General	5,372
Discretely Presented School Department:		
General Purpose School	School Federal Projects	76,931

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.

A portion (\$991) of the receivable in the General Purpose School Fund was in transit from the School Federal Projects Fund at June 30, 2010.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2010, consisted of the following amounts:

**Primary Government**

Transfer Out	Transfer In General Debt Service Fund
General Fund	\$ 15,812

**Discretely Presented Hardeman County School Department**

Transfers Out	Transfers In	
	General Purpose School Fund	School Federal Projects Fund
School Federal Projects Fund	\$ 91,421	\$ 0
General Purpose School Fund	0	500,000
Total	\$ 91,421	\$ 500,000

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

**D. Capital Leases**

**Discretely Presented Hardeman County School Department**

On September 1, 2007, the Hardeman County School Department entered into a three-year lease-purchase agreement for modular buildings. The terms

of the lease require total lease payments of \$116,091 with zero percent interest. Title to the buildings transfers to the School Department at the end of the lease. The lease payments are made from the General Purpose School Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

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

**E. Long-term Debt**

**Primary Government**

**General Obligation Bonds and Notes**

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 40 years for bonds and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2010, will be retired from the Highway/Public Works and General Debt Service funds.

General obligation bonds and capital outlay notes outstanding as of June 30, 2010, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds	5 %	\$ 189,000	\$ 49,000
General Obligation Bonds - Refunding	3.98	6,370,000	5,465,000
Capital Outlay Notes	3.99 to 4.45	740,000	472,113

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2010, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 309,000	\$ 219,732	\$ 528,732
2012	319,000	207,342	526,342
2013	335,000	194,529	529,529
2014	345,000	181,094	526,094
2015	361,000	167,236	528,236
2016-2020	1,975,000	613,915	2,588,915
2021-2024	1,870,000	188,851	2,058,851
Total	\$ 5,514,000	\$ 1,772,699	\$ 7,286,699

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 133,148	\$ 20,503	\$ 153,651
2012	34,394	15,060	49,454
2013	34,585	13,534	48,119
2014	34,784	11,999	46,783
2015	39,992	10,456	50,448
2016-2020	195,210	26,260	221,470
Total	\$ 472,113	\$ 97,812	\$ 569,925

There is \$967,541 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$196, based on the 2000 federal census. Debt per capita, including bonds and notes totaled \$213, based on the 2000 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

Governmental Activities:			Compensated
	Bonds	Notes	Absences
	<hr/>		
Balance, July 1, 2009	\$ 5,807,000	\$ 611,305	\$ 153,669
Additions	0	0	148,559
Deductions	(293,000)	(139,192)	(92,071)
	<hr/>		
Balance, June 30, 2010	<u>\$ 5,514,000</u>	<u>\$ 472,113</u>	<u>\$ 210,157</u>
	<hr/>		
Balance Due Within One Year	<u>\$ 309,000</u>	<u>\$ 133,148</u>	<u>\$ 73,524</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 6,196,270
Less: Balance Due Within One Year	(515,672)
Less: Deferred Amount on Refunding	<u>(183,298)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 5,497,300</u>

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

**Hardeman County Solid Waste Disposal Fund (enterprise fund)**

Capital outlay notes outstanding as of June 30, 2010, for business-type activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
<hr/>			
Capital Outlay Notes	4.45 %	\$ 278,500	\$ 118,802

The annual requirements to amortize notes outstanding as of June 30, 2010, including interest, are presented in the following table:

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 58,094	\$ 4,642	\$ 62,736
2012	60,708	2,027	62,735
Total	\$ 118,802	\$ 6,669	\$ 125,471

#### Changes in Long-term Liabilities

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2010, was as follows:

#### Business-type Activities:

	Notes	Landfill Closure/ Postclosure Care Costs	Compensated Absences
Balance, July 1, 2009	\$ 434,394	\$ 2,314,095	\$ 6,805
Additions	0	39,350	11,023
Deductions	(315,592)	(3,490)	(9,360)
Balance, June 30, 2010	\$ 118,802	\$ 2,349,955	\$ 8,468
Balance Due Within One Year	\$ 58,094	\$ 3,490	\$ 8,468

#### Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 2,477,225
Less: Balance Due Within One Year	<u>(70,052)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,407,173</u>

### **Discretely Presented Hardeman County School Department**

#### Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Hardeman County School Department for the year ended June 30, 2010, was as follows:

Governmental Activities:

	Capital Leases	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2009	\$ 41,413	\$ 134,711	\$ 368,643
Additions	0	74,653	280,876
Deductions	(35,497)	(36,788)	(238,623)
Balance, June 30, 2010	<u>\$ 5,916</u>	<u>\$ 172,576</u>	<u>\$ 410,896</u>
Balance Due Within One Year	<u>\$ 5,916</u>	<u>\$ 44,955</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 589,388
Less: Balance Due Within One Year	<u>(50,871)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 538,517</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hardeman County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2010, were \$85,847 and \$28,792, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. **OTHER INFORMATION**

A. **Risk Management**

**Primary Government**

**Employee Health Insurance**

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

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

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

**Discretely Presented Hardeman County School Department**

**Employee Health Insurance**

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

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

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

**B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance; nonfinancial in nature; and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Hardeman County had no assets that met the definition of intangible assets as of June 30, 2010. However, it is reasonably expected that Hardeman County may acquire intangible assets in subsequent years.

GASB Statement No. 53, addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statements No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risks management and investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Hardeman County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investments purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e., effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Hardeman County had not participated in derivative transactions as of June 30, 2010. However, it is reasonably expected that Hardeman County may enter into derivative transactions in subsequent years.

**C. Subsequent Event**

On August 31, 2010, Delphus Hicks, Jr., left the Office of Sheriff and was succeeded by John Doolen.

**D. Contingent Liabilities**

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

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

**E. Landfill Closure/Postclosure Care Costs**

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,349,955 reported as landfill closure and postclosure care liability at June 30, 2010, represents the cumulative amount reported to date based on the use of 87 percent of the estimated capacity of the extension landfill site (\$1,011,179) and for the original landfill site closed in 1999 (\$1,338,775) and represents estimates of the cost to perform all closure and postclosure care in 2010. The county will recognize the remaining estimated costs of closure and postclosure care of \$151,096 on the operating landfill as the remaining estimated capacity is filled. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. Joint Ventures**

The Bolivar/Hardeman County Library is jointly owned by Hardeman County and the City of Bolivar and is operated by an appointed board. The board comprises seven members, four of whom are appointed by the Hardeman County Mayor. The remaining three members are appointed by the Bolivar City Mayor. Hardeman County has control over budgeting and financing the joint venture only to the extent of representation by the four board members appointed. Hardeman County contributed \$80,314 to the operations of the library during the year ended June 30, 2010.

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

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

Administrative Offices:

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

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

**G. Retirement Commitments**

**Employees**

**Plan Description**

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

Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Hardeman County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

### **Funding Policy**

Hardeman County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 11.67 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Hardeman County is established and may be amended by the TCRS Board of Trustees.

### **Annual Pension Cost**

For the year ended June 30, 2010, Hardeman County's annual pension cost of \$985,303 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Hardeman County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was eight years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$985,303	100%	\$0
6-30-09	960,292	100	0
6-30-08	1,054,259	100	0

### Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 92.27 percent funded. The actuarial accrued liability for benefits was \$20.87 million, and the actuarial value of assets was \$19.05 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.82 million. The covered payroll (annual payroll of active employees covered by the plan) was \$8.04 million, and the ratio of the UAAL to the covered payroll was 22.67 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year 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 TCRS uses the frozen entry age cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

### School Teachers

#### Plan Description

The Hardeman County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty.

Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

### **Funding Policy**

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2010, was 6.42 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2010, 2009, and 2008, were \$1,129,703, \$1,117,415, and \$1,077,896, respectively, equal to the required contributions for each year.

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

### **Plan Description**

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated for local education employees. Prior to reaching age 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of the plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2010, the discretely presented Hardeman County School Department contributed \$238,623, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 280,000
Interest on the NPO	16,589
Adjustment to the ARC	(15,713)
Annual OPEB cost	<hr/> \$ 280,876
Less: Amount of contribution	(238,623)
Increase/decrease in NPO	\$ 42,253
Net OPEB obligation, 7-1-09	<hr/> 368,643
Net OPEB obligation, 6-30-10	<hr/> <hr/> \$ 410,896

Fiscal Year End	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 365,168	50 %	\$ 180,940
6-30-09	"	331,891	43	368,643
6-30-10	"	280,876	85	410,896

## Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	7-1-09
Actuarial accrued liability (AAL)	\$ 2,845,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,845,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 21,380,905
UAAL as a % of covered payroll	13%

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 multi-year 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, 2009, actuarial valuation, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rate includes a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

**I. Purchasing Laws**

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

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

**VI. OTHER NOTES – DISCRETELY PRESENTED HARDEMAN COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**A. Organization and Reporting Entity**

The Hardeman County Emergency Communications District, a component unit of Hardeman County, Tennessee, was established by voter referendum in November 1988, and the assessment of service fees began November 1989.

The purpose of the district is to provide a simplified means of securing emergency services by telephone to those persons living in Hardeman County, Tennessee.

The district is considered a component unit of Hardeman County because the board of directors of the district is appointed by the Hardeman County Commission. The Hardeman County Commission has the authority to adjust the rates charged by the district, and the Hardeman County Commission must approve any debt issued by the district.

**B. Summary of Significant Accounting Policies**

The district's financial statements have been prepared in conformity with generally accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB), Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs), issued on or before November 30, 1989. After this date, the district has elected to apply only the GASB pronouncements. The following is a summary of the more significant accounting policies.

1. **Basis of Accounting**

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a cost of services or capital maintenance measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with this activity are included on their statement of position. Enterprise fund operating statements present increases (revenues) and decreases (expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or 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 district is considered an enterprise fund, which uses the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

2. **Deposits and Investments**

Cash and cash equivalents include amounts in demand deposits as well as deposits with original maturities of three months or less.

State statutes allow investments in obligations of the U.S. Treasury, agencies, instrumentalities and obligations guaranteed as to principal and interest of the United States or any of its agencies, repurchase agreements, the Tennessee Local Government Investment Pool, and certificates of deposit.

3. **Accounts Receivable**

Accounts receivable represent amounts due from AT&T, Access, Z-Tel Communications, Xspedius LLC, and MCI Worldcom.

4. **Capital Assets**

The capital assets are recorded at historical cost. Maintenance repairs and minor renewals are expensed as incurred.

Depreciation has been provided over the estimated useful lives of the capital assets by the straight-line method. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	30
Equipment, Furniture, and Fixtures	5 - 7
Vehicles	5

**5. Budgetary Compliance**

The district adopts a budget in accordance with the requirements of the Tennessee Emergency Communication Board and Tennessee Code Annotated, Section 7-86-120. This budget is adopted on another comprehensive basis of accounting, which is not in accordance with generally accepted accounting principles. The budgetary basis of accounting includes expenditures for capital assets and reduction of principal on long-term debt, but does not include depreciation. Expenditures are required to be within budgetary limits at the line item level of control.

**6. Compensated Absences**

The district allows full-time employees eight hours of vacation per month for 1-10 years of services, and 12 hours per month for 10-20 years of service. The vacation days will have monetary value, and may be accrued; however, maximum accrual is 24 days for 1-10 years of service and 30 days for 10-20 years of service. A liability is reflected in the financial statements for \$2,673.

The district allows employees to accrue eight hours per month for sick leave. However, the sick days accrued have no monetary value except for the purpose granted or at the time of retirement. Therefore, no liability is reflected in the financial statements.

**7. Net Assets**

Net assets are classified for reporting purposes as unrestricted and invested in capital assets. There are currently no restrictions on net assets.

**C. Cash and Investments**

The district's policies limit deposits and investments to those instruments allowed by applicable state laws and described below. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve Banks acting as third-party agents. State statutes also authorize the district to invest in

bonds, notes, or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2010, the entire cash balance of the district's bank balance was covered by federal depository insurance.

**D. Capital Assets**

Changes in capital assets for the year ended June 30, 2010, were:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets				
Depreciated:				
Office Building	\$ 72,671	\$ 0	\$ 0	\$ 72,671
Furniture and Fixtures	39,050	6,750	(3,590)	42,210
Office Equipment	22,245	2,653	(13,280)	11,618
Communications				
Equipment	188,970	0	(22,369)	166,601
Vehicles	14,799	0	0	14,799
Total Capital Assets				
Depreciated	\$ 337,735	\$ 9,403	\$ (39,239)	\$ 307,899
Less Accumulated				
Depreciation For:				
Office Building	\$ 29,082	\$ 2,422	\$ 0	\$ 31,504
Furniture and Fixtures	23,184	3,982	(3,590)	23,576
Office Equipment	20,039	1,035	(13,280)	7,794
Communications				
Equipment	131,258	14,951	(22,369)	123,840
Vehicles	8,634	2,960	0	11,594
Total Accumulated				
Depreciation	\$ 212,197	\$ 25,350	\$ (39,239)	\$ 198,308
Total Capital				
Assets, Net	\$ 125,538	\$ (15,947)	\$ 0	\$ 109,591

**E. Commitments**

The district has contracted with AT&T for the lease of equipment and the provision of services related to the operation of the system. The contract is an operating lease and is cancelable on 30 days notice by any party. The monthly obligation under the contract is \$5,029.

**F. Funding Sources**

Funds for operations are provided by monthly fees from service users in Hardeman County and by the Tennessee Emergency Communications Board. Service suppliers in Hardeman County collect the service fees and remit the funds to the district. The service suppliers retain one percent of the collections as an administrative fee.

The state remits a percentage of its shared wireless charges based on the district's population.

**G. Retirement Plan**

At the time of the district's report, the 2009 pension plan footnote was the most recent issued by the State of Tennessee.

**Plan Description**

Employees of the district 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 the district participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That

report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs>.

**Funding Policy**

The district requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2009, was 14.08 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. Contribution requirements for the district are established and may be amended by the TCRS Board of Trustees.

**Annual Pension Cost**

For the year ended June 30, 2009, the district’s annual pension cost of \$10,867 to TCRS was equal to the district’s 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 equities over a five-year period. The district’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 17 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-09	\$ 10,867	100%	\$ 0
6-30-08	10,592	100	0
6-30-07	10,164	100	0

**Funded Status and Funding Progress**

As of July 1, 2007, the most recent actuarial valuation date, the plan was 78.83 percent funded. The actuarial accrued liability for benefits was

\$137 million, and the actuarial value of assets was \$108 million resulting in an unfunded actuarial accrued liability (UAAL) of \$29 million, and the ratio of the UAAL to the covered payroll was 39.73 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year 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 TCRS uses the frozen entry age actuarial cost method to calculate the annual required contribution. Effective July 1, 2009, the TCRS reestablished the unfunded accrued liabilities for all groups.

**H. Risk Management**

The district is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2010, the district purchased commercial insurance for all of the above risks. Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in the amount of coverage provided.

**I. Prior-period Adjustment**

A prior-period adjustment was recorded for an error in recording the 2009 accounts receivable for the State of Tennessee.

---

---

**REQUIRED SUPPLEMENTARY  
INFORMATION**

---

---

Exhibit F-1

Hardeman County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,845,556	\$ 3,802,000	\$ 3,802,000	\$ 43,556
Licenses and Permits	17,815	18,000	18,000	(185)
Fines, Forfeitures, and Penalties	135,646	159,628	159,628	(23,982)
Charges for Current Services	1,420,001	1,451,500	1,451,500	(31,499)
Other Local Revenues	326,852	365,200	365,200	(38,348)
Fees Received from County Officials	860,388	1,211,532	1,211,532	(351,144)
State of Tennessee	1,598,360	2,357,445	2,357,606	(759,246)
Federal Government	128,894	42,000	42,000	86,894
Other Governments and Citizens Groups	18,923	45,500	45,500	(26,577)
Total Revenues	\$ 8,352,435	\$ 9,452,805	\$ 9,452,966	\$ (1,100,531)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 13,500	\$ 16,500	\$ 16,500	\$ 3,000
Board of Equalization	875	1,400	1,400	525
Beer Board	2,030	2,100	2,100	70
Budget and Finance Committee	1,120	4,000	4,000	2,880
Other Boards and Committees	3,640	9,500	9,500	5,860
County Mayor/Executive	163,058	171,587	171,587	8,529
County Attorney	30,562	17,121	23,121	(7,441)
Election Commission	169,980	224,621	224,621	54,641
Register of Deeds	111,790	152,866	152,866	41,076
Development	59,798	65,232	65,232	5,434
County Buildings	155,508	204,638	204,638	49,130
Other General Administration	28,042	20,000	28,042	0
Preservation of Records	12,327	23,400	23,400	11,073
<u>Finance</u>				
Accounting and Budgeting	14,550	15,000	15,000	450
Purchasing	3,600	3,600	3,600	0
Property Assessor's Office	190,043	203,629	203,629	13,586
Reappraisal Program	31,559	40,514	40,514	8,955
County Trustee's Office	20,873	152,834	152,834	131,961
County Clerk's Office	21,368	197,580	197,580	176,212
<u>Administration of Justice</u>				
Circuit Court	274,287	287,550	292,737	18,450
General Sessions Court	109,981	110,141	110,441	460
Drug Court	9,774	0	9,774	0
Chancery Court	87,938	160,200	160,200	72,262
Juvenile Court	38,441	44,116	44,116	5,675
Victims Assistance Programs	7,896	7,000	7,896	0
<u>Public Safety</u>				
Sheriff's Department	1,118,667	1,331,058	1,387,562	268,895
Workhouse	580,422	596,100	597,150	16,728

(Continued)

Exhibit F-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
Juvenile Services	\$ 34,292	\$ 35,616	\$ 35,616	\$ 1,324
Fire Prevention and Control	79,500	90,000	90,000	10,500
Civil Defense	40,586	23,040	51,382	10,796
County Coroner/Medical Examiner	35,638	30,000	36,000	362
<u>Public Health and Welfare</u>				
Local Health Center	80,456	84,917	84,917	4,461
Rabies and Animal Control	58,191	49,479	61,979	3,788
Ambulance/Emergency Medical Services	1,485,598	1,424,722	1,497,722	12,124
Dental Health Program	233,436	445,400	445,400	211,964
Alcohol and Drug Programs	12,000	12,000	12,000	0
Crippled Children Services	1,779	1,779	1,779	0
Other Local Health Services	6,816	8,816	8,816	2,000
Regional Mental Health Center	17,000	20,000	20,000	3,000
Other Local Welfare Services	5,000	5,200	5,200	200
Sanitation Education/Information	26,192	30,645	31,645	5,453
Waste Pickup	241,526	241,923	241,923	397
Convenience Centers	284,379	305,740	305,740	21,361
<u>Social, Cultural, and Recreational Services</u>				
Libraries	87,464	89,650	89,650	2,186
Other Social, Cultural, and Recreational	3,000	3,000	3,000	0
<u>Agriculture and Natural Resources</u>				
Agriculture Extension Service	85,897	99,760	99,760	13,863
Forest Service	2,000	2,000	2,000	0
Soil Conservation	33,391	34,772	34,772	1,381
<u>Other Operations</u>				
Industrial Development	62,305	66,035	71,035	8,730
Housing and Urban Development	39,907	30,876	39,907	0
Airport	208,787	897,000	897,000	688,213
Veterans' Services	7,737	8,310	8,310	573
Contributions to Other Agencies	21,988	33,373	33,373	11,385
Employee Benefits	1,513,037	1,534,700	1,534,861	21,824
Miscellaneous	295,048	350,633	359,633	64,585
Total Expenditures	\$ 8,264,579	\$ 10,021,673	\$ 10,253,460	\$ 1,988,881
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 87,856	\$ (568,868)	\$ (800,494)	\$ 888,350
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 17,980	\$ 0	\$ 0	\$ 17,980
Transfers Out	(15,812)	(26,187)	(26,187)	10,375
Total Other Financing Sources (Uses)	\$ 2,168	\$ (26,187)	\$ (26,187)	\$ 28,355
Net Change in Fund Balance				
Fund Balance, July 1, 2009	\$ 90,024	\$ (595,055)	\$ (826,681)	\$ 916,705
	3,248,601	3,561,048	3,561,048	(312,447)
Fund Balance, June 30, 2010				
	\$ 3,338,625	\$ 2,965,993	\$ 2,734,367	\$ 604,258

Exhibit F-2

Hardeman County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 795,478	\$ 825,000	\$ 825,000	\$ (29,522)
Charges for Current Services	0	100	100	(100)
Other Local Revenues	6,982	11,500	11,500	(4,518)
State of Tennessee	2,148,197	2,493,572	2,493,572	(345,375)
Total Revenues	<u>\$ 2,950,657</u>	<u>\$ 3,330,172</u>	<u>\$ 3,330,172</u>	<u>\$ (379,515)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 191,697	\$ 209,657	\$ 217,657	\$ 25,960
Highway and Bridge Maintenance	942,447	1,098,857	1,084,487	142,040
Operation and Maintenance of Equipment	448,493	503,700	506,100	57,607
Asphalt Plant Operations	450,135	614,693	537,978	87,843
Other Charges	64,356	105,100	105,100	40,744
Employee Benefits	387,331	480,400	480,400	93,069
Capital Outlay	395,743	841,072	821,672	425,929
<u>Principal on Debt</u>				
Highways and Streets	99,949	0	99,949	0
<u>Interest on Debt</u>				
Highways and Streets	8,135	0	8,136	1
Total Expenditures	<u>\$ 2,988,286</u>	<u>\$ 3,853,479</u>	<u>\$ 3,861,479</u>	<u>\$ 873,193</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (37,629)</u>	<u>\$ (523,307)</u>	<u>\$ (531,307)</u>	<u>\$ 493,678</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 9,935	\$ 0	\$ 0	\$ 9,935
Total Other Financing Sources (Uses)	<u>\$ 9,935</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,935</u>
Net Change in Fund Balance	\$ (27,694)	\$ (523,307)	\$ (531,307)	\$ 503,613
Fund Balance, July 1, 2009	<u>1,220,378</u>	<u>1,215,993</u>	<u>1,215,993</u>	<u>4,385</u>
Fund Balance, June 30, 2010	<u>\$ 1,192,684</u>	<u>\$ 692,686</u>	<u>\$ 684,686</u>	<u>\$ 507,998</u>

Exhibit F-3

Hardeman County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Hardeman County School Department  
June 30, 2010

(Dollar amounts in thousands)

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)
7-1-07	\$ 17,373	\$ 18,477	\$ 1,104	94.03 %	\$ 7,617	14.49 %
7-1-09	19,053	20,875	1,822	91.27	8,036	22.67

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method went into effect during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit F-4

Hardeman County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Discretely Presented Hardeman County Emergency Communications District  
June 30, 2010

(Dollar amounts in thousands)

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)
7-1-07	\$ 108	\$ 137	\$ 29	78.83 %	\$ 73	39.73 %
7-1-09	126	227	101	55.79	62	161.13

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method went into effect during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit F-5

Hardeman County, Tennessee  
Schedule of Funding Progress - Other Postemployment Benefits Plan  
Discretely Presented Hardeman County School Department  
June 30, 2010

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial		Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
			Accrued Liability (AAL) (b)	Liability (AAL)				
Local Education Group	7-1-07	\$ 0	\$ 3,579	\$ 3,579	0 %	\$ 15,395	23 %	
"	7-1-09	0	2,845	2,845	0	21,381	13	

\* Data only available for two actuarial valuations.

**HARDEMAN COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2010**

**A. BUDGETARY INFORMATION**

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Hardeman County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

General Fund expenditures exceeded appropriations approved by the County Commission in the County Attorney major appropriation category (the legal level of control) by \$7,441. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

---

---

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

---

---

# Nonmajor Governmental Funds

## Special Revenue Funds

---

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

---

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

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

## Capital Projects Funds

---

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

---

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

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

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for transactions of the airport expansion project.

Hardeman County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2010

Exhibit G-1

	Special Revenue Funds		Capital Projects Funds					Total Nonmajor Governmental Funds
	Drug Control	Constituti- onal Officers - Fees	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	Total		
\$	0 \$	74,811 \$	74,811 \$	0 \$	0 \$	0 \$	0 \$	74,811
	126,306	0	126,306	799,853	693	74,558	875,104	1,001,410
	0	226	226	0	0	0	0	226
\$	126,306 \$	75,037 \$	201,343 \$	799,853 \$	693 \$	74,558 \$	875,104 \$	1,076,447

ASSETS

Cash  
 Equity in Pooled Cash and Investments  
 Accounts Receivable

LIABILITIES AND FUND BALANCES

Liabilities

Contracts Payable  
 Retainage Payable  
 Due to Other Funds  
 Total Liabilities

\$	0 \$	0 \$	0 \$	0 \$	0 \$	55,268 \$	55,268 \$	55,268
	0	0	0	0	0	114,778	114,778	114,778
	0	754	754	0	0	0	0	754
\$	0 \$	754 \$	754 \$	0 \$	0 \$	170,046 \$	170,046 \$	170,800

Fund Balances

Reserved for Encumbrances  
 Unreserved (Deficit)  
 Total Fund Balances

\$	1,194 \$	0 \$	1,194 \$	0 \$	0 \$	0 \$	0 \$	1,194
	125,112	74,283	199,395	799,853	693	(95,488)	705,058	904,453
\$	126,306 \$	74,283 \$	200,589 \$	799,853 \$	693 \$	(95,488) \$	705,058 \$	905,647

Total Liabilities and Fund Balances

\$	126,306 \$	75,037 \$	201,343 \$	799,853 \$	693 \$	74,558 \$	875,104 \$	1,076,447
----	------------	-----------	------------	------------	--------	-----------	------------	-----------

Exhibit G-2

Hardeman County, Tennessee  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2010

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Constituti- tional -				Community				
	Drug Control	Officers - Fees	Total	General Capital Projects	Development/ Industrial Park	Other Capital Projects	Total		
<u>Revenues</u>									
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 795,478	\$ 0	\$ 0	\$ 795,478	\$ 795,478	
Fines, Forfeitures, and Penalties	35,280	0	35,280	0	0	0	0	35,280	
Charges for Current Services	0	339,277	339,277	0	0	0	0	339,277	
Other Local Revenues	0	0	0	488	0	189	677	677	
State of Tennessee	1,828	0	1,828	0	0	0	0	1,828	
Federal Government	0	0	0	0	0	877,452	877,452	877,452	
<b>Total Revenues</b>	<b>\$ 37,108</b>	<b>\$ 339,277</b>	<b>\$ 376,385</b>	<b>\$ 795,966</b>	<b>\$ 0</b>	<b>\$ 877,641</b>	<b>\$ 1,673,607</b>	<b>\$ 2,049,992</b>	
<u>Expenditures</u>									
Current:									
General Government	\$ 0	\$ 19,829	\$ 19,829	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,829	
Finance	0	293,529	293,529	0	0	0	0	293,529	
Administration of Justice	0	63,659	63,659	0	0	0	0	63,659	
Public Safety	28,325	0	28,325	0	0	0	0	28,325	
Capital Projects	0	0	0	942,024	0	1,068,250	2,010,274	2,010,274	
<b>Total Expenditures</b>	<b>\$ 28,325</b>	<b>\$ 377,017</b>	<b>\$ 405,342</b>	<b>\$ 942,024</b>	<b>\$ 0</b>	<b>\$ 1,068,250</b>	<b>\$ 2,010,274</b>	<b>\$ 2,415,616</b>	
Excess (Deficiency) of Revenues Over Expenditures	\$ 8,783	\$ (37,740)	\$ (28,957)	\$ (146,058)	\$ 0	\$ (190,609)	\$ (336,667)	\$ (365,624)	
Net Change in Fund Balances	\$ 8,783	\$ (37,740)	\$ (28,957)	\$ (146,058)	\$ 0	\$ (190,609)	\$ (336,667)	\$ (365,624)	
Fund Balance, July 1, 2009	117,523	112,023	229,546	945,911	693	95,121	1,041,725	1,271,271	
<b>Fund Balance, June 30, 2010</b>	<b>\$ 126,306</b>	<b>\$ 74,283</b>	<b>\$ 200,589</b>	<b>\$ 799,853</b>	<b>\$ 693</b>	<b>\$ (95,488)</b>	<b>\$ 705,058</b>	<b>\$ 905,647</b>	

Exhibit G-3

Hardeman County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Drug Control Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 35,280 \$	0 \$	35,280 \$	38,756 \$	38,756 \$	(3,476)
State of Tennessee	1,828	0	1,828	0	0	1,828
Total Revenues	\$ 37,108 \$	0 \$	37,108 \$	38,756 \$	38,756 \$	(1,648)
<u>Expenditures</u>						
<u>Public Safety</u>						
Drug Enforcement	\$ 28,325 \$	1,194 \$	29,519 \$	96,200 \$	96,200 \$	66,681
Total Expenditures	\$ 28,325 \$	1,194 \$	29,519 \$	96,200 \$	96,200 \$	66,681
Excess (Deficiency) of Revenues Over Expenditures	\$ 8,783 \$	(1,194) \$	7,589 \$	(57,444) \$	(57,444) \$	65,033
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 8,783 \$	(1,194) \$	7,589 \$	(57,444) \$	(57,444) \$	65,033
	117,523	0	117,523	20,483	20,483	97,040
Fund Balance, June 30, 2010	\$ 126,306 \$	(1,194) \$	125,112 \$	(36,961) \$	(36,961) \$	162,073

# **Major Governmental Fund**

## **General Debt Service Fund**

---

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

---

Exhibit H

Hardeman County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 35,685	\$ 34,600	\$ 34,600	\$ 1,085
Other Governments and Citizens Groups	514,100	0	0	514,100
<b>Total Revenues</b>	<b>\$ 549,785</b>	<b>\$ 34,600</b>	<b>\$ 34,600</b>	<b>\$ 515,185</b>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 47,243	\$ 48,244	\$ 48,244	\$ 1,001
Education	285,000	285,000	285,000	0
<u>Interest on Debt</u>				
General Government	20,455	20,662	20,662	207
Education	228,850	228,850	228,850	0
<u>Other Debt Service</u>				
General Government	700	2,500	2,500	1,800
Education	250	5,500	5,500	5,250
<b>Total Expenditures</b>	<b>\$ 582,498</b>	<b>\$ 590,756</b>	<b>\$ 590,756</b>	<b>\$ 8,258</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (32,713)	\$ (556,156)	\$ (556,156)	\$ 523,443
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 15,812	\$ 529,662	\$ 529,662	\$ (513,850)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 15,812</b>	<b>\$ 529,662</b>	<b>\$ 529,662</b>	<b>\$ (513,850)</b>
Net Change in Fund Balance	\$ (16,901)	\$ (26,494)	\$ (26,494)	\$ 9,593
Fund Balance, July 1, 2009	984,442	26,494	26,494	957,948
<b>Fund Balance, June 30, 2010</b>	<b>\$ 967,541</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 967,541</b>

# Fiduciary Funds

---

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

---

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

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

Exhibit I-1

Hardeman County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2010

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 579,094	\$ 579,094
Cash Shortage	0	1,296	1,296
Due from Other Governments	238,471	0	238,471
Total Assets	<u>\$ 238,471</u>	<u>\$ 580,390</u>	<u>\$ 818,861</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 238,471	\$ 0	\$ 238,471
Due to Litigants, Heirs, and Others	0	580,390	580,390
Total Liabilities	<u>\$ 238,471</u>	<u>\$ 580,390</u>	<u>\$ 818,861</u>

Exhibit I-2

Hardeman County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,242,288	\$ 1,242,288	\$ 0
Due from Other Governments	212,677	238,471	212,677	238,471
Total Assets	<u>\$ 212,677</u>	<u>\$ 1,480,759</u>	<u>\$ 1,454,965</u>	<u>\$ 238,471</u>
<u>Liabilities</u>				
Due to Other Taxing Units	<u>\$ 212,677</u>	<u>\$ 1,480,759</u>	<u>\$ 1,454,965</u>	<u>\$ 238,471</u>
Total Liabilities	<u>\$ 212,677</u>	<u>\$ 1,480,759</u>	<u>\$ 1,454,965</u>	<u>\$ 238,471</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 683,183	\$ 5,479,382	\$ 5,583,471	\$ 579,094
Cash Shortage	0	1,296	0	1,296
Total Assets	<u>\$ 683,183</u>	<u>\$ 5,480,678</u>	<u>\$ 5,583,471</u>	<u>\$ 580,390</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	<u>\$ 683,183</u>	<u>\$ 5,480,678</u>	<u>\$ 5,583,471</u>	<u>\$ 580,390</u>
Total Liabilities	<u>\$ 683,183</u>	<u>\$ 5,480,678</u>	<u>\$ 5,583,471</u>	<u>\$ 580,390</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 683,183	\$ 5,479,382	\$ 5,583,471	\$ 579,094
Cash Shortage	0	1,296	0	1,296
Equity in Pooled Cash and Investments	0	1,242,288	1,242,288	0
Due from Other Governments	212,677	238,471	212,677	238,471
Total Assets	<u>\$ 895,860</u>	<u>\$ 6,961,437</u>	<u>\$ 7,038,436</u>	<u>\$ 818,861</u>
<u>Liabilities</u>				
Due to Other Taxing Units	<u>\$ 212,677</u>	<u>\$ 1,480,759</u>	<u>\$ 1,454,965</u>	<u>\$ 238,471</u>
Due to Litigants, Heirs, and Others	<u>683,183</u>	<u>5,480,678</u>	<u>5,583,471</u>	<u>580,390</u>
Total Liabilities	<u>\$ 895,860</u>	<u>\$ 6,961,437</u>	<u>\$ 7,038,436</u>	<u>\$ 818,861</u>

# Hardeman County School Department

---

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

---

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

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

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

Exhibit J-1

Hardeman County, Tennessee  
Statement of Activities  
Discretely Presented Hardeman County School Department  
For the Year Ended June 30, 2010

Functions/Programs	Program Revenues		Expenses	Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions		
Governmental Activities:				
Instruction	\$ 21,633,625	\$ 3,203,748	\$ 2,550	\$ (18,427,327)
Support Services	10,866,653	199,833	145,438	(10,521,382)
Operation of Non-Instructional Services	3,524,134	1,931,493	430,224	(1,162,417)
Other Debt Service	514,100	0	0	(514,100)
<b>Total Governmental Activities</b>	<b>\$ 36,538,512</b>	<b>\$ 5,335,074</b>	<b>\$ 578,212</b>	<b>\$ (30,625,226)</b>
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 5,240,671
Local Option Sales Tax				2,434,959
Other Local Taxes				2,439
Grants and Contributions Not Restricted for Specific Programs				22,920,257
Unrestricted Investment Earnings				3,085
Miscellaneous				119,228
<b>Total General Revenues</b>				<b>\$ 30,720,639</b>
Change in Net Assets				\$ 95,413
Net Assets, July 1, 2009				21,427,889
Net Assets, June 30, 2010				<u>\$ 21,523,302</u>

Exhibit J-2

Hardeman County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Hardeman County School Department  
June 30, 2010

	Major Funds		Nonmajor	Total
	General	School	Fund	Governmental
	Purpose	Federal	Central	Funds
	School	Projects	Cafeteria	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 280	\$ 280
Equity in Pooled Cash and Investments	4,936,288	290,891	601,278	5,828,457
Accounts Receivable	12,657	0	19	12,676
Due from Other Governments	893,712	379,681	7,725	1,281,118
Due from Other Funds	76,931	0	0	76,931
Property Taxes Receivable	5,782,166	0	0	5,782,166
Allowance for Uncollectible Property Taxes	(267,443)	0	0	(267,443)
Total Assets	<u>\$ 11,434,311</u>	<u>\$ 670,572</u>	<u>\$ 609,302</u>	<u>\$ 12,714,185</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 3,369	\$ 49	\$ 56	\$ 3,474
Due to Other Funds	0	75,940	0	75,940
Deferred Revenue - Current Property Taxes	5,262,490	0	0	5,262,490
Deferred Revenue - Delinquent Property Taxes	220,481	0	0	220,481
Other Deferred Revenues	192,180	0	0	192,180
Total Liabilities	<u>\$ 5,678,520</u>	<u>\$ 75,989</u>	<u>\$ 56</u>	<u>\$ 5,754,565</u>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 215,529	\$ 17,612	\$ 5,784	\$ 238,925
Other Local Education Reserves	1,566	0	0	1,566
Reserved for Driver Education	26,396	0	0	26,396
Reserved for Career Ladder - Extended Contract	15,530	0	0	15,530
Reserved for Career Ladder Program	11,615	0	0	11,615
Reserved for Title I Grants to Local Education Agencies	0	57,243	0	57,243
Reserved for Special Education - Grants to States	0	30,805	0	30,805
Unreserved, Reported In:				
General Fund	5,485,155	0	0	5,485,155
Special Revenue Funds	0	488,923	603,462	1,092,385
Total Fund Balances	<u>\$ 5,755,791</u>	<u>\$ 594,583</u>	<u>\$ 609,246</u>	<u>\$ 6,959,620</u>
Total Liabilities and Fund Balances	<u>\$ 11,434,311</u>	<u>\$ 670,572</u>	<u>\$ 609,302</u>	<u>\$ 12,714,185</u>

Exhibit J-3

Hardeman County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets  
Discretely Presented Hardeman County School Department  
June 30, 2010

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	6,959,620
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	358,116	
Add: buildings and improvements net of accumulated depreciation		12,526,116	
Add: other capital assets net of accumulated depreciation		<u>1,856,177</u>	14,740,409
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: leases payable	\$	(5,916)	
Less: other postemployment benefits liability		(410,896)	
Less: compensated absences payable		<u>(172,576)</u>	(589,388)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>412,661</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>21,523,302</u></u>

Exhibit J-4

Hardeman County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Hardeman County School Department  
For the Year Ended June 30, 2010

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Fund Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 7,662,670	\$ 0	\$ 0	\$ 7,662,670
Licenses and Permits	3,316	0	0	3,316
Charges for Current Services	87,396	0	469,048	556,444
Other Local Revenues	121,536	0	25,611	147,147
State of Tennessee	22,106,288	0	34,811	22,141,099
Federal Government	65,222	4,145,662	1,895,516	6,106,400
<b>Total Revenues</b>	<b>\$ 30,046,428</b>	<b>\$ 4,145,662</b>	<b>\$ 2,424,986</b>	<b>\$ 36,617,076</b>
<u>Expenditures</u>				
Current:				
Instruction	\$ 17,477,670	\$ 3,436,462	\$ 0	\$ 20,914,132
Support Services	10,100,545	807,853	0	10,908,398
Operation of Non-Instructional Services	1,075,831	0	2,374,165	3,449,996
Capital Outlay	55,572	0	0	55,572
Debt Service:				
Principal on Debt	35,497	0	0	35,497
Other Debt Service	514,100	0	0	514,100
<b>Total Expenditures</b>	<b>\$ 29,259,215</b>	<b>\$ 4,244,315</b>	<b>\$ 2,374,165</b>	<b>\$ 35,877,695</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 787,213	\$ (98,653)	\$ 50,821	\$ 739,381
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 13,050	\$ 0	\$ 0	\$ 13,050
Transfers In	91,421	500,000	0	591,421
Transfers Out	(500,000)	(91,421)	0	(591,421)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (395,529)</b>	<b>\$ 408,579</b>	<b>\$ 0</b>	<b>\$ 13,050</b>
Net Change in Fund Balances	\$ 391,684	\$ 309,926	\$ 50,821	\$ 752,431
Fund Balance, July 1, 2009	5,364,107	284,657	558,425	6,207,189
Fund Balance, June 30, 2010	\$ 5,755,791	\$ 594,583	\$ 609,246	\$ 6,959,620

Exhibit J-5

Hardeman County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Hardeman County School Department  
For the Year Ended June 30, 2010

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)		\$ 752,431
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 586,638	
Less: current year depreciation expense	<u>(1,215,884)</u>	(629,246)
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$ 412,661	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(395,812)</u>	16,849
<p>(3) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Add: principal payments on leases		35,497
<p>(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in other postemployment benefits liability	\$ (42,253)	
Change in compensated absences payable	<u>(37,865)</u>	<u>(80,118)</u>
Change in net assets of governmental activities (Exhibit B)		<u><u>\$ 95,413</u></u>

Exhibit J-6

Hardeman County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discretely Presented Hardeman County School Department  
 General Purpose School Fund  
 For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	Original	Final	
<u>Revenues</u>								
Local Taxes	\$ 7,662,670	\$ 0	\$ 0	\$ 7,662,670	\$ 7,573,690	\$ 7,573,690	\$ 88,980	
Licenses and Permits	3,316	0	0	3,316	2,654	2,654	662	
Charges for Current Services	87,396	0	0	87,396	117,923	117,923	(30,527)	
Other Local Revenues	121,536	0	0	121,536	64,641	64,641	56,895	
State of Tennessee	22,106,288	0	0	22,106,288	22,019,828	22,134,467	(28,179)	
Federal Government	65,222	0	0	65,222	0	0	65,222	
Total Revenues	\$ 30,046,428	\$ 0	\$ 0	\$ 30,046,428	\$ 29,778,736	\$ 29,893,375	\$ 153,053	
<u>Expenditures</u>								
<u>Instruction</u>								
Regular Instruction Program	\$ 14,249,135	\$ (14,423)	\$ 56,597	\$ 14,291,309	\$ 14,625,049	\$ 14,625,049	\$ 333,740	
Alternative Instruction Program	106,135	0	0	106,135	100,311	107,048	913	
Special Education Program	2,001,536	0	3,743	2,005,279	2,049,812	2,005,282	3	
Vocational Education Program	1,120,864	(139)	0	1,120,725	1,155,384	1,155,384	34,659	
<u>Support Services</u>								
Attendance	99,302	0	11	99,313	101,717	101,717	2,404	
Health Services	201,538	0	525	202,063	193,008	202,800	737	
Other Student Support	852,828	(405)	3,521	855,944	850,875	859,124	3,180	
Regular Instruction Program	1,437,744	(10,747)	337	1,427,334	1,298,687	1,428,850	1,516	
Alternative Instruction Program	155,568	0	0	155,568	158,907	158,907	3,339	
Special Education Program	278,346	0	886	279,232	279,243	279,243	11	
Vocational Education Program	85,111	0	0	85,111	84,061	86,842	1,731	
Other Programs	114,639	0	0	114,639	0	114,639	0	
Board of Education	449,141	(428)	0	448,713	406,004	451,989	3,276	

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Director of Schools	\$ 282,329	\$ (675)	\$ 26,613	\$ 308,267	\$ 294,491	\$ 318,192	\$ 9,925
Office of the Principal	1,683,155	0	0	1,683,155	1,616,901	1,697,908	14,753
Fiscal Services	159,699	(2,363)	0	157,336	140,859	159,505	2,169
Human Services/Personnel	134,203	0	0	134,203	129,402	135,481	1,278
Operation of Plant	1,757,386	0	0	1,757,386	1,826,680	1,826,680	69,294
Maintenance of Plant	661,826	(32,142)	7,659	637,343	722,743	672,743	35,400
Transportation	1,568,289	(5,558)	966	1,563,697	1,645,883	1,645,883	82,186
Central and Other	179,441	(2,566)	430	177,305	149,071	181,938	4,633
<u>Operation of Non-Instructional Services</u>							
Food Service	1,140	0	0	1,140	1,142	1,142	2
Community Services	122,861	(911)	0	121,950	142,596	143,601	21,651
Early Childhood Education	951,830	(6,392)	45,472	990,910	991,001	991,001	91
<u>Capital Outlay</u>							
Regular Capital Outlay	55,572	(21,700)	68,769	102,641	100,000	150,000	47,359
<u>Principal on Debt</u>							
Education	35,497	0	0	35,497	320,497	35,498	1
<u>Interest on Debt</u>							
Education	0	0	0	0	228,850	0	0
<u>Other Debt Service</u>							
Education	514,100	0	0	514,100	0	514,100	0
<u>Total Expenditures</u>	<u>\$ 29,259,215</u>	<u>\$ (98,449)</u>	<u>\$ 215,529</u>	<u>\$ 29,376,295</u>	<u>\$ 29,613,174</u>	<u>\$ 30,050,546</u>	<u>\$ 674,251</u>
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	<u>\$ 787,213</u>	<u>\$ 98,449</u>	<u>\$ (215,529)</u>	<u>\$ 670,133</u>	<u>\$ 165,562</u>	<u>\$ (157,171)</u>	<u>\$ 827,304</u>

(Continued)

Exhibit J-6

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 13,050	\$ 0	\$ 0	\$ 13,050	\$ 0	\$ 0	\$ 13,050
Transfers In	91,421	0	0	91,421	198,701	198,701	(107,280)
Transfers Out	(500,000)	0	0	(500,000)	0	(500,000)	0
Total Other Financing Sources (Uses)	\$ (395,529)	\$ 0	\$ 0	\$ (395,529)	\$ 198,701	\$ (301,299)	\$ (94,230)
Net Change in Fund Balance	\$ 391,684	\$ 98,449	\$ (215,529)	\$ 274,604	\$ 364,263	\$ (458,470)	\$ 733,074
Fund Balance, July 1, 2009	5,364,107	(98,449)	0	5,265,658	2,183,154	2,183,154	3,082,504
Fund Balance, June 30, 2010	\$ 5,755,791	\$ 0	\$ (215,529)	\$ 5,540,262	\$ 2,547,417	\$ 1,724,684	\$ 3,815,578

Exhibit J-7

Hardeman County, Tennessee  
 Schedule of Revenues, Expenditures, and Changes  
 in Fund Balance - Actual (Budgetary Basis) and Budget  
 Discretely Presented Hardeman County School Department  
 School Federal Projects Fund  
 For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 4,145,662	\$ 0	\$ 0	\$ 4,145,662	\$ 4,924,426	\$ 4,948,176	\$ (802,514)
Total Revenues	\$ 4,145,662	\$ 0	\$ 0	\$ 4,145,662	\$ 4,924,426	\$ 4,948,176	\$ (802,514)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,104,541	\$ (1,168)	\$ 17,119	\$ 2,120,492	\$ 1,974,509	\$ 2,264,327	\$ 143,835
Alternative Instruction Program	29,739	0	0	29,739	31,436	32,391	2,652
Special Education Program	1,155,733	0	160	1,155,893	1,267,011	1,498,871	342,978
Vocational Education Program	146,449	0	0	146,449	152,871	146,449	0
<u>Support Services</u>							
Health Services	77,123	0	0	77,123	174,366	103,559	26,436
Other Student Support	127,820	0	0	127,820	318,669	371,025	243,205
Regular Instruction Program	240,632	0	333	240,965	602,733	294,593	53,628
Special Education Program	123,016	0	0	123,016	205,854	197,625	74,609
Vocational Education Program	2,324	0	0	2,324	3,000	2,324	0
Transportation	236,938	0	0	236,938	237,184	237,184	246
Total Expenditures	\$ 4,244,315	\$ (1,168)	\$ 17,612	\$ 4,260,759	\$ 4,967,633	\$ 5,148,348	\$ 887,589
<u>Excess (Deficiency) of Revenues Over Expenditures</u>							
	\$ (98,653)	\$ 1,168	\$ (17,612)	\$ (115,097)	\$ (43,207)	\$ (200,172)	\$ 85,075
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 500,000	\$ 0	\$ 0	\$ 500,000	\$ 500,000	\$ 500,000	\$ 0
Transfers Out	(91,421)	0	0	(91,421)	(265,062)	(109,948)	18,527
Total Other Financing Sources (Uses)	\$ 408,579	\$ 0	\$ 0	\$ 408,579	\$ 234,938	\$ 390,052	\$ 18,527
<u>Net Change in Fund Balance Fund Balance, July 1, 2009</u>							
	\$ 309,926	\$ 1,168	\$ (17,612)	\$ 293,482	\$ 191,731	\$ 189,880	\$ 103,602
	284,657	(1,168)	0	283,489	0	0	283,489
Fund Balance, June 30, 2010	\$ 594,583	\$ 0	\$ (17,612)	\$ 576,971	\$ 191,731	\$ 189,880	\$ 387,091

Exhibit J-8

Hardeman County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Hardeman County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 469,048	\$ 0	\$ 0	\$ 469,048	\$ 469,650	\$ 469,650	\$ (602)
Other Local Revenues	25,611	0	0	25,611	850	850	24,761
State of Tennessee	34,811	0	0	34,811	23,800	23,800	11,011
Federal Government	1,895,516	0	0	1,895,516	1,783,787	1,919,921	(24,405)
Total Revenues	\$ 2,424,986	\$ 0	\$ 0	\$ 2,424,986	\$ 2,278,087	\$ 2,414,221	\$ 10,765
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 2,374,165	(14,080)	5,784	2,365,869	2,262,635	2,398,769	32,900
Total Expenditures	\$ 2,374,165	(14,080)	5,784	2,365,869	2,262,635	2,398,769	32,900
Excess (Deficiency) of Revenues Over Expenditures	\$ 50,821	14,080	(5,784)	59,117	15,452	15,452	43,665
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 50,821	14,080	(5,784)	59,117	15,452	15,452	43,665
	558,425	(14,080)	0	544,345	1,363,928	1,363,928	(819,583)
Fund Balance, June 30, 2010	\$ 609,246	0	(5,784)	603,462	1,379,380	1,379,380	(775,918)

---

---

## MISCELLANEOUS SCHEDULES

---

---

Exhibit K-1

Hardeman County, Tennessee  
Schedule of Changes in Long-term Notes, Capital Leases, and Bonds  
Primary Government and Discretely Presented Hardeman County School Department  
For the Year Ended June 30, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Paid and/or Matured During Period 6-30-10
<u>PRIMARY GOVERNMENT</u>						
<u>GOVERNMENTAL ACTIVITIES</u>						
<u>NOTES PAYABLE</u>						
Payable through General Debt Service Fund						
Convenience Centers	\$ 50,000	4.35 %	5-19-04	5-18-16	\$ 32,212	\$ 4,036
Convenience Centers - Trash Compactors	95,000	3.27	10-6-04	10-6-09	10,207	10,207
Airport Hangars	390,000	4.45	12-27-07	6-1-20	365,000	25,000
Total Payable through General Debt Service Fund					\$ 407,419	\$ 39,243
Payable through Highway/Public Works Fund						
Asphalt Plant	300,000	3.99	2-28-08	2-29-11	\$ 203,886	\$ 99,949
Total Payable through Highway/Public Works Fund					\$ 203,886	\$ 99,949
Total Notes Payable					\$ 611,305	\$ 139,192
<u>BONDS PAYABLE</u>						
Payable through General Debt Service Fund						
Hardeman County Industrial, Fm.H.A.	189,000	5	1-1-1975	1-1-15	\$ 57,000	\$ 8,000
School Refunding Series 2005	6,370,000	3.98	12-6-05	4-1-24	5,750,000	285,000
Total Bonds Payable					\$ 5,807,000	\$ 293,000
<u>BUSINESS-TYPE ACTIVITIES</u>						
<u>NOTES PAYABLE</u>						
Payable through Solid Waste Disposal Fund						
Land Acquisition - City of Bolivar	1,430,000	3.62	6-29-04	6-1-10	\$ 260,000	\$ 260,000
Bulldozer Capital Outlay Note - Series 2007	278,500	4.45	2-24-07	2-22-12	174,394	55,592
Total Notes Payable					\$ 434,394	\$ 315,592

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Paid and/or Matured During Period	Outstanding 6-30-10
<u>DISCRETELY PRESENTED HARDEMAN</u>							
<u>COUNTY SCHOOL DEPARTMENT</u>							
<u>CAPITAL LEASES PAYABLE</u>							
Payable through General Purpose School Fund	\$ 116,091	0 %	9-1-07	8-1-10	\$ 41,413	\$ 35,497	\$ 5,916
Modular Buildings Lease							
Total Capital Leases Payable					\$ 41,413	\$ 35,497	\$ 5,916

Exhibit K-2

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

PRIMARY GOVERNMENT

Governmental Activities:

Year Ending June 30	Notes		Total
	Principal	Interest	
2011	\$ 133,148	\$ 20,503	\$ 153,651
2012	34,394	15,060	49,454
2013	34,585	13,534	48,119
2014	34,784	11,999	46,783
2015	39,992	10,456	50,448
2016	40,210	8,682	48,892
2017	35,000	6,898	41,898
2018	40,000	5,340	45,340
2019	40,000	3,560	43,560
2020	40,000	1,780	41,780
Total	\$ 472,113	\$ 97,812	\$ 569,925

Year Ending June 30	Bonds		Total
	Principal	Interest	
2011	\$ 309,000	\$ 219,732	\$ 528,732
2012	319,000	207,342	526,342
2013	335,000	194,529	529,529
2014	345,000	181,094	526,094
2015	361,000	167,236	528,236
2016	365,000	153,031	518,031
2017	380,000	138,504	518,504
2018	395,000	123,380	518,380
2019	410,000	107,659	517,659
2020	425,000	91,341	516,341
2021	445,000	74,426	519,426
2022	460,000	56,715	516,715
2023	480,000	38,407	518,407
2024	485,000	19,303	504,303
Total	\$ 5,514,000	\$ 1,772,699	\$ 7,286,699

(Continued)

Exhibit K-2

Hardeman County, Tennessee

Schedule of Long-term Debt Requirements by Year

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

PRIMARY GOVERNMENT (CONT.)

Business-type Activities:

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 58,094	\$ 4,642	\$ 62,736
2012	60,708	2,027	62,735
Total	\$ 118,802	\$ 6,669	\$ 125,471

DISCRETELY PRESENTED HARDEMAN  
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2011	\$ 5,916	\$ 0	\$ 5,916
Total	\$ 5,916	\$ 0	\$ 5,916

Exhibit K-3

Hardeman County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Hardeman County School Department  
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt payments	\$ <u>15,812</u>
Total Transfers Primary Government			\$ <u>15,812</u>
<u>DISCRETELY PRESENTED HARDEMAN COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 49,703
School Federal Projects	General Purpose School	IDEA - DSP funding	41,718
General Purpose School	School Federal Projects	Cash flow	<u>500,000</u>
Total Transfers Discretely Presented Hardeman County School Department			\$ <u>591,421</u>

Exhibit K-4

Hardeman County, Tennessee  
 Schedule of Salaries and Official Bonds of Principal Officials  
 Primary Government and Discretely Presented Hardeman County School Department  
 For the Year Ended June 30, 2010

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and Chapter 90, Private Acts of 1989	\$ 74,922 (1)	\$ 50,000	Auto-Owners Mutual Insurance Company
Director of Schools	State Board of Education and County Board of Education	109,785 (2)	150,000	Tennessee Risk Management Trust
Highway Superintendent	Section 8-24-102, <u>TCA</u>	74,121	100,000	Auto-Owners Mutual Insurance Company
Trustee	Section 8-24-102, <u>TCA</u> , and County Commission	63,251 (3)	753,800	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	63,251 (3)	10,000	Western Surety Company
County Clerk	Section 8-24-102, <u>TCA</u>	61,751	50,000	Auto-Owners Mutual Insurance Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	61,751	65,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and County Commission	63,251 (3) (4)	80,000	Western Surety Company
Register	Section 8-24-102, <u>TCA</u> , and County Commission	63,251 (3)	25,000	Auto-Owners Mutual Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>	68,527 (5)	25,000	"
Employee Dishonesty Coverage:				
County General Employees			150,000	Local Government Insurance Pool
Highway Superintendent's Office			150,000	"
Office of Director of Schools:				
Central Office Staff			150,000	Tennessee Risk Management Trust

- (1) Includes purchasing agent supplement of \$3,600.
- (2) Includes chief executive officer training supplement of \$1,000.
- (3) Includes certified public administrator supplement of \$1,500.
- (4) Does not include special commissioner fees of \$435.
- (5) Includes law enforcement training supplement of \$600.

Exhibit K-5

Hardeman County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2010

	Special Revenue Funds				Debt Service Funds			Total
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Fund			
					General	Debt Service	Capital Projects Funds - General Capital Projects Other Capital Projects	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 2,535,691	0	0	0	31,854	0	0	\$ 2,567,545
Trustee's Collections - Prior Year	114,980	0	0	0	1,694	0	0	116,674
Trustee's Collections - Bankruptcy	7,493	0	0	0	109	0	0	7,602
Circuit/Clerk & Master Collections - Prior Years	95,719	0	0	0	1,259	0	0	96,978
Interest and Penalty	22,851	0	0	0	267	0	0	23,118
Payments in-Lieu-of-Taxes - Other	194,986	0	0	0	502	0	0	195,488
<u>County Local Option Taxes</u>								
Local Option Sales Tax	252,570	0	0	0	0	0	0	252,570
Hotel/Motel Tax	15,376	0	0	0	0	0	0	15,376
Wheel Tax	0	0	0	795,478	0	795,478	0	1,590,956
Litigation Tax - General	97,955	0	0	0	0	0	0	97,955
Litigation Tax - Jail, Workhouse, or Courthouse	76,200	0	0	0	0	0	0	76,200
Business Tax	177,099	0	0	0	0	0	0	177,099
<u>Statutory Local Taxes</u>								
Bank Excise Tax	30,666	0	0	0	0	0	0	30,666
Wholesale Beer Tax	222,508	0	0	0	0	0	0	222,508
Interstate Telecommunications Tax	1,462	0	0	0	0	0	0	1,462
<u>Total Local Taxes</u>	\$ 3,845,556	0	0	\$ 795,478	\$ 35,685	\$ 795,478	0	\$ 5,472,197
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Animal Registration	560	0	0	0	0	0	0	560
Cable TV Franchise	5,992	0	0	0	0	0	0	5,992
<u>Permits</u>								
Beer Permits	2,763	0	0	0	0	0	0	2,763
Building Permits	8,050	0	0	0	0	0	0	8,050
Other Permits	450	0	0	0	0	0	0	450
<u>Total Licenses and Permits</u>	\$ 17,815	0	0	0	0	0	0	\$ 17,815

(Continued)

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

	Special Revenue Funds					Debt Service Funds			Total
	General	Drug Control	Constitutional Officers Fees	Highway / Public Works	Debt Service	Capital Projects Funds			
						General	Capital Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	10,222	0	0	0	0	0	0	0	10,222
Officers Costs	9,259	0	0	0	0	0	0	0	9,259
Drug Control Fines	8,736	5,074	0	0	0	0	0	0	13,810
Jail Fees	2,821	0	0	0	0	0	0	0	2,821
DUI Treatment Fines	4,176	0	0	0	0	0	0	0	4,176
Data Entry Fee - Circuit Court	1,156	0	0	0	0	0	0	0	1,156
Courtroom Security Fee	142	0	0	0	0	0	0	0	142
Victims Assistance Assessments	1,424	0	0	0	0	0	0	0	1,424
<u>General Sessions Court</u>									
Fines	22,905	0	0	0	0	0	0	0	22,905
Officers Costs	33,025	0	0	0	0	0	0	0	33,025
Game and Fish Fines	461	0	0	0	0	0	0	0	461
Drug Control Fines	5,325	5,149	0	0	0	0	0	0	10,474
Drug Court Fees	3,906	0	0	0	0	0	0	0	3,906
Jail Fees	7,908	0	0	0	0	0	0	0	7,908
DUI Treatment Fines	3,937	0	0	0	0	0	0	0	3,937
Data Entry Fee - General Sessions Court	4,949	0	0	0	0	0	0	0	4,949
Courtroom Security Fee	750	0	0	0	0	0	0	0	750
Victims Assistance Assessments	7,128	0	0	0	0	0	0	0	7,128
<u>Juvenile Court</u>									
Fines	904	0	0	0	0	0	0	0	904
Officers Costs	1,024	0	0	0	0	0	0	0	1,024
Jail Fees	10	0	0	0	0	0	0	0	10
Data Entry Fee - Juvenile Court	664	0	0	0	0	0	0	0	664
Courtroom Security Fee	8	0	0	0	0	0	0	0	8
Victims Assistance Assessments	126	0	0	0	0	0	0	0	126
<u>Chancery Court</u>									
Officers Costs	2,508	0	0	0	0	0	0	0	2,508
Data Entry Fee - Chancery Court	2,172	0	0	0	0	0	0	0	2,172

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Funds			Total
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Capital Projects Funds			
					General	Debt Service	General Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>								
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	25,057	0	0	0	0	0	25,057
Total Fines, Forfeitures, and Penalties	\$ 135,646	\$ 35,280	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 170,926
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Patient Charges	1,394,291	0	0	0	0	0	0	1,394,291
Work Release Charges for Board Fees	2,664	0	0	0	0	0	0	2,664
Copy Fees	661	0	0	0	0	0	0	661
Greenbelt Late Application Fee	400	0	0	0	0	0	0	400
Telephone Commissions	8,230	0	0	0	0	0	0	8,230
Constitutional Officers' Fees and Commissions	0	0	339,277	0	0	0	0	339,277
Data Processing Fee - Register	7,890	0	0	0	0	0	0	7,890
Data Processing Fee - Sheriff	4,841	0	0	0	0	0	0	4,841
Data Processing Fee - County Clerk	974	0	0	0	0	0	0	974
<u>Other Charges for Services</u>								
Other Charges for Services	50	0	0	0	0	0	0	50
Total Charges for Current Services	\$ 1,420,001	\$ 0	\$ 339,277	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,759,278
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	233,829	0	0	0	0	0	189	234,018
Lease/Rentals	520	0	0	0	0	0	0	520
Commissary Sales	15,887	0	0	0	0	0	0	15,887
Sale of Maps	1,657	0	0	0	0	0	0	1,657
Miscellaneous Refunds	44,652	0	0	6,982	0	488	0	52,122
<u>Nonrecurring Items</u>								
Sale of Property	8,101	0	0	0	0	0	0	8,101
Contributions and Gifts	853	0	0	0	0	0	0	853

(Continued)

Exhibit K-5

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

	Special Revenue Funds				Debt Service Funds			Total
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	Capital Projects Funds			
					General	Debt Service	General Capital Projects	
<u>Other Local Revenues (Cont.)</u>								
<u>Other Local Revenues</u>	\$ 21,353	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,353
Total Other Local Revenues	\$ 326,852	\$ 0	\$ 0	\$ 6,982	\$ 0	\$ 488	\$ 189	\$ 334,511
<u>Fees Received from County Officials</u>								
<u>Excess Fees</u>								
County Clerk	\$ 92,633	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 92,633
Register	2,500	0	0	0	0	0	0	2,500
Trustee	205,114	0	0	0	0	0	0	205,114
<u>Fees in-Lieu-of Salary</u>								
Circuit Court Clerk	111,246	0	0	0	0	0	0	111,246
General Sessions Court Clerk	232,309	0	0	0	0	0	0	232,309
Clerk and Master	105,718	0	0	0	0	0	0	105,718
Juvenile Court Clerk	28,267	0	0	0	0	0	0	28,267
Register	67,140	0	0	0	0	0	0	67,140
Sheriff	15,461	0	0	0	0	0	0	15,461
Total Fees Received from County Officials	\$ 860,388	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 860,388
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,135	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,135
Airport Maintenance Program	24,505	0	0	0	0	0	0	24,505
State Reappraisal Grant	10,049	0	0	0	0	0	0	10,049
On-Behalf Contributions for OPPEB	161	0	0	0	0	0	0	161
<u>Health and Welfare Grants</u>								
Health Department Programs	254,758	0	0	0	0	0	0	254,758
<u>Public Works Grants</u>								
State Aid Program	0	0	0	213,454	0	0	0	213,454
Litter Program	27,840	0	0	0	0	0	0	27,840
<u>Other State Revenues</u>								
Income Tax	111,547	0	0	0	0	0	0	111,547

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Funds			Total
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General	Capital Projects Funds		Other	
						Debt Service	General Capital Projects		
<u>State of Tennessee (Cont.)</u>									
<u>Other State Revenues (Cont.)</u>									
Beer Tax	\$ 17,778	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,778
Alcoholic Beverage Tax	58,870	0	0	0	0	0	0	0	58,870
State Revenue Sharing - T.V.A.	796,072	0	0	0	0	0	0	0	796,072
Contracted Prisoner Boarding	214,305	0	0	0	0	0	0	0	214,305
Gasoline and Motor Fuel Tax	0	0	0	1,912,172	0	0	0	0	1,912,172
Petroleum Special Tax	0	0	0	22,571	0	0	0	0	22,571
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	16,380
Other State Grants	46,160	1,828	0	0	0	0	0	0	47,988
Other State Revenues	10,800	0	0	0	0	0	0	0	10,800
Total State of Tennessee	\$ 1,598,360	\$ 1,828	\$ 0	\$ 2,148,197	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,748,385
<u>Federal Government</u>									
<u>Federal Through State</u>									
Homeland Security Grants	\$ 9,539	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,539
Other Federal through State	79,448	0	0	0	0	0	877,452	0	956,900
<u>Direct Federal Revenue</u>									
Other Direct Federal Revenue	39,907	0	0	0	0	0	0	0	39,907
Total Federal Government	\$ 128,894	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 877,452	\$ 0	\$ 1,006,346
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Contributions	\$ 10,361	\$ 0	\$ 0	\$ 0	\$ 514,100	\$ 0	\$ 0	\$ 0	\$ 524,461
<u>Other</u>									
Other	8,562	0	0	0	0	0	0	0	8,562
Total Other Governments and Citizens Groups	\$ 18,923	\$ 0	\$ 0	\$ 0	\$ 514,100	\$ 0	\$ 0	\$ 0	\$ 533,023
Total	\$ 8,352,435	\$ 37,108	\$ 339,277	\$ 2,950,657	\$ 549,785	\$ 795,966	\$ 877,641	\$ 13,902,869	

Exhibit K-6

Hardeman County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Hardeman County School Department  
For the Year Ended June 30, 2010

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 4,686,215	\$ 0	\$ 0	\$ 4,686,215
Trustee's Collections - Prior Year	212,495	0	0	212,495
Trustee's Collections - Bankruptcy	15,276	0	0	15,276
Circuit/Clerk & Master Collections - Prior Years	176,900	0	0	176,900
Interest and Penalty	42,227	0	0	42,227
Payments in-Lieu-of Taxes - Other	78,712	0	0	78,712
<u>County Local Option Taxes</u>				
Local Option Sales Tax	2,448,034	0	0	2,448,034
Other County Local Option Taxes	372	0	0	372
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	2,439	0	0	2,439
<b>Total Local Taxes</b>	<b>\$ 7,662,670</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 7,662,670</b>
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 3,316	\$ 0	\$ 0	\$ 3,316
<b>Total Licenses and Permits</b>	<b>\$ 3,316</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,316</b>
<u>Charges for Current Services</u>				
<u>Fees</u>				
Vending Machine Collections	\$ 1,126	\$ 0	\$ 0	\$ 1,126
<u>Education Charges</u>				
Tuition - Summer School	2,550	0	0	2,550
Lunch Payments - Children	0	0	211,561	211,561
Lunch Payments - Adults	0	0	59,538	59,538
Income from Breakfast	0	0	58,482	58,482
A la carte Sales	0	0	100,643	100,643
Receipts from Individual Schools	2,172	0	0	2,172
<u>Other Charges for Services</u>				
Other Charges for Services	81,548	0	38,824	120,372
<b>Total Charges for Current Services</b>	<b>\$ 87,396</b>	<b>\$ 0</b>	<b>\$ 469,048</b>	<b>\$ 556,444</b>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 3,085	\$ 3,085
Lease/Rentals	21,768	0	0	21,768
Sale of Materials and Supplies	4,856	0	0	4,856
Retirees' Insurance Payments	14,318	0	0	14,318
Miscellaneous Refunds	75,780	0	22,526	98,306
<u>Nonrecurring Items</u>				
Contributions and Gifts	3,066	0	0	3,066
<u>Other Local Revenues</u>				
Other Local Revenues	1,748	0	0	1,748
<b>Total Other Local Revenues</b>	<b>\$ 121,536</b>	<b>\$ 0</b>	<b>\$ 25,611</b>	<b>\$ 147,147</b>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-Behalf Contributions for OPEB	\$ 114,639	\$ 0	\$ 0	\$ 114,639

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 19,750,200	\$ 0	\$ 0	\$ 19,750,200
Basic Education Program - ARRA	768,800	0	0	768,800
Early Childhood Education	1,002,832	0	0	1,002,832
School Food Service	0	0	23,480	23,480
Driver Education	8,028	0	0	8,028
Other State Education Funds	7,071	0	0	7,071
Coordinated School Health - ARRA	100,000	0	0	100,000
Internet Connectivity - ARRA	11,796	0	0	11,796
Statewide Student Management System (SSMS) - ARRA	10,351	0	0	10,351
Career Ladder Program	219,832	0	0	219,832
Career Ladder - Extended Contract - ARRA	82,839	0	0	82,839
<u>Other State Revenues</u>				
Other State Grants	0	0	11,331	11,331
Safe Schools - ARRA	29,900	0	0	29,900
Total State of Tennessee	\$ 22,106,288	\$ 0	\$ 34,811	\$ 22,141,099
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,215,135	\$ 1,215,135
USDA - Commodities	0	0	136,134	136,134
Breakfast	0	0	521,317	521,317
USDA - Other	0	0	17,140	17,140
USDA Food Service Equipment Grant - ARRA	0	0	5,790	5,790
Vocational Education - Basic Grants to States	0	82,116	0	82,116
Other Vocational	0	87,967	0	87,967
Title I Grants to Local Education Agencies	0	1,390,593	0	1,390,593
Special Education - Grants to States	65,012	1,628,597	0	1,693,609
Special Education Preschool Grants	0	50,404	0	50,404
Safe and Drug-free Schools - State Grants	0	375,749	0	375,749
Rural Education	0	104,945	0	104,945
Eisenhower Professional Development State Grants	0	260,768	0	260,768
Other Federal through State	75	164,523	0	164,598
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	135	0	0	135
Total Federal Government	\$ 65,222	\$ 4,145,662	\$ 1,895,516	\$ 6,106,400
Total	\$ 30,046,428	\$ 4,145,662	\$ 2,424,986	\$ 36,617,076

Exhibit K-7

Hardeman County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Board and Committee Members Fees	\$ 13,500	
Total County Commission		\$ 13,500

Board of Equalization

Board and Committee Members Fees	\$ 875	
Total Board of Equalization		875

Beer Board

Board and Committee Members Fees	\$ 2,030	
Total Beer Board		2,030

Budget and Finance Committee

Board and Committee Members Fees	\$ 1,120	
Total Budget and Finance Committee		1,120

Other Boards and Committees

Board and Committee Members Fees	\$ 2,765	
Travel	875	
Total Other Boards and Committees		3,640

County Mayor/Executive

County Official/Administrative Officer	\$ 71,322	
Secretary(ies)	73,143	
Educational Incentive - Official/Admin Officer	300	
Communication	3,815	
Maintenance and Repair Services - Office Equipment	645	
Postal Charges	2,152	
Travel	7,415	
Office Supplies	3,805	
Other Charges	461	
Total County Mayor/Executive		163,058

County Attorney

County Official/Administrative Officer	\$ 10,621	
Legal Services	19,941	
Total County Attorney		30,562

Election Commission

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

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Overtime Pay	\$	703	
Other Salaries and Wages		4,296	
Board and Committee Members Fees		3,400	
Election Workers		13,699	
Communication		2,769	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		3,440	
Postal Charges		2,088	
Printing, Stationery, and Forms		1,999	
Rentals		15,658	
Travel		4,852	
Other Contracted Services		14,692	
Office Supplies		2,900	
Utilities		4,383	
Other Charges		460	
Office Equipment		12,225	
Other Capital Outlay		6,680	
Total Election Commission			\$ 169,980

Register of Deeds

County Official/Administrative Officer	\$	51,459	
Deputy(ies)		35,678	
Part-time Personnel		2,806	
Educational Incentive - Official/Admin Officer		1,500	
Educational Incentive - Other County Employees		3,000	
Communication		3,474	
Data Processing Services		7,229	
Postal Charges		259	
Travel		1,058	
Office Supplies		5,327	
Total Register of Deeds			111,790

Development

County Official/Administrative Officer	\$	18,092	
Clerical Personnel		22,899	
Part-time Personnel		1,524	
Communication		2,147	
Contracts with Government Agencies		11,250	
Rentals		948	
Travel		2,381	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Development (Cont.)

Office Supplies	\$	503	
Other Charges		<u>54</u>	
Total Development			\$ 59,798

County Buildings

Supervisor/Director	\$	33,771	
Custodial Personnel		43,169	
Communication		1,833	
Maintenance and Repair Services - Buildings		14,737	
Maintenance and Repair Services - Equipment		7,363	
Custodial Supplies		4,036	
Gasoline		232	
Uniforms		1,142	
Utilities		48,337	
Other Supplies and Materials		348	
Other Charges		<u>540</u>	
Total County Buildings			155,508

Other General Administration

Land	\$	<u>28,042</u>	
Total Other General Administration			28,042

Preservation of Records

Maintenance and Repair Services - Buildings	\$	550	
Utilities		3,336	
Other Charges		<u>8,441</u>	
Total Preservation of Records			12,327

Finance

Accounting and Budgeting

Other Contracted Services	\$	<u>14,550</u>	
Total Accounting and Budgeting			14,550

Purchasing

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

Property Assessor's Office

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		44,396	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Clerical Personnel	\$	40,180	
Educational Incentive - Official/Admin Officer		1,500	
Educational Incentive - Other County Employees		900	
Communication		2,688	
Data Processing Services		13,750	
Dues and Memberships		1,185	
Postal Charges		654	
Travel		1,615	
Other Contracted Services		14,693	
Office Supplies		1,474	
Other Supplies and Materials		1,366	
Office Equipment		3,891	
Total Property Assessor's Office	\$		190,043

Reappraisal Program

Other Salaries and Wages	\$	22,347	
Advertising		88	
Data Processing Services		3,485	
Postal Charges		497	
Travel		5,047	
Other Contracted Services		95	
Total Reappraisal Program			31,559

County Trustee's Office

Educational Incentive - Official/Admin Officer	\$	1,500	
Educational Incentive - Other County Employees		3,000	
Communication		4,101	
Postal Charges		8,289	
Office Supplies		3,983	
Total County Trustee's Office			20,873

County Clerk's Office

Communication	\$	3,476	
Maintenance and Repair Services - Office Equipment		9,317	
Postal Charges		4,932	
Office Supplies		3,478	
Office Equipment		165	
Total County Clerk's Office			21,368

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,751	
Deputy(ies)		46,829	
Clerical Personnel		100,423	
Part-time Personnel		14,803	
Educational Incentive - Other County Employees		6,600	
Jury and Witness Expense		14,677	
Other Per Diem and Fees		704	
Communication		3,760	
Postal Charges		4,731	
Travel		303	
Office Supplies		12,643	
Other Charges		246	
Office Equipment		6,817	
Total Circuit Court			\$ 274,287

General Sessions Court

Judge(s)	\$	98,667	
Secretary(ies)		6,624	
Part-time Personnel		3,600	
Dues and Memberships		80	
Travel		1,010	
Total General Sessions Court			109,981

Drug Court

Remittance of Revenue Collected	\$	9,774	
Total Drug Court			9,774

Chancery Court

County Official/Administrative Officer	\$	30,876	
Deputy(ies)		32,348	
Educational Incentive - Official/Admin Officer		1,500	
Educational Incentive - Other County Employees		2,250	
Communication		2,291	
Data Processing Services		741	
Legal Notices, Recording, and Court Costs		2,289	
Maintenance and Repair Services - Office Equipment		396	
Postal Charges		6,724	
Travel		207	
Office Supplies		5,442	
Other Charges		155	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Office Equipment	\$ 2,719	
Total Chancery Court		\$ 87,938

Juvenile Court

Other Salaries and Wages	\$ 27,316	
Communication	2,504	
Contracts with Government Agencies	4,900	
Travel	2,238	
Drug Treatment	1,334	
Office Supplies	149	
Total Juvenile Court		38,441

Victims Assistance Programs

Other Per Diem and Fees	\$ 7,896	
Total Victims Assistance Programs		7,896

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 67,927
Deputy(ies)	505,234
Investigator(s)	96,888
Salary Supplements	10,200
Dispatchers/Radio Operators	88,862
Secretary(ies)	51,386
Part-time Personnel	5,044
Overtime Pay	17,662
In-Service Training	6,410
Communication	24,374
Dues and Memberships	2,070
Maintenance and Repair Services - Buildings	50
Maintenance and Repair Services - Vehicles	47,388
Postal Charges	1,283
Travel	3,793
Gasoline	78,629
Office Supplies	8,325
Tires and Tubes	2,100
Uniforms	11,345
Other Supplies and Materials	7,439
Medical Claims	688
Other Charges	14,071

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Communication Equipment	\$	589	
Law Enforcement Equipment		2,456	
Motor Vehicles		41,588	
Office Equipment		4,444	
Other Equipment		18,422	
Total Sheriff's Department			\$ 1,118,667

Workhouse

Medical Personnel	\$	2,500	
Guards		262,641	
Cafeteria Personnel		19,900	
Part-time Personnel		14,312	
Overtime Pay		3,773	
Communication		289	
Maintenance and Repair Services - Buildings		5,169	
Maintenance and Repair Services - Equipment		17,735	
Medical and Dental Services		30,479	
Custodial Supplies		24,670	
Drugs and Medical Supplies		8,328	
Electricity		57,856	
Food Preparation Supplies		5,379	
Food Supplies		121,643	
Other Supplies and Materials		5,078	
Other Charges		670	
Total Workhouse			580,422

Juvenile Services

Supervisor/Director	\$	32,216	
Communication		1,013	
Postal Charges		250	
Office Supplies		165	
Office Equipment		648	
Total Juvenile Services			34,292

Fire Prevention and Control

Contracts with Government Agencies	\$	79,500	
Total Fire Prevention and Control			79,500

Civil Defense

Supervisor/Director	\$	2,816	
---------------------	----	-------	--

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Part-time Personnel	\$	1,224	
Communication		4,755	
Gasoline		1,191	
Office Supplies		1,231	
Other Charges		509	
Other Equipment		28,860	
Total Civil Defense			\$ 40,586

County Coroner/Medical Examiner

Other Contracted Services	\$	35,638	
Total County Coroner/Medical Examiner			35,638

Public Health and Welfare

Local Health Center

Communication	\$	9,202	
Contracts with Government Agencies		25,320	
Janitorial Services		14,400	
Maintenance and Repair Services - Buildings		4,403	
Postal Charges		497	
Custodial Supplies		1,447	
Drugs and Medical Supplies		1,773	
Office Supplies		2,955	
Utilities		17,434	
Other Supplies and Materials		3,025	
Total Local Health Center			80,456

Rabies and Animal Control

County Official/Administrative Officer	\$	23,629	
Part-time Personnel		5,365	
Communication		1,741	
Maintenance and Repair Services - Buildings		526	
Maintenance and Repair Services - Vehicles		2,875	
Travel		491	
Animal Food and Supplies		90	
Drugs and Medical Supplies		1,558	
Food Supplies		10	
Gasoline		4,114	
Uniforms		598	
Utilities		1,914	
Other Supplies and Materials		11,885	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Other Charges	\$ 3,395	
Total Rabies and Animal Control		\$ 58,191

Ambulance/Emergency Medical Services

Assistant(s)	\$ 34,628	
Supervisor/Director	45,000	
Clerical Personnel	21,767	
Attendants	749,985	
Educational Incentive - Other County Employees	225	
Overtime Pay	235,296	
In-Service Training	2,700	
Communication	13,981	
Contracts with Private Agencies	22,111	
Maintenance and Repair Services - Buildings	6,077	
Maintenance and Repair Services - Equipment	1,951	
Maintenance and Repair Services - Vehicles	43,001	
Postal Charges	6,992	
Travel	1,183	
Custodial Supplies	4,476	
Drugs and Medical Supplies	98,411	
Gasoline	58,983	
Office Supplies	6,354	
Tires and Tubes	3,628	
Uniforms	7,983	
Utilities	10,988	
Refunds	12,163	
Other Charges	3,444	
Motor Vehicles	76,275	
Other Capital Outlay	17,996	
Total Ambulance/Emergency Medical Services		1,485,598

Dental Health Program

Medical Personnel	\$ 126,480	
Paraprofessionals	21,758	
Clerical Personnel	41,891	
State Retirement	9,102	
Employee and Dependent Insurance	16,364	
Travel	2,058	
Drugs and Medical Supplies	15,783	
Total Dental Health Program		233,436

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Alcohol and Drug Programs

Contributions	\$ 12,000	
Total Alcohol and Drug Programs		\$ 12,000

Crippled Children Services

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

Other Local Health Services

Supervisor/Director	\$ 2,816	
Contracts with Other Public Agencies	2,000	
Contributions	2,000	
Total Other Local Health Services		6,816

Regional Mental Health Center

Contributions	\$ 12,000	
Other Contracted Services	5,000	
Total Regional Mental Health Center		17,000

Other Local Welfare Services

Other Contracted Services	\$ 5,000	
Total Other Local Welfare Services		5,000

Sanitation Education/Information

Foremen	\$ 7,776	
Laborers	5,777	
Employee and Dependent Insurance	5,895	
Instructional Supplies and Materials	5,594	
Other Charges	1,150	
Total Sanitation Education/Information		26,192

Waste Pickup

Contracts with Private Agencies	\$ 241,526	
Total Waste Pickup		241,526

Convenience Centers

Supervisor/Director	\$ 11,250
Laborers	5,372
Clerical Personnel	8,590
Part-time Personnel	180,265
Communication	6,404

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Maintenance and Repair Services - Equipment	\$	1,392	
Postal Charges		1,016	
Rentals		5,400	
Travel		842	
Other Contracted Services		8,368	
Data Processing Supplies		70	
Gasoline		1,784	
Office Supplies		557	
Uniforms		694	
Utilities		10,011	
Gravel and Chert		4,825	
Fencing		2,455	
Other Supplies and Materials		2,169	
Other Charges		2,191	
Solid Waste Equipment		5,042	
Other Capital Outlay		25,682	
Total Convenience Centers			\$ 284,379

Social, Cultural, and Recreational Services

Libraries

Contributions	\$	7,150	
Other Contracted Services		80,314	
Total Libraries			87,464

Other Social, Cultural, and Recreational

Contributions	\$	3,000	
Total Other Social, Cultural, and Recreational			3,000

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	55,348	
Communication		5,001	
Rentals		19,104	
Travel		2,000	
Utilities		3,654	
Other Supplies and Materials		790	
Total Agriculture Extension Service			85,897

Forest Service

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

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation

Secretary(ies)	\$	20,866	
Dues and Memberships		1,055	
Travel		2,321	
Other Contracted Services		8,000	
Other Supplies and Materials		1,149	
Total Soil Conservation			\$ 33,391

Other Operations

Industrial Development

Contracts with Other Public Agencies	\$	29,775	
Contributions		32,510	
Dues and Memberships		20	
Total Industrial Development			62,305

Housing and Urban Development

Other Contracted Services	\$	39,907	
Total Housing and Urban Development			39,907

Airport

Communication	\$	3,273	
Legal Notices, Recording, and Court Costs		12	
Maintenance and Repair Services - Buildings		2,882	
Maintenance and Repair Services - Equipment		14,533	
Other Contracted Services		12,900	
Gasoline		10,857	
Utilities		9,242	
Other Charges		192	
Airport Improvement		154,896	
Total Airport			208,787

Veterans' Services

Secretary(ies)	\$	7,210	
Communication		467	
Postal Charges		60	
Total Veterans' Services			7,737

Contributions to Other Agencies

Contributions	\$	1,500	
Dues and Memberships		20,488	
Total Contributions to Other Agencies			21,988

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Social Security	\$ 251,971	
State Retirement	392,198	
Employee and Dependent Insurance	680,925	
Disability Insurance	118,409	
Unemployment Compensation	10,402	
Employer Medicare	58,971	
On-Behalf Payments to OPEB	161	
Total Employee Benefits		\$ 1,513,037

Miscellaneous

Audit Services	\$ 8,432	
Contributions	20,893	
Data Processing Services	29,853	
Dues and Memberships	7,243	
Legal Notices, Recording, and Court Costs	2,670	
Other Supplies and Materials	3,127	
Liability Insurance	116,308	
Premiums on Corporate Surety Bonds	915	
Trustee's Commission	92,662	
Other Charges	12,945	
Total Miscellaneous		<u>295,048</u>

Total General Fund \$ 8,264,579

Drug Control Fund

Public Safety

Drug Enforcement

Instructional Supplies and Materials	\$ 5,060	
Office Supplies	445	
Trustee's Commission	310	
Other Charges	4,006	
Law Enforcement Equipment	16,430	
Other Equipment	2,074	
Total Drug Enforcement		<u>\$ 28,325</u>

Total Drug Control Fund 28,325

(Continued)

Exhibit K-7

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

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$ 19,829	
Total Register of Deeds		\$ 19,829

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 122,395	
Total County Trustee's Office		122,395

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 171,134	
Total County Clerk's Office		171,134

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 63,659	
Total Chancery Court		<u>63,659</u>

Total Constitutional Officers - Fees Fund		\$ 377,017
---	--	------------

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 74,121	
Secretary(ies)	53,110	
Board and Committee Members Fees	8,255	
Communication	4,996	
Data Processing Services	5,242	
Dues and Memberships	3,855	
Legal Services	3,427	
Legal Notices, Recording, and Court Costs	20	
Maintenance and Repair Services - Office Equipment	40	
Postal Charges	792	
Rentals	2,314	
Travel	50	
Other Contracted Services	1,041	
Electricity	20,771	
Office Supplies	4,414	
Other Supplies and Materials	592	
Data Processing Equipment	<u>8,657</u>	
Total Administration		\$ 191,697

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance

Foremen	\$ 128,926	
Laborers	509,369	
Overtime Pay	22,033	
Other Salaries and Wages	11,260	
Rentals	1,200	
Other Contracted Services	3,463	
Asphalt - Liquid	68,422	
Crushed Stone	84,563	
General Construction Materials	4,719	
Pipe	46,720	
Road Signs	8,299	
Wood Products	42,363	
Chemicals	10,400	
Other Supplies and Materials	710	
Total Highway and Bridge Maintenance		\$ 942,447

Operation and Maintenance of Equipment

Materials Supervisor	\$ 21,529	
Foremen	30,001	
Mechanic(s)	41,407	
Overtime Pay	5,603	
Other Salaries and Wages	1,858	
Equipment and Machinery Parts	127,030	
Garage Supplies	462	
Gasoline	171,442	
Lubricants	9,763	
Tires and Tubes	29,372	
Uniforms	9,026	
Other Supplies and Materials	1,000	
Total Operation and Maintenance of Equipment		448,493

Asphalt Plant Operations

Laborers	\$ 8,902	
Asphalt - Hot Mix	309,997	
Crushed Stone	73,008	
Equipment and Machinery Parts	1,414	
Utilities	56,320	
Other Supplies and Materials	494	
Total Asphalt Plant Operations		450,135

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Liability Insurance	\$ 37,137	
Trustee's Commission	27,219	
Total Other Charges		\$ 64,356

Employee Benefits

Social Security	\$ 56,956	
State Retirement	93,639	
Employee and Dependent Insurance	177,254	
Disability Insurance	43,508	
Unemployment Compensation	1,854	
Employer Medicare	13,320	
Other Fringe Benefits	800	
Total Employee Benefits		387,331

Capital Outlay

Building Improvements	\$ 3,184	
Communication Equipment	2,500	
Highway Construction	70,000	
Highway Equipment	100,478	
State Aid Projects	213,454	
Other Capital Outlay	6,127	
Total Capital Outlay		395,743

Principal on Debt

Highways and Streets

Principal on Notes	\$ 99,949	
Total Highways and Streets		99,949

Interest on Debt

Highways and Streets

Interest on Notes	\$ 8,135	
Total Highways and Streets		8,135

Total Highway/Public Works Fund \$ 2,988,286

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 8,000	
Principal on Notes	39,243	
Total General Government		\$ 47,243

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Education

Principal on Bonds	\$ 285,000	
Total Education		\$ 285,000

Interest on Debt

General Government

Interest on Bonds	\$ 2,650	
Interest on Notes	17,805	
Total General Government		20,455

Education

Interest on Bonds	\$ 228,850	
Total Education		228,850

Other Debt Service

General Government

Trustee's Commission	\$ 700	
Total General Government		700

Education

Other Charges	\$ 250	
Total Education		250

Total General Debt Service Fund		\$ 582,498
---------------------------------	--	------------

General Capital Projects Fund

Capital Projects

Administration of Justice Projects

Contributions	\$ 934,069	
Trustee's Commission	7,955	
Total Administration of Justice Projects		\$ 942,024

Total General Capital Projects Fund		942,024
-------------------------------------	--	---------

Other Capital Projects Fund

Capital Projects

Other General Government Projects

Engineering Services	\$ 62,374	
Other Charges	25,950	
Site Development	26,968	
Other Construction	952,958	
Total Other General Government Projects		\$ 1,068,250

Total Other Capital Projects Fund		1,068,250
-----------------------------------	--	-----------

Total Governmental Funds - Primary Government		<u>\$ 14,250,979</u>
---	--	----------------------

Exhibit K-8

Hardeman County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Hardeman County School Department  
For the Year Ended June 30, 2010

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,097,718	
Career Ladder Program	122,500	
Career Ladder Extended Contracts	35,765	
Homebound Teachers	7,962	
Educational Assistants	266,406	
Certified Substitute Teachers	37,292	
Non-certified Substitute Teachers	96,999	
Social Security	633,227	
State Retirement	683,972	
Medical Insurance	1,533,771	
Dental Insurance	83,308	
Employer Medicare	148,073	
Other Contracted Services	43,101	
Instructional Supplies and Materials	153,110	
Textbooks	299,862	
Other Charges	182	
Regular Instruction Equipment	3,511	
Other Equipment	2,376	
Total Regular Instruction Program		\$ 14,249,135

Alternative Instruction Program

Teachers	\$ 81,346	
Certified Substitute Teachers	228	
Non-certified Substitute Teachers	1,045	
Social Security	5,046	
State Retirement	5,171	
Medical Insurance	9,827	
Dental Insurance	607	
Employer Medicare	1,180	
Instructional Supplies and Materials	1,685	
Total Alternative Instruction Program		106,135

Special Education Program

Teachers	\$ 1,409,978
Career Ladder Program	16,000
Career Ladder Extended Contracts	250
Educational Assistants	25,536
Certified Substitute Teachers	1,008
Non-certified Substitute Teachers	8,124

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Social Security	\$	87,162	
State Retirement		92,546	
Medical Insurance		202,771	
Dental Insurance		9,545	
Employer Medicare		20,406	
Contracts with Private Agencies		67,686	
Instructional Supplies and Materials		25,976	
Other Supplies and Materials		9,197	
In Service/Staff Development		2,290	
Special Education Equipment		23,061	
Total Special Education Program			\$ 2,001,536

Vocational Education Program

Teachers	\$	818,928	
Career Ladder Program		11,000	
Career Ladder Extended Contracts		3,525	
Educational Assistants		4,230	
Certified Substitute Teachers		757	
Non-certified Substitute Teachers		9,687	
Social Security		50,371	
State Retirement		53,999	
Medical Insurance		118,502	
Dental Insurance		5,617	
Employer Medicare		11,780	
Maintenance and Repair Services - Equipment		2,370	
Instructional Supplies and Materials		16,869	
Other Supplies and Materials		1,624	
Other Charges		1,640	
Vocational Instruction Equipment		9,965	
Total Vocational Education Program			1,120,864

Support Services

Attendance

Supervisor/Director	\$	31,111
Career Ladder Program		2,000
Career Ladder Extended Contracts		4,000
Clerical Personnel		12,713
Other Salaries and Wages		20,029
Social Security		4,281

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

State Retirement	\$	4,563	
Medical Insurance		7,617	
Dental Insurance		423	
Employer Medicare		1,001	
Contracts with Private Agencies		10,351	
Travel		651	
Office Supplies		68	
Other Supplies and Materials		344	
In Service/Staff Development		150	
Total Attendance			\$ 99,302

Health Services

Medical Personnel	\$	134,485	
Social Security		7,916	
State Retirement		15,695	
Medical Insurance		27,989	
Dental Insurance		1,452	
Employer Medicare		1,851	
Travel		4,095	
Other Contracted Services		46	
Drugs and Medical Supplies		6,935	
Other Supplies and Materials		703	
In Service/Staff Development		371	
Total Health Services			201,538

Other Student Support

Supervisor/Director	\$	31,111	
Career Ladder Program		5,000	
Guidance Personnel		552,848	
Career Ladder Extended Contracts		1,000	
Other Salaries and Wages		66,171	
Social Security		40,097	
State Retirement		40,219	
Medical Insurance		61,114	
Dental Insurance		3,257	
Employer Medicare		9,378	
Evaluation and Testing		13,459	
Travel		3,751	
Other Contracted Services		2,000	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Other Supplies and Materials	\$	11,691	
In Service/Staff Development		1,375	
Other Equipment		10,357	
Total Other Student Support			\$ 852,828

Regular Instruction Program

Supervisor/Director	\$	110,032	
Career Ladder Program		15,000	
Career Ladder Extended Contracts		7,830	
Librarians		404,850	
Educational Assistants		71,522	
Other Salaries and Wages		418,834	
Social Security		62,174	
State Retirement		69,757	
Medical Insurance		114,474	
Dental Insurance		5,669	
Employer Medicare		14,541	
Maintenance and Repair Services - Equipment		30,680	
Travel		3,103	
Other Contracted Services		74,382	
Library Books/Media		33,106	
Other Supplies and Materials		287	
In Service/Staff Development		1,503	
Total Regular Instruction Program			1,437,744

Alternative Instruction Program

Supervisor/Director	\$	97,432	
Clerical Personnel		22,011	
Social Security		7,286	
State Retirement		8,824	
Medical Insurance		17,373	
Dental Insurance		938	
Employer Medicare		1,704	
Total Alternative Instruction Program			155,568

Special Education Program

Supervisor/Director	\$	62,222
Career Ladder Program		1,000
Psychological Personnel		100,590

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Career Ladder Extended Contracts	\$	4,000	
Assessment Personnel		52,771	
Clerical Personnel		1,965	
Social Security		13,504	
State Retirement		11,003	
Medical Insurance		11,966	
Dental Insurance		872	
Employer Medicare		3,158	
Travel		6,262	
Other Supplies and Materials		6,744	
In Service/Staff Development		2,289	
Total Special Education Program			\$ 278,346

Vocational Education Program

Supervisor/Director	\$	63,898	
Career Ladder Program		1,000	
Career Ladder Extended Contracts		1,000	
Social Security		3,830	
State Retirement		4,231	
Medical Insurance		8,816	
Employer Medicare		896	
Travel		920	
Other Supplies and Materials		408	
Other Charges		112	
Total Vocational Education Program			85,111

Other Programs

On-Behalf Payments to OPEB	\$	114,639	
Total Other Programs			114,639

Board of Education

Board and Committee Members Fees	\$	6,000	
Social Security		526	
State Retirement		290	
Medical Insurance		17,600	
Unemployment Compensation		8,924	
Employer Medicare		123	
Audit Services		23,100	
Dues and Memberships		12,220	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Legal Services	\$	4,672	
Travel		7,575	
Other Contracted Services		2,000	
Other Supplies and Materials		838	
Liability Insurance		23,048	
Premiums on Corporate Surety Bonds		1,773	
Trustee's Commission		186,240	
Workers' Compensation Insurance		146,197	
In Service/Staff Development		5,380	
Other Charges		2,635	
Total Board of Education			\$ 449,141

Director of Schools

County Official/Administrative Officer	\$	108,785	
Career Ladder Program		1,000	
Clerical Personnel		57,450	
Social Security		10,160	
State Retirement		13,753	
Medical Insurance		4,897	
Dental Insurance		276	
Employer Medicare		2,424	
Communication		31,737	
Dues and Memberships		627	
Maintenance and Repair Services - Equipment		64	
Postal Charges		5,125	
Travel		2,944	
Other Contracted Services		28,275	
Office Supplies		6,391	
Other Supplies and Materials		2,817	
In Service/Staff Development		700	
Other Charges		4,904	
Total Director of Schools			282,329

Office of the Principal

Principals	\$	611,042	
Career Ladder Program		13,000	
Career Ladder Extended Contracts		14,690	
Assistant Principals		369,779	
Secretary(ies)		355,043	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Social Security	\$	82,675	
State Retirement		105,493	
Medical Insurance		106,640	
Dental Insurance		5,458	
Employer Medicare		19,335	
Total Office of the Principal			\$ 1,683,155

Fiscal Services

Supervisor/Director	\$	27,067	
Accountants/Bookkeepers		90,083	
Career Ladder Extended Contracts		2,000	
Social Security		6,487	
State Retirement		13,905	
Medical Insurance		2,099	
Employer Medicare		1,517	
Data Processing Services		7,848	
Dues and Memberships		605	
Travel		820	
Data Processing Supplies		2,363	
Office Supplies		3,451	
In Service/Staff Development		1,454	
Total Fiscal Services			159,699

Human Services/Personnel

Supervisor/Director	\$	104,496	
Social Security		6,128	
State Retirement		9,437	
Medical Insurance		9,618	
Dental Insurance		662	
Employer Medicare		1,433	
Dues and Memberships		50	
Travel		1,546	
Office Supplies		598	
In Service/Staff Development		235	
Total Human Services/Personnel			134,203

Operation of Plant

Supervisor/Director	\$	38,310	
Career Ladder Extended Contracts		2,000	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Custodial Personnel	\$	23,407	
Social Security		3,960	
State Retirement		5,319	
Medical Insurance		2,448	
Dental Insurance		138	
Employer Medicare		926	
Janitorial Services		669,333	
Disposal Fees		14,724	
Other Contracted Services		2,895	
Electricity		624,102	
Natural Gas		178,239	
Water and Sewer		81,157	
Boiler Insurance		5,673	
Building and Contents Insurance		103,914	
Other Charges		841	
Total Operation of Plant			\$ 1,757,386

Maintenance of Plant

Maintenance Personnel	\$	231,967
Other Salaries and Wages		20,023
In-Service Training		87
Social Security		14,588
State Retirement		27,483
Medical Insurance		26,915
Dental Insurance		1,975
Employer Medicare		3,412
Laundry Service		3,038
Maintenance and Repair Services - Buildings		103,216
Maintenance and Repair Services - Equipment		42,694
Maintenance and Repair Services - Vehicles		1,041
Travel		1,178
Other Contracted Services		3,560
Garage Supplies		417
General Construction Materials		93,165
Lubricants		266
Other Supplies and Materials		33,629
In Service/Staff Development		130
Other Charges		19,599
Administration Equipment		1,193

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Maintenance Equipment	\$ 32,250	
Total Maintenance of Plant		\$ 661,826

Transportation

Supervisor/Director	\$ 38,310	
Career Ladder Extended Contracts	2,000	
Mechanic(s)	153,839	
Bus Drivers	459,531	
Clerical Personnel	26,076	
Other Salaries and Wages	20,023	
In-Service Training	11,900	
Social Security	43,926	
State Retirement	70,703	
Medical Insurance	18,243	
Dental Insurance	1,265	
Employer Medicare	10,273	
Laundry Service	3,138	
Maintenance and Repair Services - Vehicles	17,920	
Medical and Dental Services	5,255	
Travel	809	
Diesel Fuel	206,651	
Garage Supplies	8,584	
Gasoline	71,135	
Lubricants	6,222	
Tires and Tubes	34,755	
Vehicle Parts	77,001	
Other Supplies and Materials	4,395	
Vehicle and Equipment Insurance	31,915	
In Service/Staff Development	440	
Other Charges	17,780	
Transportation Equipment	226,200	
Total Transportation		1,568,289

Central and Other

Supervisor/Director	\$ 43,773
Computer Programmer(s)	72,017
Social Security	6,934
State Retirement	11,846
Medical Insurance	16,800

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

Dental Insurance	\$	773	
Employer Medicare		1,622	
Maintenance and Repair Services - Equipment		499	
Travel		3,805	
Other Contracted Services		3,273	
Data Processing Supplies		2,771	
Other Supplies and Materials		14	
In Service/Staff Development		4,837	
Other Charges		6,463	
Data Processing Equipment		4,014	
Total Central and Other			\$ 179,441

Operation of Non-Instructional Services

Food Service

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

Community Services

Supervisor/Director	\$	68,801	
Part-time Personnel		10,208	
Non-certified Substitute Teachers		508	
Social Security		5,265	
State Retirement		7,933	
Medical Insurance		8,366	
Dental Insurance		472	
Employer Medicare		1,231	
Travel		394	
Food Supplies		2,340	
Instructional Supplies and Materials		1,351	
Library Books/Media		5,330	
Office Supplies		1,198	
Other Supplies and Materials		3,987	
Other Charges		5,277	
Other Equipment		200	
Total Community Services			122,861

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education

Supervisor/Director	\$	131,997	
Teachers		408,651	
Educational Assistants		132,258	
Other Salaries and Wages		3,701	
Certified Substitute Teachers		2,252	
Non-certified Substitute Teachers		8,883	
Social Security		41,425	
State Retirement		51,485	
Medical Insurance		62,908	
Dental Insurance		3,755	
Employer Medicare		9,688	
Operating Lease Payments		5,932	
Travel		6,743	
Food Supplies		613	
Instructional Supplies and Materials		48,769	
Other Supplies and Materials		12,012	
In Service/Staff Development		11,966	
Other Charges		4,579	
Other Equipment		4,213	
Total Early Childhood Education			\$ 951,830

Capital Outlay

Regular Capital Outlay

Building Construction	\$	38,945	
Building Improvements		16,627	
Total Regular Capital Outlay			55,572

Principal on Debt

Education

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

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	514,100	
Total Education			514,100

Total General Purpose School Fund \$ 29,259,215

(Continued)

Exhibit K-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	821,535	
Educational Assistants		78,893	
Other Salaries and Wages		266,597	
Certified Substitute Teachers		2,510	
Non-certified Substitute Teachers		7,247	
Social Security		70,914	
State Retirement		78,291	
Medical Insurance		96,617	
Dental Insurance		5,078	
Employer Medicare		16,585	
Contracts with Private Agencies		1,600	
Maintenance and Repair Services - Equipment		3,248	
Other Contracted Services		19,068	
Instructional Supplies and Materials		291,173	
Other Supplies and Materials		11,651	
Other Charges		2,500	
Regular Instruction Equipment		331,034	
Total Regular Instruction Program			\$ 2,104,541

Alternative Instruction Program

Educational Assistants	\$	25,984	
Social Security		1,611	
State Retirement		1,767	
Employer Medicare		377	
Total Alternative Instruction Program			29,739

Special Education Program

Educational Assistants	\$	748,289	
Social Security		45,538	
State Retirement		79,183	
Medical Insurance		1,470	
Employer Medicare		10,650	
Contracts with Private Agencies		197,394	
Instructional Supplies and Materials		56,141	
Special Education Equipment		17,068	
Total Special Education Program			1,155,733

Vocational Education Program

Educational Assistants	\$	9,237	
------------------------	----	-------	--

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Social Security	\$	573	
State Retirement		1,078	
Employer Medicare		134	
Instructional Supplies and Materials		353	
Other Supplies and Materials		3,784	
Other Charges		682	
Vocational Instruction Equipment		130,608	
Total Vocational Education Program			\$ 146,449

Support Services

Health Services

Medical Personnel	\$	52,936	
Social Security		2,983	
State Retirement		5,838	
Medical Insurance		13,978	
Dental Insurance		690	
Employer Medicare		698	
Total Health Services			77,123

Other Student Support

Social Workers	\$	80,335	
Bus Drivers		625	
Social Security		4,698	
State Retirement		5,157	
Medical Insurance		13,771	
Dental Insurance		552	
Employer Medicare		1,099	
Travel		19,686	
Other Contracted Services		550	
In Service/Staff Development		1,347	
Total Other Student Support			127,820

Regular Instruction Program

Supervisor/Director	\$	98,901	
Clerical Personnel		24,400	
Social Security		7,680	
State Retirement		11,289	
Medical Insurance		9,810	
Dental Insurance		276	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Employer Medicare	\$	1,796	
Consultants		1,215	
Travel		29,736	
Other Contracted Services		650	
Instructional Supplies and Materials		1,523	
Other Supplies and Materials		3,000	
In Service/Staff Development		47,558	
Other Charges		43	
Other Equipment		2,755	
Total Regular Instruction Program			\$ 240,632

Special Education Program

Assessment Personnel	\$	46,459	
Clerical Personnel		26,150	
Other Salaries and Wages		7,632	
Social Security		4,898	
State Retirement		6,925	
Medical Insurance		12,023	
Dental Insurance		442	
Employer Medicare		1,146	
Travel		6,676	
Other Supplies and Materials		1,863	
In Service/Staff Development		4,240	
Other Equipment		4,562	
Total Special Education Program			123,016

Vocational Education Program

Travel	\$	2,324	
Total Vocational Education Program			2,324

Transportation

Bus Drivers	\$	127,859	
Social Security		7,927	
State Retirement		14,090	
Employer Medicare		1,854	
Transportation Equipment		85,208	
Total Transportation			236,938

Total School Federal Projects Fund \$ 4,244,315

(Continued)

Exhibit K-8

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	57,522	
Accountants/Bookkeepers		26,370	
Cafeteria Personnel		759,922	
Social Security		51,828	
State Retirement		86,748	
Medical Insurance		5,531	
Dental Insurance		276	
Employer Medicare		12,121	
Advertising		112	
Communication		4,206	
Data Processing Services		3,420	
Dues and Memberships		465	
Maintenance and Repair Services - Equipment		8,279	
Printing, Stationery, and Forms		630	
Travel		1,742	
Other Contracted Services		10,152	
Food Supplies		1,040,663	
Office Supplies		2,694	
Uniforms		2,298	
Utilities		41,969	
USDA - Commodities		136,134	
Other Supplies and Materials		94,270	
Refunds		242	
In Service/Staff Development		815	
Other Charges		3,751	
Food Service Equipment		22,005	
Total Food Service			\$ <u>2,374,165</u>
Total Central Cafeteria Fund			\$ <u>2,374,165</u>
Total Governmental Funds - Hardeman County School Department			\$ <u><u>35,877,695</u></u>

Exhibit K-9

Hardeman County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2010

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,242,288
Total Cash Receipts	<u>\$ 1,242,288</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,229,865
Trustee's Commission	12,423
Total Cash Disbursements	<u>\$ 1,242,288</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2009	<u>0</u>
Cash Balance, June 30, 2010	<u><u>\$ 0</u></u>

---

---

## **SINGLE AUDIT SECTION**

---

---



STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-1402  
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 11, 2011

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardeman County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Hardeman County's basic financial statements and have issued our report thereon dated January 11, 2011. Our report includes 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 discretely presented Hardeman County Emergency Communications District as described in our report on Hardeman 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 Hardeman County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 10.04.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questions Costs to be significant deficiencies: 10.01(B), 10.03, and 10.06.

#### Compliance and Other Matters

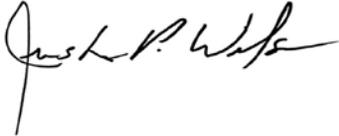
As part of obtaining reasonable assurance about whether Hardeman County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 10.01(A), 10.02, and 10.05.

We also noted certain matters that we reported to management of Hardeman County in separate communications.

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu



STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-1402  
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 11, 2011

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Hardeman County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. Hardeman County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Hardeman County's management. Our responsibility is to express an opinion on Hardeman County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hardeman County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We

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

In our opinion, Hardeman County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

#### Internal Control Over Compliance

The management of Hardeman County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Hardeman County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hardeman County's internal control over compliance.

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

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

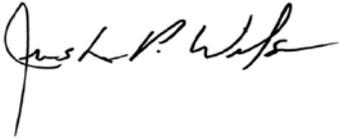
#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardeman County as of and for the year ended June 30, 2010, and have issued our report thereon dated January 11, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Hardeman County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

Yours very truly,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson  
Comptroller of the Treasury

JPW/yu

Hardeman County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2010

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	\$ 136,134 (3)
Fresh Fruit and Vegetable Program	10.582	N/A	11,331
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	521,317
National School Lunch Program	10.555	N/A	1,215,135 (3)
Summer Food Service Program for Children	10.559	N/A	17,140
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	5,790
Total U.S. Department of Agriculture			<u>\$ 1,906,847</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)	\$ 9,135
Passed-through State Department of Finance and Administration:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	(2)	45,448
Total U.S. Department of Justice			<u>\$ 54,583</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Grant	20.106	Z08200625	\$ 911,452
Total U.S. Department of Transportation			<u>\$ 911,452</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,126,876
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	332,001
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,055,566
Special Education - Grants to States, Recovery Act	84.391	N/A	717,838
Special Education - Preschool Grants	84.173	N/A	41,174
Special Education - Preschool Grants, Recovery Act	84.392	N/A	19,453
Career and Technical Education - Basic Grants to States	84.048	N/A	170,083
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	19,637
Twenty-first Century Community Learning Centers	84.287	N/A	360,345
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	8,480
Education Technology State Grants, Recovery Act	84.386	(2)	6,620
Rural Education	84.358	(2)	125,000
Gaining Early Awareness and Reading for Undergraduate Programs	84.334	N/A	154,908
Improving Teacher Quality State Grants	84.367	N/A	262,768
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	(2)	768,800
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	(2)	234,886
Total U.S. Department of Education			<u>\$ 5,404,435</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Preventive Health and Health Services Block Grant	93.991	Z09213731	\$ 254,758
Total U.S. Department of Health and Human Services			<u>\$ 254,758</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Preparedness Grant	97.042	(2)	\$ 9,539
Total U.S. Department of Homeland Security			<u>\$ 9,539</u>
Total Expenditures of Federal Awards			<u>\$ 8,541,614</u>
<u>State Grants</u>			
		<u>Contract Number</u>	
Airport Maintenance Program - State Department of Transportation	N/A	(2)	\$ 24,505
Litter Program - State Department of Transportation	N/A	(2)	27,840
Reappraisal Program - Comptroller of the Treasury	N/A	(2)	10,049
Early Childhood Education - State Department of Education	N/A	(2)	1,002,832
Connectenn - State Department of Education	N/A	(2)	2,807
ACT/Explore - State Department of Education	N/A	(2)	4,264
Solid Waste Grants - State Department of Environment and Conservation	N/A	(2)	18,778
Save the Children - Save the Children Federation, Inc.	N/A	(2)	<u>65,583</u>
Total State Grants			<u>\$ 1,156,658</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 \$1,351,269.

Hardeman County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2010

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is a finding from the Annual Financial Report for Hardeman County, Tennessee, for the year ended June 30, 2009, which has not been corrected.

**OFFICE OF COUNTY MAYOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.01	174	The Solid Waste Disposal Fund had a deficit in unrestricted net assets

---

---

**HARDEMAN COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2010**

---

---

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

1. Our report on the financial statements of Hardeman County is unqualified.
2. The audit of the financial statements of Hardeman County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Hardeman County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Title I, Part A Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Educational Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); and the State Fiscal Stabilization Cluster: State Fiscal Stabilization Funds (SFSF) – Education State Grants, Recovery Act and State Fiscal Stabilization Funds (SFSF) – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Hardeman County did not qualify as a low-risk auditee.

## PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

### OFFICE OF COUNTY MAYOR

FINDING 10.01      **THE OFFICE HAD DEFICIENCIES IN BUDGET OPERATIONS**  
(A. – Noncompliance Under Government Auditing Standards;  
B. – Internal Control – Significant Deficiency Under Government Auditing Standards)

Our examination of the County Mayor’s Office revealed the following deficiencies in budget operations:

- A.      General Fund expenditures exceeded appropriations approved by the County Commission in the County Attorney major appropriation category (the legal level of control) by \$7,441. Expenditures in excess of appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.
  
- B.      The budget and subsequent amendments submitted to and approved by the County Commission for the Drug Control Fund resulted in appropriations exceeding estimated available funding by \$36,961.

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

These deficiencies exist because of a lack of oversight by management and because management failed to hold spending to the limits authorized by the County Commission, which results in unauthorized expenditures.

### RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission. Appropriations that exceed estimated available funding should not be submitted to the County Commission, and the County Commission should not approve such appropriations.

---

**FINDING 10.02      AMOUNTS WITHHELD FROM CONTRACTOR PAYMENTS WERE NOT DEPOSITED INTO AN ESCROW ACCOUNT**  
(Noncompliance Under Government Auditing Standards)

The office did not deposit amounts withheld from contractor payments totaling \$114,778 into an escrow account. Section 66-34-104, Tennessee Code Annotated, requires that funds withheld from contractor payments be deposited into an escrow account for contracts of \$500,000 or more. Management advised that they were not aware that amounts withheld from contractor payments had to be deposited into an escrow account. This noncompliance could result in the loss of interest earnings for the contractor.

**RECOMMENDATION**

Amounts withheld from contractor payments on contracts of \$500,000 or more should be deposited into an escrow account in compliance with state statute.

---

**FINDING 10.03      THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET ASSETS**  
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The Solid Waste Disposal Fund had a deficit of \$1,669,228 in unrestricted net assets at June 30, 2010. This deficit primarily resulted from the recognition of a liability of \$2,349,955 for future costs associated with closing the county’s landfill and monitoring the landfill for 30 years after closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements. This deficiency is the result of management’s failure to correct the finding noted in the prior-year audit report.

**RECOMMENDATION**

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

---

**OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 10.04      THE SCHOOL FEDERAL PROJECTS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**  
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2010, certain general ledger account balances in the School Federal Projects Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles

require the School Department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the School Department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the School Department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

#### RECOMMENDATION

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

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

The Board of Education will change its year-end procedures to prevent, detect, and correct any possible misstatements in the accounting records. This change in year-end procedures will further strengthen the internal controls of the Board of Education.

---

#### FINDING 10.05      **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES** (Noncompliance Under Government Auditing Standards)

System backups were not stored off-site on a weekly basis. Section 10-7-121, Tennessee Code Annotated, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. 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. Proper system backup procedures were implemented in August 2010.

#### RECOMMENDATION

Management should ensure backups are rotated off-site on a weekly basis.

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

The Board of Education re-implemented the back-up and off-site storage of data in August 2010 as is referenced in the audit finding. The Board of Education will continue to ensure that proper system backup procedures are followed.

## **OFFICE OF SHERIFF**

### **FINDING 10.06     **A CASH SHORTAGE OF \$1,297 EXISTED IN THE SHERIFF'S COMMISSARY OPERATIONS AT JUNE 30, 2010** (Internal Control – Significant Deficiency Under Government Auditing Standards)**

A cash shortage of \$1,297 existed in the Sheriff's Department at June 30, 2010. This cash shortage resulted from the failure to account for all collections resulting from operations of the commissary.

We initially reviewed the records of the commissary operations from July 1, 2009, through June 30, 2010, and determined that \$846 had been receipted but not deposited into the commissary bank account. We subsequently extended our procedures and reviewed the records of the commissary operations from July 1, 2008, through June 30, 2009, and determined that an additional \$451 had been receipted but not deposited bringing the total cash shortage to \$1,297. On July 1, 2010, Angela Anders, commissary bookkeeper, admitted to taking the funds in question, and on July 2, 2010, Ms. Anders' employment was terminated. On November 15, 2010, Ms. Anders repaid the \$1,297 to the Sheriff's Department.

Our examination identified the following internal control deficiencies, which contributed to the opportunity for the cash shortage to occur and not be detected in a timely manner:

- A. Collections were not deposited within three days of receipt as dictated by sound business practices. We noted instances where collections were held from four to 158 days after receipt before being deposited.
- B. Commissary operations were not properly reflected on the cash journal of the Sheriff's Department. The bookkeeper for the Sheriff's Department failed to properly post all commissary receipts to the cash journal. Receipts for commissary operations were posted in total to reflect the amount of the deposit prepared by the commissary bookkeeper. Many of the deposits had been manipulated by the commissary bookkeeper in a scheme to divert monies for personal gain. Documentation reflecting all commissary receipts was submitted to the Sheriff's Department bookkeeper; however, a reconciliation using this actual receipt documentation was not performed by the bookkeeper. The cash journal is an essential cash control record and should reflect all transactions of the office.
- C. Manual receipts were issued for inmate commissary funds collected during weekend visiting hours. The manual receipts were then entered into the computer system the following Monday; however, the manual receipts were not reconciled with the computer receipts to ensure all receipts had been entered into the computer system. Auditors compared the manual receipts to computer receipts and were unable to determine if all receipts had been entered and posted to inmate accounts.

Due to these internal control weaknesses, we were unable to determine if all collections were reflected on the system's accounting records. Consequently, the actual cash shortage could be larger than the amount reported.

The cash shortage and other deficiencies have been reviewed with the district attorney general and county mayor.

### RECOMMENDATION

Collections should be deposited within three days of receipt. All transactions of the commissary operations should be posted to the cash journal. The office should take steps to ensure that all receipts are properly posted to the commissary computer and to inmate accounts.

---

### BEST PRACTICES

The Division of County Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Hardeman County.

#### ITEM 1.      **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAS NOT BEEN ADOPTED**

Hardeman County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

#### ITEM 2.      **HARDEMAN COUNTY HAS NOT ESTABLISHED AN AUDIT COMMITTEE**

Hardeman County does not have an Audit Committee. Audit committees can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks. County officials should establish an audit committee as a best practice.

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

There were no findings and questioned costs for federal awards.

**HARDEMAN COUNTY, TENNESSEE  
AUDITEE REPORTING RESPONSIBILITIES  
For the Year Ended June 30, 2010**

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