



**ANNUAL FINANCIAL REPORT
HARDIN COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2010



ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2010

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

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Audit Highlights

Annual Financial Report
Hardin County, Tennessee
For the Year Ended June 30, 2010

Scope

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

Results

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

Our audit resulted in seven findings and recommendations, which we have reviewed with Hardin County management. Detailed findings and recommendations 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 HIGHWAY COMMISSIONER

- ◆ Material audit adjustments were required for proper financial statement presentation.
 - ◆ The office had accounting deficiencies.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Expenditures exceeded appropriations.
 - ◆ The Employee Insurance Fund had a cash overdraft and a fund deficit.
 - ◆ The office did not implement adequate controls to protect its information resources.
-

OFFICE OF TRUSTEE

- ◆ The office did not review its software audit logs.
-

OTHER FINDING

- ◆ Duties were not segregated adequately among officials and employees in the Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Register, and Sheriff.

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 Hardin County.

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

INTRODUCTORY SECTION

Hardin County Officials

June 30, 2010

Officials

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

Board of County Commissioners

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

Highway Commission

Kevin Davis, County Mayor, Secretary	Dennis Johnson
Billy Grooms	Steve Pickens
Carter Horton	

Board of Education

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

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

February 15, 2011

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardin County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Hardin County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hardin County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Park Rest Hardin County Health Center (the entire business-type activities and a major fund). Nor did we audit the financial statements of the discretely presented Hardin Medical Center (which represent 32.7 percent and 29.5 percent, respectively, of the assets and revenues of the aggregate discretely presented component units), the discretely presented Hardin County Emergency Communications District (which represent .9 percent and .7 percent, respectively, of the assets and revenues of the aggregate discretely presented component units), or the discretely presented Hardin County Convention and Visitors Bureau (which represent .1 percent and .2 percent, respectively, of the assets and revenues of the aggregate discretely presented component units). These financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Park Rest Hardin County Health Center, Hardin Medical Center, Hardin County Emergency Communications District, and Hardin County Convention and Visitors Bureau is based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardin County, Tennessee, as of June 30, 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 February 15, 2011, on our consideration of Hardin County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Hardin County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments.

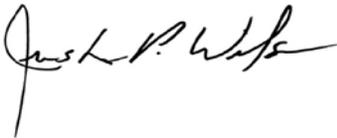
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 93 through 101 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 Hardin County's basic financial statements. The introductory section; combining and individual nonmajor fund financial statements; budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Rural Debt Service funds; combining and individual fund financial statements of the Hardin County School Department (a discretely presented component unit); and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements; budgetary comparison schedules of nonmajor governmental funds and the General Debt Service and Rural Debt Service funds; combining and individual fund financial statements of the Hardin County School Department (a discretely presented component unit); and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government		Component Units				
	Governmental Activities	Business-type Activities	Total	Hardin County School Department	Hardin Medical Center	Emergency Communications District	Hardin County Convention and Visitors Bureau
ASSETS							
Cash	\$ 489	\$ 353,429	\$ 353,918	\$ 2,940,635	\$ 7,463,929	\$ 223,207	\$ 13,535
Equity in Pooled Cash and Investments	9,857,656	0	9,857,656	6,166,888	0	0	0
Inventories	0	5,202	5,202	0	1,281,228	0	0
Investments	0	0	0	5,042,432	0	275,215	0
Accounts Receivable	78,616	185,360	263,976	33,220	4,853,525	60,132	106,700
Due from Other Governments	1,075,709	0	1,075,709	1,762,145	0	0	0
Due from Component Units	121,364	0	121,364	0	0	0	0
Property Taxes Receivable	4,753,640	0	4,753,640	5,930,854	0	0	0
Allowance for Uncollectible Property Taxes	(273,143)	0	(273,143)	(295,799)	0	0	0
Prepaid Items	0	26,096	26,096	0	9,496	0	12,500
Accrued Interest Receivable	25,153	0	25,153	0	0	0	0
Other Current Assets	0	0	0	0	662,372	0	0
Restricted Assets:							
Cash and Cash Equivalents	0	0	0	0	462,917	0	0
Education Assistance Loans	0	0	0	0	87,589	0	0
Patient Trust	0	4,496	4,496	0	7,741	0	0
Utility Deposits	0	0	0	0	1,960	0	0
Deferred Charges - Debt Issuance Cost	1,366,168	0	1,366,168	0	0	0	0
Capital Assets:							
Assets Not Depreciated:							
Land	1,851,822	26,700	1,878,522	1,735,570	0	127,150	0
Construction in Progress	0	0	0	28,732,351	0	45,337	0
Assets Net of Accumulated Depreciation:							
Buildings and Improvements	11,745,302	436,715	12,182,017	11,553,123	13,681,054	88,441	0
Infrastructure	12,504,129	0	12,504,129	0	0	0	0
Other Capital Assets	1,742,441	106,998	1,849,439	959,831	0	55,268	0
Total Assets	\$ 44,849,346	\$ 1,144,996	\$ 45,994,342	\$ 64,561,250	\$ 28,511,811	\$ 874,750	\$ 132,735

(Continued)

Exhibit A

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

	Primary Government			Component Units				
	Governmental Activities	Business-type Activities	Total	Hardin County School Department	Hardin Medical Center	Emergency Communications District	Hardin County Convention and Visitors Bureau	
LIABILITIES								
Accounts Payable	\$ 207,686	\$ 65,974	\$ 273,660	\$ 1,779,811	\$ 1,183,123	\$ 56,395	\$ 17,512	0
Accrued Management Fee	0	977,140	977,140	0	0	0	0	0
Other Accrued Expenses	0	162,376	162,376	0	332,837	36,212	0	0
Accrued Payroll	123,976	0	123,976	0	672,893	0	0	0
Payroll Deductions Payable	9,527	0	9,527	228,976	428,207	0	0	1,140
Contracts Payable	0	0	0	1,996,463	0	0	0	0
Retainage Payable	0	0	0	105,077	0	0	0	0
Accrued Interest Payable	247,505	0	247,505	0	0	0	0	0
Due to Primary Government	0	0	0	121,364	0	0	0	0
Current Liabilities Payable from Restricted Assets:								
Patient Trust	0	4,496	4,496	0	7,741	0	0	0
Deferred Revenue - Current Property Taxes	4,217,012	0	4,217,012	5,282,862	0	0	0	0
Other Deferred Revenues	0	0	0	0	462,917	0	0	0
Noncurrent Liabilities:								
Due Within One Year	1,783,744	0	1,783,744	92,626	461,768	0	0	0
Due in More Than One Year	50,140,507	0	50,140,507	2,703,595	6,976,536	0	0	0
Total Liabilities	\$ 56,729,957	\$ 1,209,986	\$ 57,939,943	\$ 12,310,774	\$ 10,526,022	\$ 92,607	\$ 18,652	0
NET ASSETS								
Invested in Capital Assets, Net of Related Debt	\$ 13,924,272	\$ 0	\$ 13,924,272	\$ 42,932,331	\$ 6,242,750	\$ 0	\$ 0	0
Invested in Capital Assets Restricted for:	0	570,413	570,413	0	0	316,196	0	0
Highway/Public Works	688,440	0	688,440	0	0	0	0	0
Solid Waste/Sanitation	580,800	0	580,800	0	0	0	0	0
Jail Construction	804,804	0	804,804	0	0	0	0	0
Resort District	74,907	0	74,907	0	0	0	0	0
Debt Service	4,049,258	0	4,049,258	0	0	0	0	0
Alcohol and Drug Treatment	102,359	0	102,359	0	0	0	0	0
Litigation Tax - Jail, Workhouse and Courthouse	77,685	0	77,685	0	0	0	0	0
Automation - Clerks and Sheriff	71,612	0	71,612	0	0	0	0	0

(Continued)

Exhibit A

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

	Primary Government		Component Units				
	Governmental Activities	Business-type Activities	Total	Hardin County School Department	Hardin Medical Center	Emergency Communications District	Hardin County Convention and Visitors Bureau
	\$	0 \$	0 \$	801,235 \$	0 \$	0 \$	0
Food Service		0	0	140,688	0	0	0
School Federal Projects		0	0	4,168	0	0	0
Career Ladder		0	0	7,247,819	0	0	0
Capital Outlay		506,332	0	0	0	0	0
Other Purposes		(32,761,080)	(635,403)	1,126,048	11,743,039	465,947	114,083
Unrestricted							
Total Net Assets (Deficit)	\$	(11,880,611) \$	(64,990) \$	52,252,289 \$	17,985,789 \$	782,143 \$	114,083

NET ASSETS (CONT.)

Restricted for: (Cont.)

Food Service
School Federal Projects
Career Ladder
Capital Outlay
Other Purposes
Unrestricted

Total Net Assets (Deficit)

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

Exhibit B

Hardin County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets										
	Program Revenues					Component Units					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Primary Government Business-type Activities	Total	Hardin County School Department	Hardin Medical Center	Emergency Communications District	Hardin County Convention and Visitors Bureau
General Revenues:											
Taxes:											
Property Taxes Levied for General Purposes					\$ 4,490,689	\$ 4,490,689	\$ 5,885,812	\$ 0	\$ 0	\$ 0	\$ 0
Property Taxes Levied for Debt Service					210,175	210,175	0	0	0	0	0
Local Option Sales Taxes					918,426	918,426	3,674,563	0	0	0	0
Wheel Taxes					1,088,790	1,088,790	0	0	0	0	0
Wholesale Beer Tax					377,329	377,329	0	0	0	0	0
Hotel Motel Tax					206,725	206,725	0	0	0	0	187,888
Litigation Tax					158,052	158,052	0	0	0	0	0
Mineral Severance Tax					108,534	108,534	0	0	0	0	0
Business Tax					92,001	92,001	0	0	0	0	0
Other Local Taxes					953	953	0	0	0	0	0
Grants and Contributions Not Restricted to Specific Programs					869,158	869,158	17,810,681	0	20,503	0	0
Unrestricted Investment Earnings					303,277	717	303,994	188,732	7,550	0	0
Miscellaneous					465,060	462	465,522	13,039	0	450	0
Total General Revenues					\$ 9,289,169	\$ 1,179	\$ 9,290,348	\$ 27,384,095	\$ 188,732	\$ 28,503	\$ 187,888
Change in Net Assets					\$ (35,820,554)	\$ 46,417	\$ (35,774,137)	\$ 34,963,240	\$ 801,024	\$ 37,466	\$ 6,474
Net Assets (Deficit), July 1, 2009					23,939,943	(111,407)	23,828,536	17,289,049	17,184,765	744,677	107,609
Net Assets (Deficit), June 30, 2010					\$ (11,880,611)	\$ (64,990)	\$ (11,945,601)	\$ 52,252,289	\$ 17,985,789	\$ 782,143	\$ 114,083

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

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service		Rural Debt Service	Other Governmental Funds	
			General	Debt Service			
\$	0	0	0	0	0	489	\$ 489
Cash	4,561,324	342,733	2,441,135	1,639,383	0	443,060	9,427,635
Equity in Pooled Cash and Investments	43,966	109	2,172	0	0	32,369	78,616
Accounts Receivable	457,302	346,088	0	74,743	0	197,576	1,075,709
Due from Other Governments	430,510	425,682	0	0	0	0	856,192
Due from Component Units	0	0	0	121,364	0	0	121,364
Property Taxes Receivable	4,165,034	377,476	211,130	0	0	0	4,753,640
Allowance for Uncollectible Property Taxes	(239,322)	(21,690)	(12,131)	0	0	0	(273,143)
Accrued Interest Receivable	25,153	0	0	0	0	0	25,153
Total Assets	\$ 9,443,967	\$ 1,470,398	\$ 2,642,306	\$ 1,835,490	\$ 673,494	\$ 16,065,655	

ASSETS

Cash	4,561,324
Equity in Pooled Cash and Investments	43,966
Accounts Receivable	457,302
Due from Other Governments	430,510
Due from Component Units	0
Property Taxes Receivable	4,165,034
Allowance for Uncollectible Property Taxes	(239,322)
Accrued Interest Receivable	25,153

LIABILITIES AND FUND BALANCES

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service		Rural Debt Service	Other Governmental Funds	
			General	Debt Service			
\$	207,686	0	0	0	0	0	\$ 207,686
Accounts Payable	107,958	0	0	0	0	16,018	123,976
Accrued Payroll	8,118	0	0	0	0	1,409	9,527
Payroll Deductions Payable	0	425,682	0	0	0	489	426,171
Due to Other Funds	3,694,885	334,842	187,285	0	0	0	4,217,012
Deferred Revenue - Current Property Taxes	214,958	19,481	10,896	0	0	0	245,335
Deferred Revenue - Delinquent Property Taxes	348,049	159,376	0	41,857	0	104,152	653,434
Other Deferred Revenues	4,581,654	939,381	198,181	41,857	122,068	5,883,141	
Total Liabilities	\$ 179,470	\$ 0	\$ 0	\$ 0	\$ 24,319	\$ 203,789	
Fund Balances	74,907	0	0	0	0	0	74,907
Reserved for Encumbrances	0	0	0	0	0	5,000	5,000
Reserved for Resort District	102,359	0	0	0	0	0	102,359
Reserved for Purchase of Electronic Fingerprint Imaging System	77,685	0	0	0	0	0	77,685
Reserved for Alcohol and Drug Treatment							
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse							

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway /	General	Rural	Other	Governmental	
		Public Works	Debt Service	Debt Service	Funds	Funds	
\$	3,878	0	0	0	0	0	3,878
Reserved for Sexual Offender Registration	1,171	0	0	0	0	0	1,171
Reserved for Courtroom Security	823	0	0	0	0	0	823
Reserved for Computer System - Register	2,558	0	0	0	0	0	2,558
Reserved for Automation Purposes - Circuit Court	14,221	0	0	0	0	0	14,221
Reserved for Automation Purposes - General Sessions Court	13,863	0	0	0	0	0	13,863
Reserved for Automation Purposes - Chancery Court	38,056	0	0	0	0	0	38,056
Reserved for Automation Purposes - Sheriff	2,914	0	0	0	0	0	2,914
Reserved for Automation Purposes - County Clerk	0	97,847	0	0	0	0	97,847
Reserved for Capital Outlay	1,230,486	0	0	0	0	0	1,230,486
Reserved for Other General Purposes	3,119,922	0	0	0	0	0	3,119,922
Unreserved, Reported In:	0	433,170	0	0	522,107	0	955,277
General Fund	0	0	0	0	0	0	0
Special Revenue Funds	0	433,170	0	0	522,107	0	955,277
Debt Service Funds	0	0	2,444,125	1,793,633	0	0	4,237,758
Total Fund Balances	\$ 4,862,313	\$ 531,017	\$ 2,444,125	\$ 1,793,633	\$ 551,426	\$ 0	\$ 10,182,514
Total Liabilities and Fund Balances	\$ 9,443,967	\$ 1,470,398	\$ 2,642,306	\$ 1,835,490	\$ 673,494	\$ 0	\$ 16,065,655

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

Exhibit C-2

Hardin County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 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)		\$ 10,182,514
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,851,822	
Add: buildings and improvements net of accumulated depreciation	11,745,302	
Add: infrastructure net of accumulated depreciation	12,504,129	
Add: other capital assets net of accumulated depreciation	<u>1,742,441</u>	27,843,694
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (1,023,210)	
Less: capital leases payable	(839,669)	
Less: bonds payable	(49,430,000)	
Add: deferred amount on refunding	5,658	
Add: deferred charges - debt issuance costs	1,366,168	
Add: other deferred revenue - discount on debt	2,147	
Less: compensated absences payable	(159,213)	
Less: landfill postclosure care costs	(301,884)	
Less: other postemployment benefits liability	(80,814)	
Less: accrued interest on bonds, notes, and capital leases	(247,505)	
Less: other deferred revenue - premium on debt	<u>(97,266)</u>	(50,805,588)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>898,769</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u><u>\$ (11,880,611)</u></u>

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

Hardin 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 / Public Works	General Debt Service	Rural Debt Service	General Capital Projects	Other		Total		
						Governmental Funds	Governmental Funds			
<u>Revenues</u>										
Local Taxes	\$ 5,579,747	\$ 587,826	\$ 211,087	\$ 357,440	\$ 0	\$ 914,744	\$ 0	\$ 914,744	\$ 7,650,844	
Licenses and Permits	94,719	0	0	0	0	0	0	0	94,719	
Fines, Forfeitures, and Penalties	183,657	0	0	0	0	33,915	0	33,915	217,572	
Charges for Current Services	44,208	0	0	0	0	330,250	0	330,250	374,458	
Other Local Revenues	419,856	33,941	82,326	410,958	0	25,134	0	25,134	972,215	
Fees Received from County Officials	1,234,507	0	0	0	0	0	0	0	1,234,507	
State of Tennessee	1,384,929	2,138,244	19,914	0	0	20,119	0	20,119	3,563,206	
Federal Government	392,669	36,046	0	0	0	0	0	0	428,715	
Other Governments and Citizens Groups	194,790	0	335,481	1,389,408	0	4,787	0	4,787	1,924,466	
Total Revenues	\$ 9,529,082	\$ 2,796,057	\$ 648,808	\$ 2,157,806	\$ 0	\$ 1,328,949	\$ 0	\$ 1,328,949	\$ 16,460,702	
<u>Expenditures</u>										
Current:										
General Government	\$ 977,535	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 977,535	
Finance	672,490	0	0	0	0	0	0	0	672,490	
Administration of Justice	507,896	0	0	0	0	4,460	0	4,460	512,356	
Public Safety	3,564,495	0	0	0	0	34,001	0	34,001	3,598,496	
Public Health and Welfare	515,590	0	0	0	0	1,073,105	0	1,073,105	1,588,695	
Social, Cultural, and Recreational Services	261,286	0	0	0	0	0	0	0	261,286	
Agriculture and Natural Resources	121,006	0	0	0	0	0	0	0	121,006	
Other Operations	2,027,702	0	0	0	0	181,295	0	181,295	2,208,997	
Highways	0	3,289,527	0	0	0	0	0	0	3,289,527	
Debt Service:										
Principal on Debt	179,577	25,032	865,446	1,305,000	0	0	0	0	2,375,055	
Interest on Debt	50,593	1,329	584,133	1,149,949	0	0	0	0	1,786,004	
Other Debt Service	0	0	36,156	4,021	0	0	0	0	40,177	
Capital Projects	0	0	0	0	36,091,774	1,027,668	0	37,119,442		
Total Expenditures	\$ 8,878,170	\$ 3,315,888	\$ 1,485,735	\$ 2,458,970	\$ 36,091,774	\$ 2,320,529	\$ 0	\$ 2,320,529	\$ 54,551,066	
Excess (Deficiency) of Revenues Over Expenditures	\$ 650,912	\$ (519,831)	\$ (836,927)	\$ (301,164)	\$ (36,091,774)	\$ (991,580)	\$ 0	\$ (991,580)	\$ (38,090,364)	

(Continued)

Exhibit C-3

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

	Major Funds						Nonmajor Funds		Total Governmental Funds
	General	Highway /	General	Rural	General	Other	Govern-	mental	
		Public Works	Debt Service	Debt Service	Capital Projects				
<u>Other Financing Sources (Uses)</u>									
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,000,000	\$ 0	\$ 0	\$ 0	\$ 36,000,000
Notes Issued	0	0	0	0	0	0	305,000	0	305,000
Premiums on Debt Issued	0	0	0	0	91,774	0	0	0	91,774
Insurance Recovery	31,181	0	0	0	0	0	0	0	31,181
Transfers In	4,339	0	836,276	0	0	0	43,742	0	884,357
Transfers Out	(651,764)	(228,254)	0	0	0	0	(4,339)	0	(884,357)
Total Other Financing Sources (Uses)	\$ (616,244)	\$ (228,254)	\$ 836,276	\$ 0	\$ 36,091,774	\$ 0	\$ 344,403	\$ 0	\$ 36,427,955
Net Change in Fund Balances	\$ 34,668	\$ (748,085)	\$ (651)	\$ (301,164)	\$ 0	\$ 0	\$ (647,177)	\$ 0	\$ (1,662,409)
Fund Balance, July 1, 2009	4,827,645	1,279,102	2,444,776	2,094,797	0	0	1,198,603	0	11,844,923
Fund Balance, June 30, 2010	\$ 4,862,313	\$ 531,017	\$ 2,444,125	\$ 1,793,633	\$ 0	\$ 0	\$ 551,426	\$ 0	\$ 10,182,514

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

Exhibit C-4

Hardin County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 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)		\$ (1,662,409)
<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	\$ 1,832,810	
Less: current year depreciation expense	<u>(2,839,552)</u>	(1,006,742)
<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	\$ 898,769	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(683,385)</u>	215,384
<p>(3) The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.</p>		
Less: note proceeds	\$ (305,000)	
Less: bond proceeds	(36,000,000)	
Less: change in premium on debt issuance	(82,572)	
Less: change in deferred debt issuance costs	(45,032)	
Less: change in discount on debt issuance	(79)	
Add: current debt issuance costs	1,168,950	
Add: principal payments on bonds	1,625,000	
Add: principal payments on notes	328,446	
Add: principal payments on capital leases	204,609	
Less: change in deferred amount on refunding debt	<u>(14,785)</u>	(33,120,463)
<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 accrued interest payable	\$ (181,352)	
Change in compensated absences liability	(18,607)	
Change in landfill postclosure care costs	1,208	
Change in other postemployment benefits liability	<u>(47,573)</u>	<u>(246,324)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (35,820,554)</u>

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

Exhibit D-1

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

Business-type
 Activities -
 Enterprise
 Fund

 Major Fund

 Park Rest
 Hardin County
 Health Center

ASSETS

Current Assets:	
Cash	\$ 353,429
Inventories	5,202
Accounts Receivable	185,360
Prepaid Items	26,096
Restricted Assets:	
Patient Trust	4,496
Total Current Assets	<u>\$ 574,583</u>
Noncurrent Assets:	
Capital Assets:	
Assets not Depreciated:	
Land	\$ 26,700
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	436,715
Other Capital Assets	106,998
Total Noncurrent Assets	<u>\$ 570,413</u>
Total Assets	<u>\$ 1,144,996</u>

LIABILITIES

Liabilities	
Accounts Payable	\$ 65,974
Accrued Management Fee	977,140
Other Accrued Expenses	162,376
Current Liabilities Payable from Restricted Assets:	
Patient Trust	4,496
Total Liabilities	<u>\$ 1,209,986</u>

NET ASSETS

Invested in Capital Assets	\$ 570,413
Unrestricted	<u>(635,403)</u>
Net Assets (Deficit)	<u>\$ (64,990)</u>

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

Exhibit D-2

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

	Business-type Activities - Enterprise Fund
	<u>Major Fund</u>
	Park Rest Hardin County Health Center
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Patient Revenues	\$ 2,546,781
Total Operating Revenues	<u>\$ 2,546,781</u>
<u>Operating Expenses</u>	
Administrative	\$ 888,880
Dietary	241,876
Housekeeping	116,239
Laundry	119,691
Operation and Maintenance	175,619
Nursing	856,367
Social Service	50,859
Depreciation	52,012
Total Operating Expenses	<u>\$ 2,501,543</u>
Operating Income (Loss)	<u>\$ 45,238</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 717
Other (Net)	462
Total Nonoperating Revenues (Expenses)	<u>\$ 1,179</u>
Net Income	<u>\$ 46,417</u>
Change in Net Assets	\$ 46,417
Net Assets (Deficit), July 1, 2009	<u>(111,407)</u>
Net Assets (Deficit), June 30, 2010	<u><u>\$ (64,990)</u></u>

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

Exhibit D-3

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

	Business-type Activities - Enterprise Fund
	<u>Major Fund</u>
	Park Rest Hardin County <u>Health Center</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Patient Services	\$ 2,498,021
Payments to Suppliers	(888,207)
Payments to Employees	(1,377,716)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 232,098</u>
<u>Cash Flows from Investing Activities</u>	
Interest Income	<u>\$ 717</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 717</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchase of Equipment	<u>\$ (80,796)</u>
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (80,796)</u>
Net Increase (Decrease) in Cash	\$ 152,019
Cash, July 1, 2009	<u>201,410</u>
Cash, June 30, 2010	<u><u>\$ 353,429</u></u>

(Continued)

Exhibit D-3

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

	Business-type Activities - Enterprise Fund
	<u>Major Fund</u>
	Park Rest Hardin County <u>Health Center</u>
<u>Reconciliation of Net Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 45,238
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	52,012
Changes in Assets and Liabilities:	
Accounts Receivable	(49,222)
Prepaid Insurance	(10,339)
Accounts Payable	39,469
Accrued Management Fee	142,594
Accrued Expenses	11,884
Other Revenue	462
Net Cash Provided By (Used In) Operating Activities	<u>\$ 232,098</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash per Net Assets	<u>\$ 353,429</u>
Cash, June 30, 2010	<u>\$ 353,429</u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,049,368
Due from Other Governments	<u>500,056</u>
Total Assets	<u>\$ 1,549,424</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 500,056
Due to Litigants, Heirs, and Others	<u>1,049,368</u>
Total Liabilities	<u>\$ 1,549,424</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

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

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

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

Administrative Offices:

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

Hardin Medical Center
935 Wayne Road
Savannah, TN 38372

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

B. Government-wide and Fund Financial Statements

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

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

Hardin County issues all debt for the discretely presented Hardin County School Department. Net debt issues of \$36,396,774 were contributed by the county to the School Department during the year ended June 30, 2010.

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

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

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

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

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

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

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

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

Hardin County reports the following major governmental funds:

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

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

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

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

General Capital Projects Fund – This fund accounts for debt issued by Hardin County that is subsequently contributed to the discretely presented Hardin County School Department for building construction and renovation projects.

Hardin County reports the following major enterprise fund:

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

Additionally, Hardin County reports the following fund type:

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

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

Education Capital Projects Fund – This fund accounts for the receipt of debt issued by Hardin County and contributed to the School Department for building construction and renovation and the acquisition of other major capital assets.

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

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

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

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

The county trustee maintains a cash and internal investment pool that is used by all funds (excluding the Park Rest Hardin County Health Center) and the discretely presented Hardin County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Hardin County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 2.64 percent of total taxes levied.

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

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

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

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

3. Capital Assets

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

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

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

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

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are

depreciated using the straight-line method over the following estimated useful lives:

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

4. Compensated Absences

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

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

5. Long-term Obligations

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

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

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

6. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

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

The government-wide Statement of Net Assets reports \$6,956,197 of restricted net assets, of which \$74,907 is restricted by enabling legislation.

As of June 30, 2010, Hardin County had \$37,162,560 in outstanding debt for capital purposes for the discretely presented Hardin County School Department. This debt is a liability of Hardin County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Hardin County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county’s capital assets.

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

Fund/Purpose	Amount
General:	
Walking Trail	\$ 3,118
Circuit Court Computers	72,772
GREAT Program	125
Fire Department	193,118
Animal Control	120,325

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Hardin County School Department

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

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

Primary Government

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

Discretely Presented Hardin County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

B. Unrestricted Net Assets Deficit

The Employee Insurance Fund (internal service fund) of the discretely presented Hardin County School Department had an unrestricted net assets deficit of \$11,814 at June 30, 2010. This deficit resulted from the School Department incurring medical claims exceeding self-insurance premiums. Premiums charged to employees after June 30, 2010, will liquidate the deficit.

C. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations approved by the County Commission in the Highway/Public Works Fund by \$310,161. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

Expenditures exceeded appropriations approved by the County Commission in the Early Childhood Education major appropriation category (the legal level of control) of the General Purpose School Fund by \$22,160 and the Vocational Education Program major appropriation category of the School Federal Projects Fund by \$3,713. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded from available fund balance.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer.

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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, Hardin County had the following investments carried at fair value:

Investment	Maturities	Fair Value
Education Capital Projects Fund:		
Federal Home Loan Mortgage Association Notes	10-7-11	\$ 506,659
Federal Home Loan Bank	10-15-10	500,289
Tax Free Municipal Bonds	7-1-10 to 10-1-31	<u>4,035,484</u>
Total		<u>\$ 5,042,432</u>

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

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

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Hardin County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are presented in the following table:

Issuer	Reported Amount	Percent of Total Investments
Federal Home Loan Mortgage Association	\$ 506,659	10 %
Federal Home Loan Bank	500,289	10
Utah State GO Bonds	575,000	11
Lynchburg Virginia GO Pub. Imp. Bonds	501,165	10
Leander Tax Independent School District	501,925	10
Delaware State Go Bonds	500,000	10
Waxahachie Tax Indpt. School District	552,490	11

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	\$ 1,850,254	\$ 1,568	\$ 0	\$ 1,851,822
Construction in Progress	49,000	695,114	(744,114)	0
Total Capital Assets Not Depreciated	<u>\$ 1,899,254</u>	<u>\$ 696,682</u>	<u>\$ (744,114)</u>	<u>\$ 1,851,822</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,720,564	\$ 686,414	\$ 0	\$ 15,406,978
Infrastructure	37,871,399	748,387	0	38,619,786
Other Capital Assets	6,964,477	445,441	(77,033)	7,332,885
Total Capital Assets Depreciated	<u>\$ 59,556,440</u>	<u>\$ 1,880,242</u>	<u>\$ (77,033)</u>	<u>\$ 61,359,649</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 3,173,682	\$ 487,994	\$ 0	\$ 3,661,676
Infrastructure	24,375,632	1,740,025	0	26,115,657
Other Capital Assets	5,055,944	611,533	(77,033)	5,590,444
Total Accumulated Depreciation	<u>\$ 32,605,258</u>	<u>\$ 2,839,552</u>	<u>\$ (77,033)</u>	<u>\$ 35,367,777</u>
Total Capital Assets Depreciated, Net	<u>\$ 26,951,182</u>	<u>\$ (959,310)</u>	<u>\$ 0</u>	<u>\$ 25,991,872</u>
Governmental Activities Capital Assets, Net	<u>\$ 28,850,436</u>	<u>\$ (262,628)</u>	<u>\$ (744,114)</u>	<u>\$ 27,843,694</u>

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

Governmental Activities:

General Government	\$ 5,724
Finance	12,689
Administration of Justice	4,606
Public Safety	707,990
Public Health and Welfare	109,880
Social, Cultural, and Recreational Services	97,029
Agriculture and Natural Resources	25,155
Other Operations	15,060
Highways/Public Works	<u>1,861,419</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 2,839,552</u></u>

Discretely Presented Hardin County School Department

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 904,172	\$ 831,398	\$ 0	\$ 1,735,570
Construction in Progress	1,154,067	27,578,284	0	<u>28,732,351</u>
Total Capital Assets Not Depreciated	<u>\$ 2,058,239</u>	<u>\$ 28,409,682</u>	<u>\$ 0</u>	<u>\$ 30,467,921</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 30,753,839	\$ 330,036	\$ 0	\$ 31,083,875
Other Capital Assets	3,539,357	606,116	(54,960)	<u>4,090,513</u>
Total Capital Assets Depreciated	<u>\$ 34,293,196</u>	<u>\$ 936,152</u>	<u>\$ (54,960)</u>	<u>\$ 35,174,388</u>

Governmental Activities: (Cont.)

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Less Accumulated Depreciation For: Buildings and Improvements	\$ 18,665,473	\$ 865,279	\$ 0	\$ 19,530,752
Other Capital Assets	2,958,510	227,132	(54,960)	3,130,682
Total Accumulated Depreciation	<u>\$ 21,623,983</u>	<u>\$ 1,092,411</u>	<u>\$ (54,960)</u>	<u>\$ 22,661,434</u>
Total Capital Assets Depreciated, Net	<u>\$ 12,669,213</u>	<u>\$ (156,259)</u>	<u>\$ 0</u>	<u>\$ 12,512,954</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,727,452</u>	<u>\$ 28,253,423</u>	<u>\$ 0</u>	<u>\$ 42,980,875</u>

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

Governmental Activities:

Instruction	\$ 536,241
Support Services	482,742
Operation of Non-Instructional Services	<u>73,428</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,092,411</u>

C. Construction Commitments

At June 30, 2010, the Education Capital Projects Fund had uncompleted construction contracts of \$6,923,689 for the construction of two new schools and renovations to existing schools. Funding for these future expenditures has been provided through the issuance of debt.

D. Interfund Receivables and Payables

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

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 4,828
General	Highway/Public Works	425,682
Highway/Public Works	General	425,682
Discretely Presented School Department:		
General Purpose School	School Federal Projects	430,808
Employee Insurance	General Purpose School	1,364
Employee Insurance	School Federal Projects	449

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.

Of the receivable in the General Fund, \$4,399 was in transit from the Other Capital Projects Fund at June 30, 2010.

The receivable in the Highway/Public Works Fund (\$425,682) was in transit from the General Fund at June 30, 2010.

The balance of \$425,682 due to the General Fund from the Highway Public/Works Fund resulted from an advance to the Highway/Public Works Fund for emergency restoration of flood-damaged county infrastructure.

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Primary Government:		
Rural Debt Service	Component Unit: Hardin County School Department: General Purpose School	\$ 121,364

Interfund Transfers:

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

Transfers Out	Transfers In		
	General Fund	General Debt Service	Nonmajor Governmental Fund
General Fund	\$ 0	\$ 608,022	\$ 43,742
Highway/Public Works Fund	0	228,254	0
Nonmajor governmental fund	4,339	0	0
Total	\$ 4,339	\$ 836,276	\$ 43,742

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

E. Capital Leases

Primary Government

Terms of capital lease obligations outstanding at June 30, 2010, were as follows:

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

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

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

Year Ending June 30	Governmental Funds
2011	\$ 223,610
2012	180,832
2013	172,929
2014	118,199
2015	118,199
2016-2018	<u>156,102</u>
Total Minimum Lease Payments	\$ 969,871
Less: Amount Representing Interest	<u>(130,202)</u>
 Present Value of Minimum Lease Payments	 <u>\$ 839,669</u>

Discretely Presented Hardin County School Department

Terms of capital lease obligations outstanding at June 30, 2010, were as follows:

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

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

Year Ending June 30	Governmental Funds
2011	\$ 28,091
2012	25,741
2013	<u>1,427</u>
Total Minimum Lease Payments	\$ 55,259
Less: Amount Representing Interest	<u>(6,715)</u>
 Present Value of Minimum Lease Payments	 <u>\$ 48,544</u>

F. Long-term Debt

Primary Government

General Obligation Bonds and Notes

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 35 years for bonds and up to seven 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 General Debt Service and Rural Debt Service funds.

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

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-10</u>
General Obligation Bonds	2.84 to 4.125 %	\$ 49,600,000	\$ 48,675,000
General Obligation Bonds - Refunding	2 to 3.75	9,865,000	755,000
Capital Outlay Notes	0 to 4.98	1,324,050	1,023,210
Capital Leases	4.75 to 8.35	1,557,114	839,669

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	\$ 1,245,000	\$ 2,459,679	\$ 3,704,679
2012	1,125,000	2,375,034	3,500,034
2013	1,165,000	2,348,186	3,513,186
2014	1,195,000	2,315,789	3,510,789
2015	1,230,000	2,278,611	3,508,611
2016-2020	6,790,000	10,662,914	17,452,914
2021-2025	8,070,000	9,092,145	17,162,145
2026-2030	7,155,000	7,195,628	14,350,628
2031-2035	7,710,000	5,376,818	13,086,818
2036-2040	7,555,000	3,181,323	10,736,323
2041-2044	6,190,000	969,875	7,159,875
Total	<u>\$ 49,430,000</u>	<u>\$ 48,256,002</u>	<u>\$ 97,686,002</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 263,230	\$ 34,106	\$ 297,336
2012	263,230	24,292	287,522
2013	211,950	15,649	227,599
2014	211,950	8,364	220,314
2015	64,950	1,079	66,029
2016-2017	7,900	0	7,900
Total	<u>\$ 1,023,210</u>	<u>\$ 83,490</u>	<u>\$ 1,106,700</u>

There is \$4,237,758 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$1,932, based on the 2000 federal census. Debt per capita, including bonds, notes, and capital leases totaled \$2,003, 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:	Bonds	Notes	Capital Leases
Balance, July 1, 2009	\$ 15,055,000	\$ 1,046,656	\$ 1,044,278
Additions	36,000,000	305,000	0
Deductions	(1,625,000)	(328,446)	(204,609)
Balance, June 30, 2010	<u>\$ 49,430,000</u>	<u>\$ 1,023,210</u>	<u>\$ 839,669</u>
Balance Due Within One Year	<u>\$ 1,245,000</u>	<u>\$ 263,230</u>	<u>\$ 182,722</u>

	Compensated Absences	Landfill Postclosure Care Costs	Other Post Employment Benefits
Balance, July 1, 2009	\$ 140,606	\$ 303,092	\$ 33,241
Additions	162,088	3,580	66,079
Deductions	(143,481)	(4,788)	(18,506)
Balance, June 30, 2010	<u>\$ 159,213</u>	<u>\$ 301,884</u>	<u>\$ 80,814</u>
Balance Due Within One Year	<u>\$ 88,004</u>	<u>\$ 4,788</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 51,834,790
Less: Balance Due Within One Year	(1,783,744)
Add: Unamortized Premium on Debt	97,266
Less: Deferred Discount on Debt	(2,147)
Less: Deferred Amount on Refunding	<u>(5,658)</u>

Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 50,140,507</u>
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Compensated absences and other postemployment benefits will be paid from the employing funds, primarily the General and Highway/Public Works funds. Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

Discretely Presented Hardin County School Department

Capital leases outstanding as of June 30, 2010, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
Capital Leases	5.3 to 17.9 %	\$ 95,466	\$ 48,544

Changes in Long-term Liabilities

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

Governmental Activities:

	Capital Leases	Compensated Absences
Balance, July 1, 2009	\$ 70,115	\$ 427,212
Additions	0	94,249
Deductions	(21,571)	(70,623)
Balance, June 30, 2010	\$ 48,544	\$ 450,838
Balance Due Within One Year	\$ 23,299	\$ 69,327

	Other Postemployment Benefits
Balance, July 1, 2009	\$ 1,467,550
Additions	1,132,685
Deductions	(303,396)
Balance, June 30, 2010	\$ 2,296,839
Balance Due Within One Year	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 2,796,221
Less: Balance Due Within One Year	(92,626)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 2,703,595

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hardin County School Department. These payments are made by the state to the Teacher Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Teacher Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2010, were \$93,826 and \$28,805, 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

Liability, Property, and Casualty

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

Workers' Compensation Insurance

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

Employee Health Insurance

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

Discretely Presented Hardin County School Department

Liability, Property, Casualty, and Workers' Compensation Insurance

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

Employee Health Insurance

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

Employee Dental Insurance

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

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

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

Employee Insurance Fund

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Estimates	Payments	Balance at Fiscal Year-end
2008-09	\$ 6,873	\$ 245,774	\$ 242,769	\$ 9,878
2009-10	9,878	244,944	246,903	7,919

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. Hardin County had no assets that met the definition of intangible assets as of June 30, 2010. However, it is reasonably expected that Hardin 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 Statement 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 Hardin 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. Hardin County had not participated in derivative transactions as of June 30, 2010. However, it is reasonably expected that Hardin County may enter into derivative transactions in subsequent years.

C. Subsequent Events

On August 16, 2010, the County Commission approved the issuance of bonds or notes up to \$1,275,000 by the Emergency Communications District for improvements.

On August 16, 2010, the County Commission approved the issuance of four capital outlay notes as follows: \$291,000, \$127,500, \$385,000, and \$500,000 for the purchase of two sanitation trucks, four patrol vehicles for the Sheriff's Department, four school buses and one maintenance truck, and various improvements to school facilities, respectively.

D. Contingent Liabilities

Hardin County is contingently liable for an \$8,000,000 loan agreement dated July 29, 2003, for improvements to the Hardin Medical Center. Hardin County would become liable for this loan and the interest thereon in the event of default by the medical center. The principal of this loan agreement is reflected on the financial statements of the Hardin Medical Center. As of June 30, 2010, \$1,366,000 has been repaid leaving a balance of \$6,634,000. Future principal and interest requirements for the entire loan at June 30, 2010, were \$6,634,000 and \$1,245,043, respectively.

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

E. Landfill Postclosure Care Costs

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

financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the entities to place a final cover on their sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Hardin County and the City of Savannah closed their sanitary landfill in 1998. Hardin County and the City of Savannah each agreed to pay 50 percent of the postclosure costs. The \$301,884 reported as postclosure care liability at June 30, 2010, represents the county's 50 percent share of the amounts based on what it would cost to perform all postclosure care in 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

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

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

Administrative Office:

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

G. Retirement Commitments

Employees

Plan Description

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

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

Funding Policy

Hardin County requires employees to contribute five percent of their earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 9.03 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Hardin County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2010, Hardin County's annual pension cost of \$653,202 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the

July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Hardin County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was 15 years. An actuarial valuation was performed as of July 1, 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	\$653,202	100%	\$0
6-30-09	618,892	100	0
6-30-08	617,781	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 81.37 percent funded. The actuarial accrued liability for benefits was \$17.79 million, and the actuarial value of assets was \$14.48 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.31 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6.9 million, and the ratio of the UAAL to the covered payroll was 48 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.

School Teachers

Plan Description

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/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 Hardin County 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 \$924,414, \$923,073, and \$861,363, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

Hardin County and the Hardin County School Department participate in the state-administered Local Government Group Insurance Plan and Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA), for local education employees, and Section 8-27-207, TCA, for local governments. Prior to reaching age 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2010, Hardin County and the discretely presented School Department contributed \$18,506 and \$303,396, respectively, for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 1,130,000	\$ 66,000
Interest on the NPO	50,850	1,496
Adjustment to the ARC	(48,165)	(1,417)
Annual OPEB cost	<u>\$ 1,132,685</u>	<u>\$ 66,079</u>
Less: Amount of contribution	(303,396)	(18,506)
Increase/decrease in NPO	<u>\$ 829,289</u>	<u>\$ 47,573</u>
Net OPEB obligation, 7-1-09	<u>1,467,550</u>	<u>33,241</u>
Net OPEB obligation, 6-30-10	<u><u>\$ 2,296,839</u></u>	<u><u>\$ 80,814</u></u>

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 1,050,000	29%	\$ 740,833
6-30-09	"	1,061,890	27	1,513,416
6-30-10	"	1,132,685	27	2,296,839
6-30-08	Local Government Group	40,515	51	19,803
6-30-09	"	36,905	64	33,241
6-30-10	"	66,749	28	80,814

Funded Status and Funding Progress

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

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-09	7-1-09
Actuarial accrued liability (AAL)	\$ 9,548,000	\$ 548,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 9,548,000	\$ 548,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 14,746,624	\$ 4,416,429
UAAL as a % of covered payroll	65%	12%

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). The annual healthcare cost trend rate for the Local Education Group Plan was 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 annual healthcare cost trend rate for the Local Government Group Plan was three 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. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level of percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

I. Purchasing Laws

Office of County Mayor

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

Office of Highway Commissioner

Chapter 62, Private Acts of 1997, as amended, and Section 54-7-113, TCA (Uniform Road Law), govern purchasing procedures for the Highway

Department. These statutes require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

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

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

A. General Information

1. General

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

2. Fund Accounting

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

Proprietary Funds

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods

or services to the general public on a continuing basis can be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

3. Reporting Entity

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

B. Summary of Significant Accounting Policies

1. Measurement Focus and Basis of Accounting

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

Inventory

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

Property and Equipment

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

2. GASB Conformity

The financial statements included herein are prepared in conformity with generally accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). Park Rest applies Financial Accounting Standards Board

(FASB) pronouncements, Accounting Principles Board (APB) Opinions, and Committee on Accounting Procedure (CAP) Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. GASB Statement Nos. 20 and 34 provide the option of electing to apply FASB pronouncements issued after November 30, 1989. Park Rest has elected not to apply those pronouncements.

3. Cash and Cash Equivalents

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

4. Operating Revenues/Expenses

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

C. Related-party Transactions

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

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

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

The county has contracted with an outside firm to manage Park Rest. The management fee is seven percent of the gross revenues received by the facility from all sources and totaled \$178,594 in 2010.

Park Rest is responsible to pay the county a monthly administrative fee equal to one percent of gross revenues. For 2010, that fee totaled \$25,513.

D. Risk Management

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

E. Custodial Credit Risk – Deposits

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

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

As of June 30, 2010, \$105,717 of the bank balances of \$354,081 was exposed to custodial credit risk due to being in excess of federal depository insurance.

F. Concentration of Credit Risk

Approximately 92 percent of the patients in Park Rest participate in the Medicaid program. As a result, a portion of their care is paid for by the State of Tennessee. At June 30, 2010, approximately 84 percent of the accounts receivable balance was due from the State of Tennessee under the Medicaid program.

G. Compensated Absences

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

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

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

H. Trust Funds

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

I. Capital Assets

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

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Not Depreciated:			
Land	\$ 26,700	\$ 0	\$ 26,700
Capital Assets Depreciated:			
Building and Improvements	\$ 1,127,838	\$ 18,315	\$ 1,146,153
Furniture and Fixtures	61,532	23,160	84,692
Equipment	281,212	39,321	320,533
Total Capital Assets Depreciated	\$ 1,470,582	\$ 80,796	\$ 1,551,378
Less Accumulated Depreciation For:			
Building and Improvements	\$ (678,509)	\$ (30,929)	\$ (709,438)
Furniture and Fixtures	(46,085)	(3,453)	(49,538)
Equipment	(231,059)	(17,630)	(248,689)
Total Accumulated Depreciation	\$ (955,653)	\$ (52,012)	\$ (1,007,665)
Total Capital Assets Depreciated, Net	\$ 514,929	\$ (52,012)	\$ 543,713
Total Capital Assets, Net	\$ 541,629	\$ 28,784	\$ 570,413

Fully depreciated assets at June 30, 2010, totaled \$307,044.

J. Stewardship, Compliance, and Accountability

As of June 30, 2010, \$105,717 of the bank balances of \$354,081 was exposed to custodial credit risk due to being in excess of federal depository insurance.

K. Unrestricted Net Assets Deficit

Park Rest had an unrestricted net assets deficit of \$635,403 at June 30, 2010. This deficit resulted from losses incurred in prior years. Management intends to liquidate this deficit in future years.

VII. OTHER NOTES – DISCRETELY PRESENTED HARDIN MEDICAL CENTER

A. General Information

1. General

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

2. Reporting Entity

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

B. Summary of Significant Accounting Policies

1. GASB Conformity

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

2. Measurement Focus and Basis of Accounting

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

3. Cash Equivalents

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

4. **Accounts Receivable**

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

5. **Inventories**

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

6. **Compensated Absences**

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

7. **Fund Accounting**

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

Proprietary Fund:

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

8. **Capital Assets**

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

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

9. Operating Income

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

C. Pension Plan

Plan Description

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

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

Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs.

Funding Policy

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

The Hardin Medical Center is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 10.59 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. Contribution requirements for the Hardin Medical Center are established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2010, the Hardin Medical Center's annual pension cost of \$518,260 to TCRS was equal to their required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen initial liability actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The Hardin Medical Center's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was eight years. An actuarial valuation was performed as of July 1, 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	\$ 518,260	100%	\$ 0
6-30-09	560,400	100	0
6-30-08	1,036,176	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 88.19 percent funded. The actuarial accrued liability for benefits was \$25.87 million, and the actuarial value of assets was \$22.82 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$3.06 million. The covered payroll (annual payroll of active employees covered by this plan) was \$4.78 million, and the ratio of the UAAL to the covered payroll was 63.88 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 AAL's for benefits.

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

D. Due from/to Intermediaries

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

E. Economic Dependency

Approximately 50 percent of all charges for the year were made to the Medicare program, and 38 percent of the net accounts receivable balance as of June 30, 2010, was due from the Medicare program.

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

F. Physician Guarantees

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

G. Charity Care

Hardin Medical Center maintains records to identify and monitor the level of charity care it provides for patients. The records include the amount of charges foregone for services and supplies furnished under its charity care policy. Hardin Medical Center provided charity care services measured in terms of established patient billing rates of approximately \$1,003,895.

H. Long-term Debt

Hardin County has entered into a loan agreement dated July 29, 2003, to borrow up to \$8,000,000 in bonds to improve the Hardin Medical Center. A total of \$8,000,000 was received, and the medical center is repaying the bonds in annual principal and monthly interest payments. The interest rate to be paid is variable but at June 30, 2010, was 1.54 percent.

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

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

In October 2009, the Hardin Medical Center entered into a capital lease agreement whereby it financed the purchase of equipment with monthly principal payments of \$20,000 through July 2010.

Maturities of all long-term debt are as follows:

Year Ending June 30	Bond Principal	Note Principal	Capital Lease Principal	Interest
2011	\$ 223,000	\$ 30,000	\$ 208,768	\$ 46,820
2012	231,000	30,000	195,921	38,684
2013	238,000	30,000	202,115	31,474
2014	246,000	30,000	0	26,145
2015	255,000	30,000	0	25,062
2016-2020	1,407,000	47,500	0	107,729
2021-2025	1,658,000	0	0	74,638
2026-2030	1,956,000	0	0	35,622
2031	420,000	0	0	1,848
Total	\$ 6,634,000	197,500	606,804	\$ 388,022

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

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10	Due Within One Year
Bonds	\$ 6,851,000	\$ 0	\$ (217,000)	\$ 6,634,000	\$ 223,000
Notes	227,500	0	(30,000)	197,500	30,000
Capital Leases	769,052	180,000	(342,248)	606,804	208,768
Total	\$ 7,847,552	\$ 180,000	\$ (589,248)	\$ 7,438,304	\$ 461,768

I. Net Patient Service Revenue

Hardin Medical Center has agreements with third-party payers that provide for payments at amounts different from their established rates. Net operating revenues are net of contractual adjustments and policy discounts of \$50,283,847. A summary of the payment arrangements with major third-party payers follows:

Medicare

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

TennCare – Blue Cross

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

TennCare – Omni Care, BetterHealth, and TLC

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

Blue Cross

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

Other

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

J. Deposits and Investments

Hardin Medical Center maintains checking accounts and certificates of deposit with local banks. Their investment policies are governed by state statute. Included in permissible investments are direct obligations of the U.S. government and agency securities, certificates of deposit, and savings accounts. Hardin Medical Center has no policy that further limits allowable investments. At June 30, 2010, investments consisted entirely of certificates of deposit. Investments are carried at cost, which approximates fair value.

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Hardin Medical Center deposits may not be returned to them. The center does not have a policy regarding custodial credit risk for deposits. Collateral is required for demand deposits and certificates of deposit at 105 percent of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of Tennessee and its subdivisions. At June 30, 2010, the entire amount of the bank balances of \$8,000,091 was completely insured and or collateralized.

K. Ambulance Service

Hardin County paid for the construction of a building to house ambulance facilities and has also purchased ambulances and related equipment, but the Hardin Medical Center is responsible for operating the ambulance service. Expenditures by Hardin County since the Hardin Medical Center began operating the ambulance service totals \$1,438,963. This amount is not reflected in property and equipment in the accompanying financial statements. In addition, Hardin County provides an annual subsidy (\$100,475 in 2010) to defray costs incurred in operating the ambulance service. This annual allocation is in addition to the cumulative expenditures mentioned above.

L. Risk Management

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

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

Beginning of Fiscal Year	Incurred Claims	Claims Payments	Employee Deductions	End of Fiscal Year
\$ 132,837	\$ 1,961,168	\$ (1,421,988)	\$ (565,070)	\$ 106,947

M. Net Assets

Net assets invested in capital assets, net of related debt, are calculated by taking the net plant in service of \$13,681,054 less the long-term debt of \$7,438,304.

N. Restricted Assets/Deferred Revenue

The Hardin Medical Center received a contribution that is restricted by the donor for specific construction purposes. If the anticipated construction does not occur, the contribution must be returned to the donor. The money is placed in an interest-bearing account. Accordingly, \$462,917 represents the contribution plus interest earned on the balance at June 30, 2010.

O. Capital Assets

Capital assets activity for the year follows:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 224,500	\$ 0	\$ 0	\$ 224,500
Construction in Progress	93,403	1,019,255	18,922	1,093,736
Total Capital Assets Not Depreciated	\$ 317,903	\$ 1,019,255	\$ 18,922	\$ 1,318,236
Capital Assets Depreciated:				
Land Improvements	\$ 317,090	\$ 0	\$ 0	\$ 317,090
Buildings	14,156,329	12,000	0	14,168,329
Equipment	12,575,339	506,899	17,416	13,064,822
Furniture and Fixtures	193,104	41,546	\$ 0	234,650
Assets Under Capital Lease	2,673,852	180,000	0	2,853,852
Intangible Costs	86,989	0	0	86,989
Total Capital Assets Depreciated	\$ 30,002,703	\$ 740,445	\$ 17,416	\$ 30,725,732
Less Accumulated Depreciation For:				
Land Improvements	\$ 266,317	\$ 15,722	\$ 0	\$ 282,039
Buildings	4,670,619	359,849	0	5,030,468
Equipment	9,550,937	909,477	11,676	10,448,738
Furniture and Fixtures	144,510	13,264	0	157,774
Assets Under Capital Lease	2,137,722	219,184	0	2,356,906
Intangible Costs	86,989	0	0	86,989
Total Accumulated Depreciation	\$ 16,857,094	\$ 1,517,496	\$ 11,676	\$ 18,362,914
Total Capital Assets Depreciated, Net	\$ 13,145,609	\$ (777,051)	\$ 5,740	\$ 12,362,818
Total Capital Assets, Net	\$ 13,463,512	\$ 242,204	\$ 24,662	\$ 13,681,054

Depreciation expense of \$1,517,496 (including \$219,184 on assets under capital lease) was recorded by the Hardin Medical Center. Fully depreciated assets at June 30, 2010, totaled \$10,651,348. Related interest cost of \$155,137 was capitalized in prior years.

P. Operating Leases

Hardin Medical Center leased surgery cataract equipment under operating leases during the year totaling \$270,591.

Q. Accounts Payable

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

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

A. General Information

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

B. Summary of Significant Accounting Policies

1. GASB Conformity

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

2. Measurement Focus and Basis of Accounting

The district uses the economic resources measurement focus. The accounting objectives of this measurement focus are the determination

of operating income, changes in net assets, financial position, and cash flows. All assets and liabilities associated with their activities are reported.

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

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

3. Cash and Cash Equivalents

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

4. Capital Assets

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

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

5. Operating Revenues and Expenses

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

6. Fund Accounting

The accounts of the district are organized on the basis of funds. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Each fund is

accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses, as appropriate. The accounts in the financial statements in this report fall under one broad fund category as follows:

Proprietary Fund:

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

C. Revenues

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

D. Risk Management

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

E. Contract Agreement

In 1992, the district entered into an agreement with Hardin County, Tennessee, and the City of Savannah, Tennessee, whereby the board of the district is charged with the responsibilities of establishing and collecting service fees; seeking additional funding and issuing bonds, if necessary; and creating a dispatch service and determining the mode. Further, the parties agreed that the City of Savannah would serve as the administrative unit with the responsibility to operate the dispatch facility in a manner consistent with statutory requirements. The city and county have agreed to remit excess funds to the district to cover various operating expenses. This year the city and county remitted \$362,180 to the district.

F. Deposits and Investments

The district's investment policies are governed by state statute. Included in permissible investments are direct obligations of the U.S. government and

agency securities, certificates of deposit, and savings accounts. The district has no policy that further limits allowable investments. Investments consist of a certificate of deposit, the fair value of which was comparable to the carrying value.

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

G. Compensated Absences

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

H. Capital Assets

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

	Balance 7-1-09	Increases	Balance 6-30-10
Capital Assets Not Depreciated:			
Land	\$ 0	\$ 127,150	\$ 127,150
Construction in Progress	0	45,337	45,337
Total Capital Assets Not Depreciated	<u>\$ 0</u>	<u>\$ 172,487</u>	<u>\$ 172,487</u>
Capital Assets Depreciated:			
Building Improvements	\$ 43,985	\$ 0	\$ 43,985
Buildings	0	60,000	60,000
Equipment - Capital Lease	339,029	0	339,029
Equipment and Software	264,547	0	264,547
Vehicles	25,196	0	25,196
Maps	176,904	0	176,904
Total Capital Assets Depreciated	<u>\$ 849,661</u>	<u>\$ 60,000</u>	<u>\$ 909,661</u>

<u>Capital Assets (Cont.)</u>	Balance 7-1-09	Increases	Balance 6-30-10
Less Accumulated Depreciation For:			
Building Improvements	\$ (12,441)	\$ (1,466)	\$ (13,907)
Buildings	0	(1,637)	(1,637)
Equipment - Capital Lease	(333,094)	(5,935)	(339,029)
Equipment and Software	(250,359)	(3,058)	(253,417)
Vehicles	(25,196)	0	(25,196)
Maps	(120,895)	(11,871)	(132,766)
Total Accumulated Depreciation	<u>\$ (741,985)</u>	<u>\$ (23,967)</u>	<u>\$ (765,952)</u>
Total Capital Assets			
Depreciated, Net	<u>\$ 107,676</u>	<u>\$ 36,033</u>	<u>\$ 143,709</u>
Total Capital Assets, Net	<u><u>\$ 107,676</u></u>	<u><u>\$ 208,520</u></u>	<u><u>\$ 316,196</u></u>

Depreciation expense of \$23,967 was recorded by the district.

I. Stewardship, Compliance, and Accountability

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

Budget Appropriations

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

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

J. Estimates and Assumptions

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

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

A. General Information

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

B. Summary of Significant Accounting Policies

1. GASB Conformity

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

2. Measurement Focus

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

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

3. Basis of Accounting

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

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

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

4. Capital Assets

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

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

	Balance 7-1-09	Balance 6-30-10
Capital Assets Depreciated:		
Furniture and Equipment	\$ 3,343	\$ 3,343
Total Capital Assets Depreciated	<u>\$ 3,343</u>	<u>\$ 3,343</u>
Less Accumulated Depreciation For:		
Furniture and Equipment	\$ (3,343)	\$ (3,343)
Total Accumulated Depreciation	<u>\$ (3,343)</u>	<u>\$ (3,343)</u>
Total Capital Assets Depreciated, Net	<u>\$ 0</u>	<u>\$ 0</u>
Total Capital Assets, Net	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

5. Cash

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

6. Accruals

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

7. Equity Classifications

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

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

8. Operating Revenues and Expenses

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

C. Stewardship, Compliance, and Accountability

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

1. Deposits and Investments – Laws and Regulations

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

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

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

2. Deficit Prohibition

State statutes prohibit the creation of a deficit fund balance in any individual fund. HCCVB complied with this statute in all material respects for the year ended June 30, 2010.

3. Budget Appropriation

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

D. Estimates and Assumptions

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

E. Tax Exemption

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

F. Concentration of Credit Risk

HCCVB receives approximately 80 percent of operating revenues from hotel and motel sales tax collections by Hardin County.

G. Donated Services

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

H. Related Parties

HCCVB is represented on the board of directors of Team Hardin County, Inc. (THC), another nonprofit organization that is involved in the promotion of Hardin County. THC pays expenses incurred by HCCVB and hotel/motel tax receipts are received by THC to offset those expenses. During the year, cash receipts exceeded payments by \$994. At year end, THC owed HCCVB \$71,649.

At year end, THC – NAIA, another related-party nonprofit, owed HCCVB \$17,664 due to HCCVB paying NAIA expenses during the prior and current years.

I. Retirement Plan

HCCVB is a participant in a non-contributory defined contribution money purchase pension plan, which covers all full-time employees. HCCVB's contribution rate is five percent of base compensation. The total retirement plan expense for the year was \$3,648.

J. Prior-period Adjustment

A prior-period adjustment was made to the beginning of year fund balance for the governmental fund due to incorrect reporting in the prior year of prepaid expenses.

K. Risk Management

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Hardin County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 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>							
Local Taxes	\$ 5,579,747	\$ 0	\$ 0	\$ 5,579,747	\$ 5,409,883	\$ 5,409,883	\$ 169,864
Licenses and Permits	94,719	0	0	94,719	111,100	111,100	(16,381)
Fines, Forfeitures, and Penalties	183,657	0	0	183,657	174,660	174,660	8,997
Charges for Current Services	44,208	0	0	44,208	46,950	46,950	(2,742)
Other Local Revenues	419,856	0	0	419,856	284,958	311,930	107,926
Fees Received from County Officials	1,234,507	0	0	1,234,507	1,205,500	1,205,500	29,007
State of Tennessee	1,384,929	0	0	1,384,929	1,321,564	1,334,123	50,806
Federal Government	392,669	0	0	392,669	224,927	639,207	(246,538)
Other Governments and Citizens Groups	194,790	0	0	194,790	142,200	153,877	40,913
Total Revenues	\$ 9,529,082	\$ 0	\$ 0	\$ 9,529,082	\$ 8,921,742	\$ 9,387,230	\$ 141,852
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 62,064	\$ (273)	\$ 0	\$ 61,791	\$ 68,716	\$ 68,716	\$ 6,925
Board of Equalization	780	0	0	780	960	960	180
Beer Board	3,219	0	0	3,219	4,075	4,075	856
Other Boards and Committees	750	0	0	750	1,500	1,500	750
County Mayor/Executive	141,927	0	0	141,927	141,856	143,145	1,218
County Attorney	10,004	0	0	10,004	7,000	11,000	996
Election Commission	131,573	0	0	131,573	129,938	145,602	14,029
Register of Deeds	136,256	0	0	136,256	142,882	144,163	7,907
County Buildings	490,962	(3,583)	0	487,379	515,517	499,709	12,330
<u>Finance</u>							
Accounting and Budgeting	99,154	0	0	99,154	99,667	99,667	513
Property Assessor's Office	185,026	0	0	185,026	196,605	197,017	11,991

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	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>Finance (Cont.)</u>							
Reappraisal Program	\$ 25,679	\$ 0	\$ 0	\$ 25,679	\$ 31,840	\$ 31,840	\$ 6,161
County Trustee's Office	150,306	0	0	150,306	154,986	154,986	4,680
County Clerk's Office	212,325	(116)	0	212,209	222,268	222,268	10,059
<u>Administration of Justice</u>							
Circuit Court	264,716	(1,009)	0	263,707	259,473	269,696	5,989
General Sessions Court	132,099	0	0	132,099	132,638	132,988	889
Drug Court	0	0	9,899	9,899	10,200	10,200	301
Chancery Court	111,081	0	0	111,081	113,407	113,407	2,326
<u>Public Safety</u>							
Sheriff's Department	1,104,109	(212)	0	1,103,897	1,110,285	1,109,757	5,860
Traffic Control	45,887	0	0	45,887	37,028	45,887	0
Administration of the Sexual Offender Registry	300	0	0	300	1,000	1,000	700
Jail	1,336,944	(912)	0	1,336,032	1,434,250	1,440,305	104,273
Juvenile Services	102,185	0	0	102,185	102,561	104,061	1,876
Fire Prevention and Control	541,428	(86)	169,343	710,685	541,327	951,428	240,743
Civil Defense	154,538	0	0	154,538	132,444	182,461	27,923
Disaster Relief	36,072	0	0	36,072	0	36,370	298
Other Public Safety	243,032	(23,779)	0	219,253	268,733	270,384	51,131
<u>Public Health and Welfare</u>							
Local Health Center	132,780	0	0	132,780	130,000	205,700	72,920
Rabies and Animal Control	4,674	0	0	4,674	125,000	125,000	120,326
Ambulance/Emergency Medical Services	269,875	0	0	269,875	191,200	270,075	200
Alcohol and Drug Programs	22,500	0	0	22,500	22,500	22,500	0
Crippled Children Services	2,005	0	0	2,005	2,005	2,005	0

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	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>Public Health and Welfare (Cont.)</u>							
General Welfare Assistance	\$ 3,100	\$ 0	\$ 0	\$ 3,100	\$ 3,100	\$ 0	\$ 0
Other Local Welfare Services	8,000	0	0	8,000	7,500	8,000	0
Sanitation Education/Information	72,656	0	0	72,656	77,487	77,487	4,831
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	57,317	0	0	57,317	57,656	59,655	2,338
Libraries	183,969	0	0	183,969	186,992	195,020	11,051
Other Social, Cultural, and Recreational Agriculture and Natural Resources	20,000	0	0	20,000	20,000	20,000	0
Agriculture Extension Service	57,121	0	0	57,121	67,067	67,067	9,946
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	23,823	0	0	23,823	23,823	23,823	0
Flood Control	35,254	0	0	35,254	38,000	38,000	2,746
Other Agriculture and Natural Resources	3,808	0	0	3,808	6,230	6,230	2,422
<u>Other Operations</u>							
Tourism	187,888	0	0	187,888	180,000	192,150	4,262
Tourism-Resort District	108,057	0	0	108,057	101,000	108,057	0
Industrial Development	70,261	0	0	70,261	69,800	71,300	1,039
Other Economic and Community Development	14,609	(144)	228	14,693	17,520	17,520	2,827
Airport	22,500	0	0	22,500	22,500	22,500	0
Veterans' Services	45,786	(35)	0	45,751	46,000	46,000	249
Other Charges	238,945	0	0	238,945	243,476	241,518	2,573
Contributions to Other Agencies	15,500	0	0	15,500	15,500	15,500	0
Employee Benefits	1,272,386	0	0	1,272,386	1,352,714	1,340,033	67,647
ARRA Grant No. 1	32,887	0	0	32,887	0	45,301	12,414

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less:		Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Encumbrances 7/1/2009	Encumbrances 6/30/2010			Original	Final	
<u>Expenditures (Cont.)</u>								
<u>Other Operations (Cont.)</u>								
ARRA Grant No. 2	\$ 12,342	\$ 0	\$ 0	\$ 12,342	\$ 0	\$ 12,342	\$ 0	
Miscellaneous	6,541	0	0	6,541	8,500	8,500	1,959	
<u>Principal on Debt</u>								
General Government	179,577	0	0	179,577	0	179,577	0	
<u>Interest on Debt</u>								
General Government	50,593	0	0	50,593	0	50,593	0	
Total Expenditures	\$ 8,878,170	\$ (30,149)	\$ 179,470	\$ 9,027,491	\$ 8,877,726	\$ 9,868,145	\$ 840,654	
<u>Excess (Deficiency) of Revenues</u>								
Over Expenditures	\$ 650,912	\$ 30,149	\$ (179,470)	\$ 501,591	\$ 44,016	\$ (480,915)	\$ 982,506	
<u>Other Financing Sources (Uses)</u>								
Capital Leases Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 224,189	\$ (224,189)	
Insurance Recovery	31,181	0	0	31,181	0	20,385	10,796	
Transfers In	4,339	0	0	4,339	0	0	4,339	
Transfers Out	(651,764)	0	0	(651,764)	(608,023)	(651,765)	1	
Total Other Financing Sources (Uses)	\$ (616,244)	\$ 0	\$ 0	\$ (616,244)	\$ (608,023)	\$ (407,191)	\$ (209,053)	
Net Change in Fund Balance	\$ 34,668	\$ 30,149	\$ (179,470)	\$ (114,653)	\$ (564,007)	\$ (888,106)	\$ 773,155	
Fund Balance, July 1, 2009	4,827,645	(30,149)	0	4,797,496	4,253,482	4,253,482	544,014	
Fund Balance, June 30, 2010	\$ 4,862,313	\$ 0	\$ (179,470)	\$ 4,682,843	\$ 3,689,475	\$ 3,365,376	\$ 1,317,467	

Exhibit F-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 587,826	\$ 601,342	\$ 601,342	\$ (13,516)
Other Local Revenues	33,941	65,000	65,000	(31,059)
State of Tennessee	2,138,244	2,073,177	2,254,590	(116,346)
Federal Government	36,046	0	536,047	(500,001)
Total Revenues	<u>\$ 2,796,057</u>	<u>\$ 2,739,519</u>	<u>\$ 3,456,979</u>	<u>\$ (660,922)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 241,889	\$ 261,250	\$ 261,250	\$ 19,361
Highway and Bridge Maintenance	2,081,627	980,780	1,569,419	(512,208)
Operation and Maintenance of Equipment	320,347	432,697	347,697	27,350
Other Charges	172,692	442,654	184,400	11,708
Employee Benefits	357,117	414,100	414,100	56,983
Capital Outlay	115,855	202,500	202,500	86,645
<u>Principal on Debt</u>				
Highways and Streets	25,032	0	25,032	0
<u>Interest on Debt</u>				
Highways and Streets	1,329	0	1,329	0
Total Expenditures	<u>\$ 3,315,888</u>	<u>\$ 2,733,981</u>	<u>\$ 3,005,727</u>	<u>\$ (310,161)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (519,831)</u>	<u>\$ 5,538</u>	<u>\$ 451,252</u>	<u>\$ (971,083)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (228,254)	\$ 0	\$ (228,254)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (228,254)</u>	<u>\$ 0</u>	<u>\$ (228,254)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (748,085)	\$ 5,538	\$ 222,998	\$ (971,083)
Fund Balance, July 1, 2009	1,279,102	0	0	1,279,102
Fund Balance, June 30, 2010	<u>\$ 531,017</u>	<u>\$ 5,538</u>	<u>\$ 222,998</u>	<u>\$ 308,019</u>

Exhibit F-3

Hardin County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Hardin 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)
7-1-09	\$ 14,476	\$ 17,791	\$ 3,315	81.37	% \$ 6,905	48 %
7-1-07	13,127	14,999	1,872	87.52	5,865	31.92

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the 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 affect during the year of the 2007 actuarial valuation, therefore only the two most recent valuations are presented.

Exhibit F-4

Hardin County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Hardin County Medical Center
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-07	\$ 22,524	\$ 26,378	\$ 3,854	85.39	% \$ 9,564	40.3 %
7-1-09	22,816	25,871	3,055	88.19	4,783	63.88

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 affect during the year of the 2007 actuarial valuation, therefore only the two most recent valuations are presented.

Exhibit F-5

Hardin County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Hardin County School Department
June 30, 2010

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-07	\$ 0	419 \$	419	0%	\$ 3,379	12%
"	7-1-09	0	548	548	0	4,416	12
<u>DISCRETELY PRESENTED HARDIN COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07	0	8,846	8,846	0	14,125	63
"	7-1-09	0	9,584	9,584	0	14,746	65

* Data only available for two actuarial valuations.

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

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

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

B. EXPENDITURES EXCEEDED TOTAL APPROPRIATIONS

Expenditures exceeded total appropriations approved by the County Commission in the Highway/Public Works Fund by \$310,161. 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.

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

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

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

Capital Projects Funds

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

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

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

Exhibit G-1

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

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 489	\$ 489
Equity in Pooled Cash and Investments	367,356	75,704	0	443,060
Accounts Receivable	32,369	0	0	32,369
Due from Other Governments	197,576	0	0	197,576
Total Assets	<u>\$ 597,301</u>	<u>\$ 75,704</u>	<u>\$ 489</u>	<u>\$ 673,494</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accrued Payroll	\$ 15,158	\$ 860	\$ 0	\$ 16,018
Payroll Deductions Payable	1,343	66	0	1,409
Due to Other Funds	0	0	489	489
Other Deferred Revenues	104,152	0	0	104,152
Total Liabilities	<u>\$ 120,653</u>	<u>\$ 926</u>	<u>\$ 489</u>	<u>\$ 122,068</u>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 24,319	\$ 0	\$ 0	\$ 24,319
Reserved for Purchase of Electronic Fingerprint Imaging System	0	5,000	0	5,000
Unreserved	452,329	69,778	0	522,107
Total Fund Balances	<u>\$ 476,648</u>	<u>\$ 74,778</u>	<u>\$ 0</u>	<u>\$ 551,426</u>
Total Liabilities and Fund Balances	<u>\$ 597,301</u>	<u>\$ 75,704</u>	<u>\$ 489</u>	<u>\$ 673,494</u>

Exhibit G-2

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

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	Education Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>								
Local Taxes	\$ 914,744	\$ 0	\$ 0	\$ 914,744	\$ 0	\$ 0	\$ 0	\$ 914,744
Fines, Forfeitures, and Penalties	0	33,915	0	33,915	0	0	0	33,915
Charges for Current Services	325,790	0	4,460	330,250	0	0	0	330,250
Other Local Revenues	25,134	0	0	25,134	0	0	0	25,134
State of Tennessee	18,269	1,850	0	20,119	0	0	0	20,119
Other Governments and Citizens Groups	4,787	0	0	4,787	0	0	0	4,787
Total Revenues	\$ 1,288,724	\$ 35,765	\$ 4,460	\$ 1,328,949	\$ 0	\$ 0	\$ 0	\$ 1,328,949
<u>Expenditures</u>								
Current:								
Administration of Justice	\$ 0	\$ 0	\$ 4,460	\$ 4,460	\$ 0	\$ 0	\$ 0	\$ 4,460
Public Safety	0	34,001	0	34,001	0	0	0	34,001
Public Health and Welfare	1,073,105	0	0	1,073,105	0	0	0	1,073,105
Other Operations	167,945	13,350	0	181,295	0	0	0	181,295
Capital Projects	0	0	0	0	305,000	722,668	1,027,668	1,027,668
Total Expenditures	\$ 1,241,050	\$ 47,351	\$ 4,460	\$ 1,292,861	\$ 305,000	\$ 722,668	\$ 1,027,668	\$ 2,320,529
Excess (Deficiency) of Revenues Over Expenditures	\$ 47,674	\$ (11,586)	\$ 0	\$ 36,088	\$ (305,000)	\$ (722,668)	\$ (1,027,668)	\$ (991,580)
<u>Other Financing Sources (Uses)</u>								
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 305,000	\$ 0	\$ 305,000	\$ 305,000
Transfers In	0	0	0	0	0	43,742	43,742	43,742
Transfers Out	0	0	0	0	0	(4,339)	(4,339)	(4,339)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 305,000	\$ 39,403	\$ 344,403	\$ 344,403
Net Change in Fund Balances	\$ 47,674	\$ (11,586)	\$ 0	\$ 36,088	\$ 0	\$ (683,265)	\$ (683,265)	\$ (647,177)
Fund Balance, July 1, 2009	428,974	86,364	0	515,338	0	683,265	683,265	1,198,603
Fund Balance, June 30, 2010	\$ 476,648	\$ 74,778	\$ 0	\$ 551,426	\$ 0	\$ 0	\$ 0	\$ 551,426

Exhibit G-3

Hardin County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 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>							
Local Taxes	\$ 914,744	\$ 0	\$ 0	\$ 914,744	\$ 985,000	\$ 985,000	\$ (70,256)
Charges for Current Services	325,790	0	0	325,790	258,000	262,000	63,790
Other Local Revenues	25,134	0	0	25,134	4,000	4,000	21,134
State of Tennessee	18,269	0	0	18,269	17,595	17,595	674
Other Governments and Citizens Groups	4,787	0	0	4,787	5,750	5,750	(963)
Total Revenues	\$ 1,288,724	\$ 0	\$ 0	\$ 1,288,724	\$ 1,270,345	\$ 1,274,345	\$ 14,379
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Management	\$ 65,759	(72)	46	\$ 65,733	\$ 66,329	\$ 66,329	\$ 596
Waste Pickup	369,731	(8,852)	0	360,879	390,485	384,485	23,606
Convenience Centers	275,850	0	273	276,123	276,863	284,463	8,340
Landfill Operation and Maintenance	361,765	(25,000)	24,000	360,765	364,500	368,500	7,735
<u>Other Operations</u>							
Other Charges	56,982	0	0	56,982	57,820	57,820	838
Employee Benefits	110,963	0	0	110,963	114,262	114,262	3,299
Total Expenditures	\$ 1,241,050	\$ (33,924)	\$ 24,319	\$ 1,231,445	\$ 1,270,259	\$ 1,275,859	\$ 44,414
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 47,674	\$ 33,924	\$ (24,319)	\$ 57,279	\$ 86	\$ (1,514)	\$ 58,793
Net Change in Fund Balance	\$ 47,674	\$ 33,924	\$ (24,319)	\$ 57,279	\$ 86	\$ (1,514)	\$ 58,793
Fund Balance, July 1, 2009	428,974	(33,924)	0	395,050	395,075	395,075	(25)
Fund Balance, June 30, 2010	\$ 476,648	\$ 0	\$ (24,319)	\$ 452,329	\$ 395,161	\$ 393,561	\$ 58,768

Exhibit G-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 33,915	\$ 28,500	\$ 28,500	\$ 5,415
State of Tennessee	1,850	3,600	3,600	(1,750)
Total Revenues	<u>\$ 35,765</u>	<u>\$ 32,100</u>	<u>\$ 32,100</u>	<u>\$ 3,665</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 34,001	\$ 40,050	\$ 40,050	\$ 6,049
<u>Other Operations</u>				
Other Charges	1,382	1,382	1,382	0
Employee Benefits	11,968	12,604	12,604	636
Total Expenditures	<u>\$ 47,351</u>	<u>\$ 54,036</u>	<u>\$ 54,036</u>	<u>\$ 6,685</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (11,586)</u>	<u>\$ (21,936)</u>	<u>\$ (21,936)</u>	<u>\$ 10,350</u>
Net Change in Fund Balance	\$ (11,586)	\$ (21,936)	\$ (21,936)	\$ 10,350
Fund Balance, July 1, 2009	86,364	83,579	83,579	2,785
Fund Balance, June 30, 2010	<u><u>\$ 74,778</u></u>	<u><u>\$ 61,643</u></u>	<u><u>\$ 61,643</u></u>	<u><u>\$ 13,135</u></u>

Major Governmental Funds

Debt Service Funds

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

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

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

Exhibit H-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 211,087	\$ 200,563	\$ 200,563	\$ 10,524
Other Local Revenues	82,326	82,600	82,600	(274)
State of Tennessee	19,914	17,500	17,500	2,414
Other Governments and Citizens Groups	335,481	851,307	856,613	(521,132)
Total Revenues	<u>\$ 648,808</u>	<u>\$ 1,151,970</u>	<u>\$ 1,157,276</u>	<u>\$ (508,468)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 699,166	\$ 627,697	\$ 704,697	\$ 5,531
Highways and Streets	115,000	115,000	115,000	0
Education	51,280	51,280	51,280	0
<u>Interest on Debt</u>				
General Government	459,097	741,477	742,138	283,041
Highways and Streets	113,254	113,255	113,255	1
Education	11,782	6,477	11,783	1
<u>Other Debt Service</u>				
General Government	36,156	50,000	50,000	13,844
Total Expenditures	<u>\$ 1,485,735</u>	<u>\$ 1,705,186</u>	<u>\$ 1,788,153</u>	<u>\$ 302,418</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (836,927)</u>	<u>\$ (553,216)</u>	<u>\$ (630,877)</u>	<u>\$ (206,050)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 836,276	\$ 608,023	\$ 608,023	\$ 228,253
Total Other Financing Sources (Uses)	<u>\$ 836,276</u>	<u>\$ 608,023</u>	<u>\$ 608,023</u>	<u>\$ 228,253</u>
Net Change in Fund Balance	\$ (651)	\$ 54,807	\$ (22,854)	\$ 22,203
Fund Balance, July 1, 2009	<u>2,444,776</u>	<u>2,439,550</u>	<u>2,439,550</u>	<u>5,226</u>
Fund Balance, June 30, 2010	<u>\$ 2,444,125</u>	<u>\$ 2,494,357</u>	<u>\$ 2,416,696</u>	<u>\$ 27,429</u>

Exhibit H-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 357,440	\$ 382,500	\$ 382,500	\$ (25,060)
Other Local Revenues	410,958	35,000	411,587	(629)
Other Governments and Citizens Groups	1,389,408	1,455,030	1,455,030	(65,622)
Total Revenues	<u>\$ 2,157,806</u>	<u>\$ 1,872,530</u>	<u>\$ 2,249,117</u>	<u>\$ (91,311)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 1,305,000	\$ 1,305,000	\$ 1,305,000	\$ 0
<u>Interest on Debt</u>				
Education	1,149,949	73,988	1,149,950	1
<u>Other Debt Service</u>				
Education	4,021	8,000	8,000	3,979
Total Expenditures	<u>\$ 2,458,970</u>	<u>\$ 1,386,988</u>	<u>\$ 2,462,950</u>	<u>\$ 3,980</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (301,164)</u>	<u>\$ 485,542</u>	<u>\$ (213,833)</u>	<u>\$ (87,331)</u>
Net Change in Fund Balance	\$ (301,164)	\$ 485,542	\$ (213,833)	\$ (87,331)
Fund Balance, July 1, 2009	<u>2,094,797</u>	<u>2,140,825</u>	<u>2,140,825</u>	<u>(46,028)</u>
Fund Balance, June 30, 2010	<u>\$ 1,793,633</u>	<u>\$ 2,626,367</u>	<u>\$ 1,926,992</u>	<u>\$ (133,359)</u>

Fiduciary Funds

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

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

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

Exhibit I-1

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

	<u>Agency Funds</u>		
	Cities -	Constitu-	
	Sales	tional	
	Tax	Officers -	Total
		Agency	
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,049,368	\$ 1,049,368
Due from Other Governments	500,056	0	500,056
Total Assets	<u>\$ 500,056</u>	<u>\$ 1,049,368</u>	<u>\$ 1,549,424</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 500,056	\$ 0	\$ 500,056
Due to Litigants, Heirs, and Others	0	1,049,368	1,049,368
Total Liabilities	<u>\$ 500,056</u>	<u>\$ 1,049,368</u>	<u>\$ 1,549,424</u>

Exhibit I-2

Hardin 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	\$ 2,736,995	\$ 2,736,995	\$ 0
Due from Other Governments	479,889	500,056	479,889	500,056
Total Assets	\$ 479,889	\$ 3,237,051	\$ 3,216,884	\$ 500,056
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 479,889	\$ 3,237,051	\$ 3,216,884	\$ 500,056
Total Liabilities	\$ 479,889	\$ 3,237,051	\$ 3,216,884	\$ 500,056
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 921,392	\$ 6,840,588	\$ 6,712,612	\$ 1,049,368
Total Assets	\$ 921,392	\$ 6,840,588	\$ 6,712,612	\$ 1,049,368
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 921,392	\$ 6,840,588	\$ 6,712,612	\$ 1,049,368
Total Liabilities	\$ 921,392	\$ 6,840,588	\$ 6,712,612	\$ 1,049,368
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 921,392	\$ 6,840,588	\$ 6,712,612	\$ 1,049,368
Equity in Pooled Cash and Investments	0	2,736,995	2,736,995	0
Due from Other Governments	479,889	500,056	479,889	500,056
Total Assets	\$ 1,401,281	\$ 10,077,639	\$ 9,929,496	\$ 1,549,424
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 479,889	\$ 3,237,051	\$ 3,216,884	\$ 500,056
Due to Litigants, Heirs, and Others	921,392	6,840,588	6,712,612	1,049,368
Total Liabilities	\$ 1,401,281	\$ 10,077,639	\$ 9,929,496	\$ 1,549,424

Hardin County School Department

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

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

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

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

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

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

Exhibit J-1

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 17,598,413	\$ 40,025	\$ 2,920,069	\$ 29,021,440	\$ 14,383,121
Support Services	9,856,990	105,740	615,309	2,485,504	(6,650,437)
Operation of Non-Instructional Services	5,298,383	666,261	2,197,157	4,910,330	2,475,365
Interest on Long-term Debt	7,460	0	0	0	(7,460)
Other Debt Service	2,621,444	0	0	0	(2,621,444)
Total Governmental Activities	\$ 35,382,690	\$ 812,026	\$ 5,732,535	\$ 36,417,274	\$ 7,579,145
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 5,885,812
Local Option Sales Taxes					3,674,563
Grants and Contributions Not Restricted to Specific Programs					17,810,681
Miscellaneous					13,039
Total General Revenues					\$ 27,384,095
Change in Net Assets					\$ 34,963,240
Net Assets, July 1, 2009					17,289,049
Net Assets, June 30, 2010					\$ 52,252,289

Exhibit J-2

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Capital</u>	<u>Other</u>	
	<u>School</u>	<u>Projects</u>	<u>Governmental</u>	<u>Governmental</u>
			<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Cash	\$ 0	\$ 2,940,635	\$ 0	\$ 2,940,635
Equity in Pooled Cash and Investments	2,570,963	2,599,716	1,003,730	6,174,409
Investments	0	5,042,432	0	5,042,432
Accounts Receivable	33,021	0	199	33,220
Due from Other Governments	983,170	342,417	436,558	1,762,145
Due from Other Funds	430,808	0	0	430,808
Property Taxes Receivable	5,930,854	0	0	5,930,854
Allowance for Uncollectible Property Taxes	(295,799)	0	0	(295,799)
Total Assets	\$ 9,653,017	\$ 10,925,200	\$ 1,440,487	\$ 22,018,704
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 128,744	\$ 1,575,841	\$ 67,307	\$ 1,771,892
Payroll Deductions Payable	228,976	0	0	228,976
Contracts Payable	0	1,996,463	0	1,996,463
Retainage Payable	0	105,077	0	105,077
Due to Other Funds	1,364	0	431,257	432,621
Due to Primary Government	121,364	0	0	121,364
Deferred Revenue - Current Property Taxes	5,282,862	0	0	5,282,862
Deferred Revenue - Delinquent Property Taxes	329,209	0	0	329,209
Other Deferred Revenues	418,804	0	0	418,804
Total Liabilities	\$ 6,511,323	\$ 3,677,381	\$ 498,564	\$ 10,687,268
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 0	\$ 6,923,689	\$ 0	\$ 6,923,689
Reserved for Career Ladder Program	4,168	0	0	4,168
Reserved for Title I Grants to Local Education Agencies	0	0	86,494	86,494
Reserved for Innovative Education Program Strategies	0	0	149	149
Reserved for Special Education - Grants to States	0	0	24,264	24,264
Other Federal Reserves	0	0	29,781	29,781
Unreserved, Reported In:				
General Fund	3,137,526	0	0	3,137,526
Special Revenue Funds	0	0	801,235	801,235
Capital Projects Funds	0	324,130	0	324,130
Total Fund Balances	\$ 3,141,694	\$ 7,247,819	\$ 941,923	\$ 11,331,436
Total Liabilities and Fund Balances	\$ 9,653,017	\$ 10,925,200	\$ 1,440,487	\$ 22,018,704

Exhibit J-3

Hardin County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
Discretely Presented Hardin County School Department
June 30, 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)		\$	11,331,436
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,735,570	
Add: construction in progress		28,732,351	
Add: buildings and improvements net of accumulated depreciation		11,553,123	
Add: other capital assets net of accumulated depreciation		<u>959,831</u>	42,980,875
(2) Internal service funds are used by management to charge the costs of employee insurance benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.			(11,814)
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: capital leases payable	\$	(48,544)	
Less: compensated absences payable		(450,838)	
Less: other postemployment benefits liability		<u>(2,296,839)</u>	(2,796,221)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>748,013</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>52,252,289</u></u>

Exhibit J-4

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

	Major Funds		Nonmajor	Total
	General	Education	Funds	
	Purpose	Capital	Other	
	School	Projects	Govern- mental Funds	Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 9,519,369	\$ 0	\$ 0	\$ 9,519,369
Licenses and Permits	1,577	0	0	1,577
Charges for Current Services	45,874	0	657,563	703,437
Other Local Revenues	114,591	(30,309)	17,151	101,433
State of Tennessee	16,581,011	0	0	16,581,011
Federal Government	122,519	599,231	6,046,031	6,767,781
Other Governments and Citizens Groups	305,000	36,091,774	0	36,396,774
Total Revenues	\$ 26,689,941	\$ 36,660,696	\$ 6,720,745	\$ 70,071,382
<u>Expenditures</u>				
Current:				
Instruction	\$ 14,656,282	\$ 0	\$ 3,426,951	\$ 18,083,233
Support Services	9,118,678	0	1,168,598	10,287,276
Operation of Non-Instructional Services	979,914	0	2,200,558	3,180,472
Capital Outlay	249,866	0	0	249,866
Debt Service:				
Principal on Debt	21,571	0	0	21,571
Interest on Debt	7,460	0	0	7,460
Other Debt Service	1,452,494	1,168,950	0	2,621,444
Capital Projects	0	28,243,927	0	28,243,927
Total Expenditures	\$ 26,486,265	\$ 29,412,877	\$ 6,796,107	\$ 62,695,249
Excess (Deficiency) of Revenues Over Expenditures	\$ 203,676	\$ 7,247,819	\$ (75,362)	\$ 7,376,133
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 6,651	\$ 0	\$ 0	\$ 6,651
Total Other Financing Sources (Uses)	\$ 6,651	\$ 0	\$ 0	\$ 6,651
Net Change in Fund Balances	\$ 210,327	\$ 7,247,819	\$ (75,362)	\$ 7,382,784
Fund Balance, July 1, 2009	2,931,367	0	1,017,285	3,948,652
Fund Balance, June 30, 2010	\$ 3,141,694	\$ 7,247,819	\$ 941,923	\$ 11,331,436

Exhibit J-5

Hardin County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Hardin County School Department
For the Year Ended June 30, 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)		\$ 7,382,784
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 29,345,834	
Less: current year depreciation expense	<u>(1,092,411)</u>	28,253,423
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2010	\$ 748,013	
Less: deferred delinquent property taxes and other deferred June 30, 2009	<u>(580,048)</u>	167,965
(3) The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Add: principal payments on capital leases		21,571
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences payable	\$ (23,627)	
Change in other postemployment benefits liability	<u>(829,289)</u>	(852,916)
(5) Internal service funds are used by management to charge the costs of employee insurance benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities.		<u>(9,587)</u>
Change in net assets of governmental activities (Exhibit B)		<u><u>\$ 34,963,240</u></u>

Exhibit J-6

Hardin County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Hardin County School Department
June 30, 2010

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>School</u>	<u>Central</u>	<u>Nonmajor</u>
	<u>Federal</u>	<u>Cafeteria</u>	<u>Governmental</u>
	<u>Projects</u>		<u>Funds</u>
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 214,144	\$ 789,586	\$ 1,003,730
Accounts Receivable	0	199	199
Due from Other Governments	413,010	23,548	436,558
Total Assets	<u>\$ 627,154</u>	<u>\$ 813,333</u>	<u>\$ 1,440,487</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 55,209	\$ 12,098	\$ 67,307
Due to Other Funds	431,257	0	431,257
Total Liabilities	<u>\$ 486,466</u>	<u>\$ 12,098</u>	<u>\$ 498,564</u>
<u>Fund Balances</u>			
Reserved for Title I Grants to Local Education Agencies	\$ 86,494	\$ 0	\$ 86,494
Reserved for Innovative Education Program Strategies	149	0	149
Reserved for Special Education - Grants to States	24,264	0	24,264
Other Federal Reserves	29,781	0	29,781
Unreserved	0	801,235	801,235
Total Fund Balances	<u>\$ 140,688</u>	<u>\$ 801,235</u>	<u>\$ 941,923</u>
Total Liabilities and Fund Balances	<u>\$ 627,154</u>	<u>\$ 813,333</u>	<u>\$ 1,440,487</u>

Exhibit J-7

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

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 657,563	\$ 657,563
Other Local Revenues	0	17,151	17,151
Federal Government	4,586,435	1,459,596	6,046,031
Total Revenues	<u>\$ 4,586,435</u>	<u>\$ 2,134,310</u>	<u>\$ 6,720,745</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 3,426,951	\$ 0	\$ 3,426,951
Support Services	1,168,598	0	1,168,598
Operation of Non-Instructional Services	0	2,200,558	2,200,558
Total Expenditures	<u>\$ 4,595,549</u>	<u>\$ 2,200,558</u>	<u>\$ 6,796,107</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (9,114)</u>	<u>\$ (66,248)</u>	<u>\$ (75,362)</u>
Net Change in Fund Balances	\$ (9,114)	\$ (66,248)	\$ (75,362)
Fund Balance, July 1, 2009	<u>149,802</u>	<u>867,483</u>	<u>1,017,285</u>
Fund Balance, June 30, 2010	<u>\$ 140,688</u>	<u>\$ 801,235</u>	<u>\$ 941,923</u>

Exhibit J-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 9,519,369	\$ 9,480,687	\$ 9,480,687	\$ 38,682
Licenses and Permits	1,577	1,100	1,100	477
Charges for Current Services	45,874	15,100	25,100	20,774
Other Local Revenues	114,591	162,350	85,850	28,741
State of Tennessee	16,581,011	16,426,514	16,665,174	(84,163)
Federal Government	122,519	111,638	111,638	10,881
Other Governments and Citizens Groups	305,000	0	305,000	0
Total Revenues	<u>\$ 26,689,941</u>	<u>\$ 26,197,389</u>	<u>\$ 26,674,549</u>	<u>\$ 15,392</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 12,418,076	\$ 12,690,624	\$ 12,663,175	\$ 245,099
Alternative Instruction Program	194,743	205,547	207,147	12,404
Special Education Program	1,042,150	1,050,010	1,063,910	21,760
Vocational Education Program	955,987	987,916	987,916	31,929
Adult Education Program	45,326	72,093	61,093	15,767
<u>Support Services</u>				
Attendance	90,269	101,930	101,930	11,661
Health Services	199,058	252,336	206,336	7,278
Other Student Support	1,064,356	1,103,560	1,109,060	44,704
Regular Instruction Program	1,005,247	1,131,464	1,037,964	32,717
Alternative Instruction Program	69,961	72,089	72,089	2,128
Special Education Program	140,334	208,146	146,346	6,012
Vocational Education Program	99,288	105,435	105,935	6,647
Adult Programs	69,911	72,621	74,471	4,560
Other Programs	232,892	0	232,892	0
Board of Education	618,180	627,040	652,040	33,860
Director of Schools	229,372	247,305	232,305	2,933
Office of the Principal	1,507,057	1,433,822	1,592,798	85,741
Fiscal Services	163,826	171,095	173,045	9,219
Human Services/Personnel	53,938	0	55,750	1,812
Operation of Plant	1,909,294	2,015,256	1,925,556	16,262
Maintenance of Plant	417,995	347,677	446,778	28,783
Transportation	1,247,700	1,260,756	1,265,840	18,140
<u>Operation of Non-Instructional Services</u>				
Food Service	446,842	449,856	454,856	8,014
Early Childhood Education	533,072	510,912	510,912	(22,160)

(Continued)

Exhibit J-8

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Capital Outlay</u>				
Regular Capital Outlay	\$ 249,866	\$ 0	\$ 358,883	\$ 109,017
<u>Principal on Debt</u>				
Education	21,571	0	21,571	0
<u>Interest on Debt</u>				
Education	7,460	0	7,460	0
<u>Other Debt Service</u>				
Education	1,452,494	0	1,452,494	0
Total Expenditures	<u>\$ 26,486,265</u>	<u>\$ 25,117,490</u>	<u>\$ 27,220,552</u>	<u>\$ 734,287</u>
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 203,676	\$ 1,079,899	\$ (546,003)	\$ 749,679
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 405,000	\$ 100,000	\$ (100,000)
Insurance Recovery	6,651	100	6,600	51
Transfers Out	0	(1,485,000)	(32,529)	32,529
Total Other Financing Sources (Uses)	<u>\$ 6,651</u>	<u>\$ (1,079,900)</u>	<u>\$ 74,071</u>	<u>\$ (67,420)</u>
Net Change in Fund Balance	\$ 210,327	\$ (1)	\$ (471,932)	\$ 682,259
Fund Balance, July 1, 2009	<u>2,931,367</u>	<u>2,027,152</u>	<u>2,027,152</u>	<u>904,215</u>
Fund Balance, June 30, 2010	<u>\$ 3,141,694</u>	<u>\$ 2,027,151</u>	<u>\$ 1,555,220</u>	<u>\$ 1,586,474</u>

Exhibit J-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 4,586,435	\$ 0	\$ 4,586,435	\$ 5,688,861	\$ 5,688,870	\$ (1,102,435)
Total Revenues	\$ 4,586,435	\$ 0	\$ 4,586,435	\$ 5,688,861	\$ 5,688,870	\$ (1,102,435)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 2,106,940	\$ (5,659)	\$ 2,101,281	\$ 2,243,722	\$ 2,311,854	\$ 210,573
Special Education Program	1,250,787	0	1,250,787	1,518,211	1,518,220	267,433
Vocational Education Program	69,224	0	69,224	65,511	65,511	(3,713)
<u>Support Services</u>						
Other Student Support	61,952	0	61,952	568,698	485,348	423,396
Regular Instruction Program	725,059	(1,185)	723,874	864,137	869,845	145,971
Special Education Program	147,114	0	147,114	316,164	316,164	169,050
Vocational Education Program	1,493	0	1,493	1,500	1,500	7
Transportation	232,980	0	232,980	262,656	272,166	39,186
Total Expenditures	\$ 4,595,549	\$ (6,844)	\$ 4,588,705	\$ 5,840,599	\$ 5,840,608	\$ 1,251,903
Excess (Deficiency) of Revenues Over Expenditures	\$ (9,114)	\$ 6,844	\$ (2,270)	\$ (151,738)	\$ (151,738)	\$ 149,468
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 178,346	\$ 0	\$ 0
Transfers Out	0	0	0	(178,346)	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ (9,114)	\$ 6,844	\$ (2,270)	\$ (151,738)	\$ (151,738)	\$ 149,468
Fund Balance, July 1, 2009	149,802	(6,844)	142,958	151,738	151,738	(8,780)
Fund Balance, June 30, 2010	\$ 140,688	\$ 0	\$ 140,688	\$ 0	\$ 0	\$ 140,688

Exhibit J-10

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 657,563	\$ 732,000	\$ 732,000	\$ (74,437)
Other Local Revenues	17,151	12,000	12,000	5,151
Federal Government	1,459,596	1,242,000	1,357,837	101,759
Total Revenues	<u>\$ 2,134,310</u>	<u>\$ 1,986,000</u>	<u>\$ 2,101,837</u>	<u>\$ 32,473</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,200,558	\$ 2,318,231	\$ 2,434,068	\$ 233,510
Total Expenditures	<u>\$ 2,200,558</u>	<u>\$ 2,318,231</u>	<u>\$ 2,434,068</u>	<u>\$ 233,510</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (66,248)</u>	<u>\$ (332,231)</u>	<u>\$ (332,231)</u>	<u>\$ 265,983</u>
Net Change in Fund Balance	\$ (66,248)	\$ (332,231)	\$ (332,231)	\$ 265,983
Fund Balance, July 1, 2009	<u>867,483</u>	<u>851,315</u>	<u>851,315</u>	<u>16,168</u>
Fund Balance, June 30, 2010	<u><u>\$ 801,235</u></u>	<u><u>\$ 519,084</u></u>	<u><u>\$ 519,084</u></u>	<u><u>\$ 282,151</u></u>

Exhibit J-11

Hardin County, Tennessee
Statement of Net Assets
Discretely Presented Hardin County School Department
Proprietary Fund
June 30, 2010

	Governmental Activities - Internal Service
	<u>Employee Insurance</u>
<u>ASSETS</u>	
Current Assets:	
Due From Other Funds	\$ 1,813
Total Assets	<u>\$ 1,813</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 7,919
Cash Overdraft	5,708
Total Liabilities	<u>\$ 13,627</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ (11,814)</u>
Total Net Assets (Deficit)	<u><u>\$ (11,814)</u></u>

Exhibit J-12

Hardin County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Discretely Presented Hardin County School Department
Proprietary Fund
For the Year Ended June 30, 2010

	Governmental Activities - Internal Service
	<u>Employee Insurance</u>
<u>Operating Revenues</u>	
<u>Charges for Current Services</u>	
Self-Insurance Premiums/Contributions	\$ 237,316
Total Operating Revenues	<u>\$ 237,316</u>
<u>Operating Expenses</u>	
<u>Employee Benefits</u>	
Handling Charges and Administrative Costs	\$ 18,804
Medical Claims	228,099
Total Operating Expenses	<u>\$ 246,903</u>
Operating Income (Loss)	<u>\$ (9,587)</u>
Change in Net Assets	\$ (9,587)
Net Assets (Deficit), July 1, 2009	<u>(2,227)</u>
Net Assets (Deficit), June 30, 2010	<u><u>\$ (11,814)</u></u>

Exhibit J-13

Hardin County, Tennessee
Statement of Cash Flows
Discretely Presented Hardin County School Department
Proprietary Fund
For the Year Ended June 30, 2010

	Governmental Activities - Internal Service
	<u>Employee Insurance</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Self-Insurance Premiums	\$ 235,503
Payments to Fiscal Agents	(18,804)
Payments for Claims	(230,058)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (13,359)</u>
Increase (Decrease) in Cash	\$ (13,359)
Cash, July 1, 2009	<u>7,651</u>
Cash (Overdraft), June 30, 2010	<u><u>\$ (5,708)</u></u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (9,587)
Adjustments to Reconcile Net Operating Income	
to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) in Due from Other Funds	(1,813)
Increase in Accounts Payable	(1,959)
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (13,359)</u></u>
<u>Reconciliation of Cash with Statement of Net Assets</u>	
Cash Overdraft per Net Assets	<u>\$ (5,708)</u>
Cash (Overdraft), June 30, 2010	<u><u>\$ (5,708)</u></u>

MISCELLANEOUS SCHEDULES

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Buses, Series 2006	\$ 256,400	4.98	% 10-2-06	10-1-11	\$ 153,840	\$ 0	\$ 51,280	\$ 102,560
Fire Alarm System, Series 2007	44,000	4.3	6-15-07	6-15-10	14,666	0	14,666	0
Solid Waste Refuse Truck, Series 2008	115,500	3.89	9-12-08	9-12-11	115,500	0	115,500	0
Courthouse Renovations, Series 2009	735,000	3.5	5-20-09	5-20-14	735,000	0	147,000	588,000
Energy Efficiency Loan - Courthouse Renovations	27,650	0	6-11-09	7-31-16	27,650	0	0	27,650
Capital Outlay Note, Series 2009	305,000	3.46	9-1-09	9-1-14	0	305,000	0	305,000
Total Payable through General Debt Service Fund					\$ 1,046,656	\$ 305,000	\$ 328,446	\$ 1,023,210
Total Notes Payable					\$ 1,046,656	\$ 305,000	\$ 328,446	\$ 1,023,210
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Fund</u>								
Fire Trucks	427,788	4.75	6-6-03	6-6-13	\$ 195,202	\$ 0	\$ 45,458	\$ 149,744
Fire Trucks	429,882	4.75	11-21-05	11-21-15	298,648	0	40,782	257,866
Fire Trucks	495,000	5.38	7-31-07	7-31-17	419,505	0	42,583	376,922
2008 Ford Expedition	25,758	4.95	4-2-08	4-2-10	8,579	0	8,579	0
Telephone Equipment	42,087	7.92	11-17-08	1-1-12	35,679	0	13,392	22,287
Sheriff Department Vehicles, 2009	92,129	6.55	2-20-09	2-23-11	59,451	0	28,783	30,668
Total Payable through General Fund					\$ 1,017,064	\$ 0	\$ 179,577	\$ 837,487
Payable through Highway/Public Works Fund								
Backhoe	70,228	8.35	9-13-07	8-13-10	\$ 27,214	\$ 0	\$ 25,032	\$ 2,182
Total Capital Leases Payable					\$ 1,044,278	\$ 0	\$ 204,609	\$ 839,669

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-10
PRIMARY GOVERNMENT (CONT.)								
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
General Obligation Bonds, Series 2007	\$ 8,600,000	3.875 to 4.125 %	5-10-07	6-1-37	\$ 8,225,000	0 \$	195,000 \$	8,030,000
General Obligation Bonds, Series 2008	5,000,000	3.85	2-14-08	6-1-37	4,770,000	0	125,000	4,645,000
Total Payable through General Debt Service Fund					\$ 12,995,000	0 \$	320,000 \$	12,675,000
<u>Payable through Rural Debt Service Fund</u>								
School Refunding Bonds, Series 2002	9,865,000	2 to 3.75	12-17-02	6-1-11	\$ 2,060,000	0 \$	1,305,000 \$	755,000
G.O. BAB School Bonds, Series 2009	10,000,000	3.89	9-15-09	6-1-44	0	10,000,000	0	10,000,000
G.O. BAB School Bonds, Series 2009B	20,000,000	3.78	10-20-09	6-1-44	0	20,000,000	0	20,000,000
G.O. BAB School Bonds, Series 2010	6,000,000	2.84	3-25-10	6-1-26	0	6,000,000	0	6,000,000
Total Payable through Rural Debt Service Fund					\$ 2,060,000	\$ 36,000,000	\$ 1,305,000	\$ 36,755,000
Total Bonds Payable					\$ 15,055,000	\$ 36,000,000	\$ 1,625,000	\$ 49,430,000
DISCRETELY PRESENTED HARDIN COUNTY SCHOOL DEPARTMENT								
CAPITAL LEASES PAYABLE								
<u>Payable through General Purpose School Fund</u>								
2007 Dodge Ram 2500	24,362	5.3	1-10-07	2-10-12	\$ 13,178	\$ 0	5,497 \$	7,681
2008 Chevrolet Silverado 2500 4x4	25,895	11.4	7-25-08	6-25-12	20,285	0	6,010	14,275
2008 Chevrolet Impala LS	20,483	11.4	7-25-08	6-25-12	16,046	0	4,755	11,291
2008 Chevrolet Silverado with Modified Bed	24,726	17.9	9-26-08	8-26-12	20,606	0	5,309	15,297
Total Capital Leases Payable					\$ 70,115	\$ 0	\$ 21,571	\$ 48,544

Exhibit K-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 263,230	\$ 34,106	\$ 297,336
2012	263,230	24,292	287,522
2013	211,950	15,649	227,599
2014	211,950	8,364	220,314
2015	64,950	1,079	66,029
2016	3,950	0	3,950
2017	3,950	0	3,950
Total	\$ 1,023,210	\$ 83,490	\$ 1,106,700

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2011	\$ 182,722	\$ 40,888	\$ 223,610
2012	149,848	30,984	180,832
2013	149,285	23,644	172,929
2014	102,078	16,121	118,199
2015	107,382	10,817	118,199
2016	81,032	5,616	86,648
2017	62,004	2,108	64,112
2018	5,318	24	5,342
Total	\$ 839,669	\$ 130,202	\$ 969,871

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 1,245,000	\$ 2,459,679	\$ 3,704,679
2012	1,125,000	2,375,034	3,500,034
2013	1,165,000	2,348,186	3,513,186
2014	1,195,000	2,315,789	3,510,789
2015	1,230,000	2,278,611	3,508,611
2016	1,270,000	2,235,129	3,505,129
2017	1,310,000	2,188,179	3,498,179
2018	1,355,000	2,136,800	3,491,800
2019	1,405,000	2,081,108	3,486,108

(Continued)

Exhibit K-2

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

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Bonds (Cont.)		
	Principal	Interest	Total
2020	\$ 1,450,000	\$ 2,021,698	\$ 3,471,698
2021	1,500,000	1,958,585	3,458,585
2022	1,555,000	1,891,567	3,446,567
2023	1,615,000	1,821,838	3,436,838
2024	1,670,000	1,748,638	3,418,638
2025	1,730,000	1,671,517	3,401,517
2026	1,790,000	1,589,237	3,379,237
2027	1,450,000	1,502,073	2,952,073
2028	1,260,000	1,432,375	2,692,375
2029	1,300,000	1,369,415	2,669,415
2030	1,355,000	1,302,528	2,657,528
2031	1,410,000	1,231,980	2,641,980
2032	1,480,000	1,158,607	2,638,607
2033	1,540,000	1,079,247	2,619,247
2034	1,610,000	996,676	2,606,676
2035	1,670,000	910,308	2,580,308
2036	1,740,000	819,273	2,559,273
2037	1,815,000	724,363	2,539,363
2038	1,275,000	625,375	1,900,375
2039	1,335,000	547,125	1,882,125
2040	1,390,000	465,187	1,855,187
2041	1,450,000	379,875	1,829,875
2042	1,515,000	290,875	1,805,875
2043	1,575,000	197,875	1,772,875
2044	1,650,000	101,250	1,751,250
Total	\$ 49,430,000	\$ 48,256,002	\$ 97,686,002

DISCRETELY PRESENTED HARDIN
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2011	\$ 23,299	\$ 4,792	\$ 28,091
2012	23,849	1,892	25,741
2013	1,396	31	1,427
Total	\$ 48,544	\$ 6,715	\$ 55,259

Exhibit K-3

Hardin County, Tennessee
Schedule of Investments
Discretely Presented Hardin County School Department
For the Year Ended June 30, 2010

<u>Fund and Type</u>	<u>Amount</u>
<u>Education Capital Projects Fund</u>	
Federal Home Loan Mortgage Association Notes	\$ 506,659
Federal Home Loan Bank System	500,289
Norwalk, Connecticut, GO Refunding Bonds, Series 2010A	125,000
Utah State GO Bonds 2003A	575,000
Gulf Shores, Alabama, GO Wts 2004	120,232
Lynchburg, Virginia, GO Public Improvement Bonds Series 2009-A	501,165
Leander Texas Independent School District Refunding Bonds	501,925
Delaware State GO Bonds 2002A	500,000
Washington State Series A GO UT-Fixed	350,000
New York State GO Bonds 2000 D	400,772
Waxahachie Texas Independent School District GO School Building and Refunding Bonds 2000	552,490
DeKalb County Georgia Water and Sewer Revenue Bonds	<u>408,900</u>
Total Investments	<u>\$ 5,042,432</u>

Exhibit K-4

Hardin County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Other Capital Projects	Various projects	\$ 43,742
General	General Debt Service	Debt retirement	608,022
Highway/Public Works	General Debt Service	"	228,254
Other Capital Projects	General	Close fund	4,339
Total Transfers			<u>\$ 884,357</u>

Exhibit K-5

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and Chapter 113, Private Acts of 1929, as amended	\$ 72,498 (1)	\$ 50,000	CNA Surety Company
Highway Commissioner	Section 8-24-102, <u>TCA</u>	67,927	100,000	"
Director of Schools	State Board of Education and Hardin County Board of Education	87,117 (2)	100,000	Western Surety Company
Trustee	Section 8-24-102, <u>TCA</u>	61,750	877,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	61,750	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	61,750	50,000	CNA Surety Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	61,750	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	61,750 (3)	105,000	Western Surety Company
Register	Section 8-24-102, <u>TCA</u>	61,750	25,000	CNA Surety Company
Sheriff	Section 8-24-102, <u>TCA</u>	67,928	25,000	"
Employee Blanket Bonds:				
Office of County Mayor:				
Director of Accounts and Budget			10,000	Western Surety Company
All Other Employees			5,000	"
Office of Highway Commissioner			5,000	"
Office of Director of Schools			150,000	Tennessee Risk Management Trust

(1) Does not include a vehicle allowance of \$6,000. Includes \$1,177 for serving as secretary to the Highway Commission.

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

(3) Does not include special commissioner fees of \$4,460.

Exhibit K-6

Hardin 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	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 3,679,134	\$ 0	\$ 0	\$ 0	\$ 333,437	\$ 186,495	\$ 0	\$ 4,199,066
Trustee's Collections - Prior Year	183,175	0	0	0	16,546	9,311	0	209,032
Trustee's Collections - Bankruptcy	9	0	0	0	1	0	0	10
Circuit/Clerk & Master Collections - Prior Years	117,484	0	0	0	9,926	6,677	0	134,087
Interest and Penalty	94,182	0	0	0	7,812	5,415	0	107,409
Payments in-Lieu-of Taxes - T.V.A.	1,591	0	0	0	8,876	81	0	10,548
Payments in-Lieu-of Taxes - Local Utilities	966	0	0	0	88	49	0	1,103
Payments in-Lieu-of Taxes - Other	15,799	0	0	0	1,431	800	0	18,030
<u>County Local Option Taxes</u>								
Local Option Sales Tax	3,365	536,160	0	0	0	0	357,440	896,965
Hotel/Motel Tax	197,777	0	0	0	0	0	0	197,777
Wheel Tax	975,120	0	0	0	113,670	0	0	1,088,790
Litigation Tax - General	125,354	0	0	0	0	0	0	125,354
Litigation Tax - Jail, Workhouse, or Courthouse	32,698	0	0	0	0	0	0	32,698
Business Tax	108,534	0	0	0	0	0	0	108,534
Mineral Severance Tax	0	0	0	0	92,001	0	0	92,001
<u>Statutory Local Taxes</u>								
Bank Excise Tax	44,559	0	0	0	4,038	2,259	0	50,856
Wholesale Beer Tax	0	377,629	0	0	0	0	0	377,629
Interstate Telecommunications Tax	0	955	0	0	0	0	0	955
Total Local Taxes	\$ 5,579,747	\$ 914,744	\$ 0	\$ 0	\$ 587,826	\$ 211,087	\$ 357,440	\$ 7,650,844
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Marriage Licenses	\$ 1,439	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,439
Cable TV Franchise	87,984	0	0	0	0	0	0	87,984
<u>Permits</u>								
Beer Permits	5,296	0	0	0	0	0	0	5,296
Total Licenses and Permits	\$ 94,719	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 94,719

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Funds			Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service		
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Fines	\$ 9,703	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,703
Officers Costs	4,156	0	0	0	0	0	0	0	4,156
Drug Control Fines	0	0	92	0	0	0	0	0	92
Drug Court Fees	827	0	0	0	0	0	0	0	827
DUI Treatment Fines	855	0	0	0	0	0	0	0	855
Data Entry Fee - Circuit Court	378	0	0	0	0	0	0	0	378
<u>General Sessions Court</u>									
Fines	58,587	0	0	0	0	0	0	0	58,587
Fines for Littering	162	0	0	0	0	0	0	0	162
Officers Costs	69,112	0	0	0	0	0	0	0	69,112
Game and Fish Fines	2,530	0	0	0	0	0	0	0	2,530
Drug Control Fines	5,509	0	11,397	0	0	0	0	0	16,906
Drug Court Fees	9,072	0	0	0	0	0	0	0	9,072
Jail Fees	3,204	0	0	0	0	0	0	0	3,204
DUI Treatment Fines	10,137	0	0	0	0	0	0	0	10,137
Data Entry Fee - General Sessions Court	4,980	0	0	0	0	0	0	0	4,980
Courtroom Security Fee	521	0	0	0	0	0	0	0	521
<u>Chancery Court</u>									
Officers Costs	120	0	0	0	0	0	0	0	120
Data Entry Fee - Chancery Court	2,854	0	0	0	0	0	0	0	2,854
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	22,426	0	0	0	0	0	22,426
Other Fines, Forfeitures, and Penalties	950	0	0	0	0	0	0	0	950
Total Fines, Forfeitures, and Penalties	\$ 183,657	\$ 0	\$ 33,915	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 217,572
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Commercial and Industrial Waste Collection Charge	\$ 0	\$ 324,846	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 324,846
Other General Service Charges	2,408	944	0	0	0	0	0	0	3,352

(Continued)

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

	Special Revenue Funds					Debt Service Funds			Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service		
<u>Charges for Current Services (Cont.)</u>									
<u>Fees</u>									
Telephone Commissions	\$ 21,386	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	21,386
Constitutional Officers' Fees and Commissions	0	0	0	4,460	0	0	0	0	4,460
Data Processing Fee - Register	11,550	0	0	0	0	0	0	0	11,550
Data Processing Fee - Sheriff	6,944	0	0	0	0	0	0	0	6,944
Sexual Offender Registration Fees - Sheriff	700	0	0	0	0	0	0	0	700
Data Processing Fee - County Clerk	1,220	0	0	0	0	0	0	0	1,220
Total Charges for Current Services	\$ 44,208	\$ 325,790	\$ 0	\$ 4,460	\$ 0	\$ 0	\$ 0	\$ 0	\$ 374,458
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 268,906	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,371	\$ 303,277
Lease/Rentals	100,532	0	0	0	0	57,600	0	0	158,132
Sale of Maps	532	0	0	0	0	0	0	0	532
Sale of Recycled Materials	0	20,513	0	0	0	0	0	0	20,513
Miscellaneous Refunds	31,804	4,416	0	0	33,941	25	376,587	0	446,773
<u>Nonrecurring Items</u>									
Sale of Equipment	16,736	205	0	0	0	0	0	0	16,941
Damages Recovered from Individuals	1,346	0	0	0	0	0	0	0	1,346
Total Other Local Revenues	\$ 419,856	\$ 25,134	\$ 0	\$ 0	\$ 33,941	\$ 82,326	\$ 410,958	\$ 24,701	\$ 972,215
<u>Fees Received from County Officials</u>									
<u>Fees in-Lieu-of Salary</u>									
County Clerk	\$ 301,298	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 301,298
Circuit Court Clerk	45,627	0	0	0	0	0	0	0	45,627
General Sessions Court Clerk	262,076	0	0	0	0	0	0	0	262,076
Clerk and Master	106,377	0	0	0	0	0	0	0	106,377
Register	122,222	0	0	0	0	0	0	0	122,222
Sheriff	8,389	0	0	0	0	0	0	0	8,389

(Continued)

Exhibit K-6

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

	Special Revenue Funds				Debt Service Funds			Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	
<u>Fees Received from County Officials</u>								
Trustee	\$ 388,518	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 388,518
Total Fees Received from County Officials	\$ 388,518	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 388,518
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 9,575	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,575
Aging Programs	26,125	0	0	0	0	0	0	26,125
State Reappraisal Grant	12,601	0	0	0	0	0	0	12,601
Solid Waste Grants	0	18,269	0	0	0	0	0	18,269
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	11,400	0	1,850	0	0	0	0	13,250
<u>Public Works Grants</u>								
Bridge Program	0	0	0	0	5,960	0	0	5,960
State Aid Program	0	0	0	0	112,050	0	0	112,050
Litter Program	32,807	0	0	0	0	0	0	32,807
Other Public Works Grants	0	0	0	0	181,413	0	0	181,413
<u>Other State Revenues</u>								
Income Tax	105,756	0	0	0	0	0	0	105,756
Resort District Sales Tax	185,870	0	0	0	0	0	0	185,870
Beer Tax	17,778	0	0	0	0	0	0	17,778
Alcoholic Beverage Tax	52,197	0	0	0	0	0	0	52,197
Mixed Drink Tax	22,413	0	0	0	0	0	0	22,413
State Revenue Sharing - T.V.A.	392,855	0	0	0	26,873	19,914	0	439,642
Contracted Prisoner Boarding	351,995	0	0	0	0	0	0	351,995
Gasoline and Motor Fuel Tax	0	0	0	0	1,775,097	0	0	1,775,097
Petroleum Special Tax	0	0	0	0	36,851	0	0	36,851
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	16,380
Other State Grants	38,442	0	0	0	0	0	0	38,442
Other State Revenues	108,735	0	0	0	0	0	0	108,735
Total State of Tennessee	\$ 1,384,929	\$ 18,269	\$ 1,850	\$ 0	\$ 2,138,244	\$ 19,914	\$ 0	\$ 3,563,206

(Continued)

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

	Special Revenue Funds					Debt Service Funds			Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service		
<u>Federal Government</u>									
<u>Federal Through State</u>									
Disaster Relief	\$ 162,983	\$ 0	\$ 0	\$ 0	\$ 36,046	\$ 0	\$ 0	\$ 0	\$ 199,029
Homeland Security Grants	164,509	0	0	0	0	0	0	0	164,509
Law Enforcement Grants	10,422	0	0	0	0	0	0	0	10,422
ARRA Grant No. 1	32,887	0	0	0	0	0	0	0	32,887
ARRA Grant No. 2	12,342	0	0	0	0	0	0	0	12,342
Other Federal through State	9,526	0	0	0	0	0	0	0	9,526
Total Federal Government	\$ 392,669	\$ 0	\$ 0	\$ 0	\$ 36,046	\$ 0	\$ 0	\$ 0	\$ 428,715
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Prisoner Board	\$ 88,413	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 88,413
Contributions	1,000	0	0	0	0	335,481	1,389,408	0	1,725,889
Contracted Services	76,963	4,787	0	0	0	0	0	0	81,750
<u>Citizens Groups</u>									
Donations	4,246	0	0	0	0	0	0	0	4,246
Other	24,168	0	0	0	0	0	0	0	24,168
Total Other Governments and Citizens Groups	\$ 194,790	\$ 4,787	\$ 0	\$ 0	\$ 0	\$ 335,481	\$ 1,389,408	\$ 1,924,466	
Total	\$ 9,529,082	\$ 1,288,724	\$ 35,765	\$ 4,460	\$ 2,796,057	\$ 648,808	\$ 2,157,806	\$ 16,460,702	

Exhibit K-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 5,238,956	\$ 0	\$ 0	\$ 0	\$ 5,238,956
Trustee's Collections - Prior Year	260,909	0	0	0	260,909
Trustee's Collections - Bankruptcy	12	0	0	0	12
Circuit/Clerk & Master Collections - Prior Years	167,292	0	0	0	167,292
Interest and Penalty	131,571	0	0	0	131,571
Payments in-Lieu-of Taxes - T.V.A.	2,266	0	0	0	2,266
Payments in-Lieu-of Taxes - Local Utilities	1,375	0	0	0	1,375
Payments in-Lieu-of Taxes - Other	22,485	0	0	0	22,485
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,631,053	0	0	0	3,631,053
<u>Statutory Local Taxes</u>					
Bank Excise Tax	63,450	0	0	0	63,450
Total Local Taxes	\$ 9,519,369	\$ 0	\$ 0	\$ 0	\$ 9,519,369
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,577	\$ 0	\$ 0	\$ 0	\$ 1,577
Total Licenses and Permits	\$ 1,577	\$ 0	\$ 0	\$ 0	\$ 1,577
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 203,604	\$ 0	\$ 203,604
Lunch Payments - Adults	0	0	81,647	0	81,647
Income from Breakfast	0	0	28,492	0	28,492
A la carte Sales	0	0	343,820	0	343,820
Receipts from Individual Schools	43,852	0	0	0	43,852
<u>Other Charges for Services</u>					
Other Charges for Services	2,022	0	0	0	2,022
Total Charges for Current Services	\$ 45,874	\$ 0	\$ 657,563	\$ 0	\$ 703,437
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 11,272	\$ (30,309)	\$ (19,037)
Lease/Rentals	2,006	0	0	0	2,006
Miscellaneous Refunds	4,625	0	5,879	0	10,504
<u>Nonrecurring Items</u>					
Sale of Equipment	1,121	0	0	0	1,121
Damages Recovered from Individuals	1,414	0	0	0	1,414
Contributions and Gifts	1,050	0	0	0	1,050
<u>Other Local Revenues</u>					
Other Local Revenues	104,375	0	0	0	104,375
Total Other Local Revenues	\$ 114,591	\$ 0	\$ 17,151	\$ (30,309)	\$ 101,433
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 232,892	\$ 0	\$ 0	\$ 0	\$ 232,892
<u>State Education Funds</u>					
Basic Education Program	14,181,636	0	0	0	14,181,636

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Basic Education Program - ARRA	\$ 686,200	\$ 0	\$ 0	\$ 0	\$ 686,200
Early Childhood Education	535,546	0	0	0	535,546
School Food Service	20,616	0	0	0	20,616
Driver Education	12,214	0	0	0	12,214
Other State Education Funds	2,553	0	0	0	2,553
Coordinated School Health - ARRA	100,000	0	0	0	100,000
Internet Connectivity - ARRA	10,728	0	0	0	10,728
Statewide Student Management System (SSMS) - ARRA	9,270	0	0	0	9,270
Career Ladder Program	209,067	0	0	0	209,067
Career Ladder - Extended Contract - ARRA	1,141	0	0	0	1,141
<u>Other State Revenues</u>					
Mixed Drink Tax	19,637	0	0	0	19,637
State Revenue Sharing - T.V.A.	559,411	0	0	0	559,411
Other State Revenues	100	0	0	0	100
Total State of Tennessee	\$ 16,581,011	\$ 0	\$ 0	\$ 0	\$ 16,581,011
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 936,958	\$ 0	\$ 936,958
USDA - Commodities	0	0	115,837	0	115,837
Breakfast	0	0	370,985	0	370,985
USDA - Other	0	0	15,316	0	15,316
USDA Food Service Equipment Grant - ARRA	0	0	20,500	0	20,500
Adult Education State Grant Program	87,205	0	0	0	87,205
Vocational Education - Basic Grants to States	0	95,238	0	0	95,238
Title I Grants to Local Education Agencies	0	2,273,728	0	0	2,273,728
Special Education - Grants to States	9,714	1,567,441	0	0	1,577,155
Safe and Drug-free Schools - State Grants	0	18,380	0	0	18,380
Rural Education	0	59,343	0	0	59,343
Eisenhower Professional Development State Grants	0	242,878	0	0	242,878
Job Training Partnership Act	25,000	0	0	0	25,000
Other Federal through State	600	329,427	0	599,231	929,258
Total Federal Government	\$ 122,519	\$ 4,586,435	\$ 1,459,596	\$ 599,231	\$ 6,767,781
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 305,000	\$ 0	\$ 0	\$ 36,091,774	\$ 36,396,774
Total Other Governments and Citizens Groups	\$ 305,000	\$ 0	\$ 0	\$ 36,091,774	\$ 36,396,774
Total	\$ 26,689,941	\$ 4,586,435	\$ 2,134,310	\$ 36,660,696	\$ 70,071,382

Exhibit K-8

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

General Fund

General Government

County Commission

Clerical Personnel	\$	6,692	
Board and Committee Members Fees		34,950	
Audit Services		7,673	
Dues and Memberships		1,700	
Operating Lease Payments		3,634	
Legal Services		900	
Travel		5,292	
Other Charges		<u>1,223</u>	
Total County Commission			\$ 62,064

Board of Equalization

Board and Committee Members Fees	\$	<u>780</u>	
Total Board of Equalization			780

Beer Board

Board and Committee Members Fees	\$	2,850	
Office Supplies		<u>369</u>	
Total Beer Board			3,219

Other Boards and Committees

Board and Committee Members Fees	\$	<u>750</u>	
Total Other Boards and Committees			750

County Mayor/Executive

County Official/Administrative Officer	\$	71,321	
Secretary(ies)		24,250	
Clerical Personnel		12,183	
Educational Incentive - Other County Employees		9,000	
Other Fringe Benefits		6,000	
Communication		2,654	
Postal Charges		4,491	
Travel		4,455	
Office Supplies		3,785	
Office Equipment		<u>3,788</u>	
Total County Mayor/Executive			141,927

County Attorney

Legal Services	\$	<u>10,004</u>	
Total County Attorney			10,004

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	55,575	
Deputy(ies)		16,761	
Part-time Personnel		1,778	
Board and Committee Members Fees		4,795	
Election Workers		10,550	
In-Service Training		906	
Communication		966	
Data Processing Services		15,054	
Legal Notices, Recording, and Court Costs		550	
Postal Charges		3,169	
Printing, Stationery, and Forms		15,473	
Travel		2,511	
Office Supplies		2,985	
Office Equipment		500	
Total Election Commission			\$ 131,573

Register of Deeds

County Official/Administrative Officer	\$	61,750	
Deputy(ies)		44,527	
Communication		2,095	
Contracts with Private Agencies		1,238	
Data Processing Services		11,377	
Travel		892	
Other Contracted Services		3,941	
Office Supplies		8,656	
Office Equipment		1,780	
Total Register of Deeds			136,256

County Buildings

Custodial Personnel	\$	85,198	
Communication		894	
Maintenance and Repair Services - Buildings		27,684	
Maintenance and Repair Services - Equipment		3,397	
Pest Control		1,708	
Custodial Supplies		8,701	
Food Supplies		3,716	
Gasoline		3,566	
Small Tools		582	
Utilities		69,149	
Other Supplies and Materials		1,633	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Building and Contents Insurance	\$	1,975	
Liability Insurance		195,645	
Premiums on Corporate Surety Bonds		7,096	
Other Charges		24,953	
Building Improvements		55,065	
Total County Buildings			\$ 490,962

Finance

Accounting and Budgeting

Accountants/Bookkeepers	\$	46,249	
Clerical Personnel		24,370	
Part-time Personnel		12,948	
In-Service Training		1,150	
Communication		1,000	
Data Processing Services		7,675	
Printing, Stationery, and Forms		979	
Travel		987	
Office Supplies		3,600	
Office Equipment		196	
Total Accounting and Budgeting			99,154

Property Assessor's Office

County Official/Administrative Officer	\$	61,750	
Secretary(ies)		22,623	
Clerical Personnel		57,089	
Other Salaries and Wages		6,640	
In-Service Training		454	
Communication		1,266	
Contracts with Government Agencies		1,901	
Contracts with Private Agencies		16,155	
Data Processing Services		6,944	
Postal Charges		1,760	
Travel		2,217	
Office Supplies		6,227	
Total Property Assessor's Office			185,026

Reappraisal Program

Other Salaries and Wages	\$	13,996	
Data Processing Services		4,384	
Postal Charges		1,052	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Travel	\$	4,212	
Office Supplies		2,035	
Total Reappraisal Program			\$ 25,679

County Trustee's Office

County Official/Administrative Officer	\$	61,750	
Deputy(ies)		23,208	
Part-time Personnel		15,150	
Other Salaries and Wages		23,268	
Communication		1,943	
Data Processing Services		13,744	
Dues and Memberships		1,226	
Postal Charges		6,986	
Travel		577	
Office Supplies		2,454	
Total County Trustee's Office			150,306

County Clerk's Office

County Official/Administrative Officer	\$	61,750	
Deputy(ies)		43,941	
Clerical Personnel		38,954	
Part-time Personnel		33,160	
Educational Incentive - Other County Employees		1,125	
Communication		2,469	
Data Processing Services		15,705	
Postal Charges		6,916	
Travel		1,345	
Office Supplies		6,460	
Office Equipment		500	
Total County Clerk's Office			212,325

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	61,750	
Deputy(ies)		117,583	
Clerical Personnel		24,250	
Part-time Personnel		15,437	
Jury and Witness Expense		12,787	
Communication		2,432	
Data Processing Services		7,995	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Postal Charges	\$	3,666	
Travel		802	
Office Supplies		15,317	
Other Charges		1,193	
Data Processing Equipment		1,504	
Total Circuit Court			\$ 264,716

General Sessions Court

Judge(s)	\$	104,489	
Secretary(ies)		22,707	
Communication		924	
Travel		2,119	
Other Contracted Services		671	
Office Supplies		1,189	
Total General Sessions Court			132,099

Chancery Court

County Official/Administrative Officer	\$	61,750	
Deputy(ies)		22,707	
Educational Incentive - Other County Employees		1,125	
Other Salaries and Wages		17,300	
Communication		586	
Postal Charges		400	
Travel		1,259	
Office Supplies		5,954	
Total Chancery Court			111,081

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	67,928	
Assistant(s)		24,766	
Deputy(ies)		703,202	
Salary Supplements		11,400	
Secretary(ies)		26,225	
In-Service Training		4,489	
Communication		8,996	
Data Processing Services		6,886	
Dues and Memberships		2,000	
Maintenance and Repair Services - Equipment		2,000	
Maintenance and Repair Services - Vehicles		59,724	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Travel	\$	2,048	
Other Contracted Services		34,989	
Gasoline		92,220	
Law Enforcement Supplies		2,434	
Office Supplies		8,647	
Uniforms		10,037	
Utilities		1,373	
Other Supplies and Materials		4,653	
Communication Equipment		2,000	
Law Enforcement Equipment		3,000	
Motor Vehicles		14,670	
Other Equipment		10,422	
Total Sheriff's Department			\$ 1,104,109

Traffic Control

Deputy(ies)	\$	31,996	
Other Fringe Benefits		13,192	
Travel		699	
Total Traffic Control			45,887

Administration of the Sexual Offender Registry

Office Supplies	\$	300	
Total Administration of the Sexual Offender Registry			300

Jail

Guards	\$	697,150	
Attendants		1,000	
In-Service Training		3,443	
Communication		8,581	
Legal Services		1,420	
Maintenance and Repair Services - Buildings		36,035	
Medical and Dental Services		142,655	
Other Contracted Services		62,505	
Custodial Supplies		19,284	
Food Preparation Supplies		8,279	
Food Supplies		170,127	
Office Supplies		5,808	
Prisoners Clothing		3,776	
Uniforms		5,988	
Utilities		142,309	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Other Supplies and Materials	\$	22,529	
Building Improvements		<u>6,055</u>	
Total Jail			\$ 1,336,944

Juvenile Services

Youth Service Officer(s)	\$	41,149	
Educational Assistants		27,319	
Other Salaries and Wages		21,757	
In-Service Training		1,849	
Communication		1,847	
Data Processing Services		1,650	
Transportation - Other than Students		1,501	
Travel		500	
Office Supplies		3,113	
Data Processing Equipment		<u>1,500</u>	
Total Juvenile Services			102,185

Fire Prevention and Control

Captain(s)	\$	39,959	
Mechanic(s)		74,570	
Part-time Personnel		20,451	
Other Salaries and Wages		4,137	
In-Service Training		6,000	
Communication		5,204	
Maintenance and Repair Services - Equipment		9,506	
Maintenance and Repair Services - Vehicles		47,726	
Travel		1,978	
Remittance of Revenue Collected		13,114	
Drugs and Medical Supplies		866	
Gasoline		32,144	
Instructional Supplies and Materials		2,538	
Office Supplies		5,000	
Uniforms		2,971	
Utilities		46,956	
Other Supplies and Materials		1,998	
Other Charges		43,899	
Building Improvements		1,583	
Motor Vehicles		92,500	
Site Development		5,000	
Other Equipment		42,463	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Other Capital Outlay	\$ 40,865	
Total Fire Prevention and Control		\$ 541,428

Civil Defense

Assistant(s)	\$ 24,873	
Supervisor/Director	6,290	
Clerical Personnel	10,637	
Part-time Personnel	7,073	
Other Salaries and Wages	2,192	
Communication	1,201	
Maintenance and Repair Services - Equipment	1,000	
Maintenance and Repair Services - Vehicles	1,000	
Travel	287	
Equipment and Machinery Parts	3,000	
Gasoline	1,000	
Office Supplies	3,300	
Other Supplies and Materials	2,358	
Other Charges	18,531	
Other Equipment	60,000	
Other Capital Outlay	11,796	
Total Civil Defense		154,538

Disaster Relief

Other Charges	\$ 36,072	
Total Disaster Relief		36,072

Other Public Safety

Supervisor/Director	\$ 3,184	
Contracts with Government Agencies	238,403	
Other Equipment	1,445	
Total Other Public Safety		243,032

Public Health and Welfare

Local Health Center

Medical Personnel	\$ 58,013	
Other Salaries and Wages	3,326	
Communication	2,965	
Contracts with Government Agencies	34,000	
Janitorial Services	5,700	
Maintenance and Repair Services - Buildings	3,285	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Postal Charges	\$	176	
Travel		5,473	
Custodial Supplies		983	
Drugs and Medical Supplies		2,285	
Office Supplies		3,201	
Utilities		8,324	
Other Supplies and Materials		5,049	
Total Local Health Center			\$ 132,780

Rabies and Animal Control

Part-time Personnel	\$	216	
Contracts with Government Agencies		274	
Office Supplies		375	
Other Supplies and Materials		520	
Other Charges		1,753	
Other Equipment		1,536	
Total Rabies and Animal Control			4,674

Ambulance/Emergency Medical Services

Contracts with Private Agencies	\$	100,000	
Utilities		1,000	
Motor Vehicles		168,875	
Total Ambulance/Emergency Medical Services			269,875

Alcohol and Drug Programs

Contributions	\$	22,500	
Total Alcohol and Drug Programs			22,500

Crippled Children Services

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

General Welfare Assistance

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

Other Local Welfare Services

Supervisor/Director	\$	7,309	
Social Security		453	
Unemployment Compensation		132	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Welfare Services (Cont.)

Employer Medicare	\$ 106	
Total Other Local Welfare Services		\$ 8,000

Sanitation Education/Information

Foremen	\$ 29,968	
Other Salaries and Wages	25,777	
Gasoline	2,600	
Instructional Supplies and Materials	6,612	
Other Supplies and Materials	7,699	
Total Sanitation Education/Information		72,656

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Supervisor/Director	\$ 23,688	
Custodial Personnel	5,075	
Part-time Personnel	6,759	
Other Salaries and Wages	10,650	
Communication	1,208	
Maintenance and Repair Services - Buildings	437	
Maintenance and Repair Services - Vehicles	562	
Postal Charges	88	
Travel	999	
Office Supplies	1,060	
Utilities	3,226	
Other Supplies and Materials	655	
Vehicle and Equipment Insurance	910	
Furniture and Fixtures	500	
Office Equipment	1,500	
Total Senior Citizens Assistance		57,317

Libraries

Assistant(s)	\$ 21,874	
Supervisor/Director	30,469	
Custodial Personnel	5,583	
Part-time Personnel	9,592	
Other Salaries and Wages	62,267	
Communication	3,690	
Maintenance and Repair Services - Buildings	1,991	
Travel	1,599	
Custodial Supplies	1,150	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Office Supplies	\$	16,598	
Utilities		29,156	
Total Libraries			\$ 183,969

Other Social, Cultural, and Recreational

Contributions	\$	20,000	
Total Other Social, Cultural, and Recreational			20,000

Agriculture and Natural Resources

Agriculture Extension Service

County Official/Administrative Officer	\$	16,827	
Assistant(s)		9,503	
Deputy(ies)		10,079	
Secretary(ies)		8,874	
Social Security		2,480	
Extension Service Medicare		138	
Other Fringe Benefits		4,220	
Office Supplies		5,000	
Total Agriculture Extension Service			57,121

Forest Service

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

Soil Conservation

Contributions	\$	23,823	
Total Soil Conservation			23,823

Flood Control

Other Salaries and Wages	\$	269	
Contributions		33,000	
Office Supplies		1,985	
Total Flood Control			35,254

Other Agriculture and Natural Resources

Part-time Personnel	\$	2,828	
Food Preparation Supplies		59	
Utilities		921	
Total Other Agriculture and Natural Resources			3,808

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations

Tourism

Contributions	\$ 187,888	
Total Tourism		\$ 187,888

Tourism-Resort District

Contributions	\$ 108,057	
Total Tourism-Resort District		108,057

Industrial Development

Contracts with Government Agencies	\$ 55,000	
Dues and Memberships	13,302	
Other Charges	1,959	
Total Industrial Development		70,261

Other Economic and Community Development

Other Contracted Services	\$ 578	
Other Charges	14,031	
Total Other Economic and Community Development		14,609

Airport

Contributions	\$ 22,500	
Total Airport		22,500

Veterans' Services

Supervisor/Director	\$ 23,811	
Secretary(ies)	16,049	
Communication	884	
Travel	1,500	
Office Supplies	2,042	
Office Equipment	1,500	
Total Veterans' Services		45,786

Other Charges

Trustee's Commission	\$ 110,241	
Workers' Compensation Insurance	118,063	
Other Self-Insured Claims	10,641	
Total Other Charges		238,945

Contributions to Other Agencies

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

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Social Security	\$	219,851	
State Retirement		285,470	
Life Insurance		12,321	
Medical Insurance		659,674	
Dental Insurance		23,535	
Unemployment Compensation		19,978	
Employer Medicare		51,557	
Total Employee Benefits			\$ 1,272,386

ARRA Grant No. 1

Deputy(ies)	\$	19,470	
In-Service Training		2,000	
Other Fringe Benefits		9,749	
Uniforms		420	
Law Enforcement Equipment		1,248	
Total ARRA Grant No. 1			32,887

ARRA Grant No. 2

Other Equipment	\$	12,342	
Total ARRA Grant No. 2			12,342

Miscellaneous

Legal Services	\$	974	
Medical and Dental Services		272	
Other Charges		5,295	
Total Miscellaneous			6,541

Principal on Debt

General Government

Principal on Capital Leases	\$	179,577	
Total General Government			179,577

Interest on Debt

General Government

Interest on Capital Leases	\$	50,593	
Total General Government			50,593

Total General Fund \$ 8,878,170

(Continued)

Exhibit K-8

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	46,249	
Secretary(ies)		12,183	
Communication		2,069	
Maintenance and Repair Services - Equipment		987	
Travel		1,745	
Office Supplies		2,526	
Total Sanitation Management			\$ 65,759

Waste Pickup

Mechanic(s)	\$	31,825	
Truck Drivers		143,742	
Maintenance and Repair Services - Equipment		55,623	
Gasoline		100,634	
Small Tools		1,329	
Tires and Tubes		23,677	
Other Supplies and Materials		2,478	
Solid Waste Equipment		10,423	
Total Waste Pickup			369,731

Convenience Centers

Laborers	\$	227,574	
Advertising		160	
Communication		5,368	
Rentals		2,100	
Utilities		17,004	
Other Supplies and Materials		22,027	
Other Charges		1,617	
Total Convenience Centers			275,850

Landfill Operation and Maintenance

Disposal Fees	\$	352,102	
Other Contracted Services		9,575	
Other Charges		88	
Total Landfill Operation and Maintenance			361,765

Other Operations

Other Charges

Trustee's Commission	\$	12,462	
Workers' Compensation Insurance		44,520	
Total Other Charges			56,982

(Continued)

Exhibit K-8

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Social Security	\$	28,018	
State Retirement		20,342	
Life Insurance		904	
Medical Insurance		49,587	
Dental Insurance		1,687	
Unemployment Compensation		3,732	
Employer Medicare		6,693	
Total Employee Benefits			\$ 110,963

Total Solid Waste/Sanitation Fund \$ 1,241,050

Drug Control Fund

Public Safety

Drug Enforcement

Investigator(s)	\$	29,577	
Salary Supplements		1,850	
Office Supplies		565	
Law Enforcement Equipment		2,009	
Total Drug Enforcement			\$ 34,001

Other Operations

Other Charges

Workers' Compensation Insurance	\$	1,382	
Total Other Charges			1,382

Employee Benefits

Social Security	\$	1,948	
State Retirement		2,664	
Life Insurance		140	
Medical Insurance		6,304	
Dental Insurance		248	
Unemployment Compensation		208	
Employer Medicare		456	
Total Employee Benefits			11,968

Total Drug Control Fund 47,351

(Continued)

Exhibit K-8

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

Constitutional Officers - Fees Fund

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 4,460	
Total Chancery Court		\$ 4,460

Total Constitutional Officers - Fees Fund \$ 4,460

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 67,927	
Assistant(s)	46,696	
Secretary to Board	1,177	
Accountants/Bookkeepers	68,533	
Board and Committee Members Fees	4,707	
Communication	19,568	
Data Processing Services	8,195	
Dues and Memberships	3,554	
Legal Notices, Recording, and Court Costs	350	
Maintenance Agreements	539	
Postal Charges	747	
Printing, Stationery, and Forms	1,314	
Travel	2,311	
Electricity	7,053	
Food Preparation Supplies	2,384	
Natural Gas	2,550	
Office Supplies	2,340	
Water and Sewer	865	
Other Charges	1,079	
Total Administration		\$ 241,889

Highway and Bridge Maintenance

Laborers	\$ 624,907
Clerical Personnel	2,426
Engineering Services	1,052
Other Contracted Services	395,454
Asphalt	19,886
Asphalt - Cold Mix	14,883
Asphalt - Hot Mix	517,299
Concrete	246
Crushed Stone	218,793
Office Supplies	551

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Pipe	\$	16,561	
Road Signs		12,313	
Wood Products		337	
Gravel and Chert		4,155	
Other Supplies and Materials		251,553	
Other Charges		1,211	
Total Highway and Bridge Maintenance			\$ 2,081,627

Operation and Maintenance of Equipment

Mechanic(s)	\$	31,637	
Laborers		21,789	
Maintenance Personnel		31,719	
Maintenance and Repair Services - Equipment		37,711	
Maintenance and Repair Services - Vehicles		10,344	
Diesel Fuel		76,355	
Equipment and Machinery Parts		36,637	
Garage Supplies		5,820	
Gasoline		34,374	
Lubricants		5,611	
Propane Gas		930	
Small Tools		1,436	
Tires and Tubes		25,057	
Other Supplies and Materials		927	
Total Operation and Maintenance of Equipment			320,347

Other Charges

Liability Insurance	\$	24,558	
Trustee's Commission		27,849	
Workers' Compensation Insurance		120,285	
Total Other Charges			172,692

Employee Benefits

Social Security	\$	68,903	
State Retirement		72,892	
Life Insurance		3,539	
Medical Insurance		191,597	
Dental Insurance		8,672	
Unemployment Compensation		11,514	
Total Employee Benefits			357,117

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Maintenance and Repair Services - Buildings	\$	812	
State Aid Projects		115,043	
Total Capital Outlay			\$ 115,855

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	25,032	
Total Highways and Streets			25,032

Interest on Debt

Highways and Streets

Interest on Capital Leases	\$	1,329	
Total Highways and Streets			1,329

Total Highway/Public Works Fund \$ 3,315,888

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	205,000	
Principal on Notes		277,166	
Principal on Other Loans		217,000	
Total General Government			\$ 699,166

Highways and Streets

Principal on Bonds	\$	115,000	
Total Highways and Streets			115,000

Education

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

Interest on Debt

General Government

Interest on Bonds	\$	403,022	
Interest on Notes		30,820	
Interest on Other Loans		25,255	
Total General Government			459,097

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

Highways and Streets

Interest on Bonds	\$ 113,254	
Total Highways and Streets		\$ 113,254

Education

Interest on Notes	\$ 11,782	
Total Education		11,782

Other Debt Service

General Government

Trustee's Commission	\$ 4,918	
Other Debt Service	31,238	
Total General Government		<u>36,156</u>

Total General Debt Service Fund		\$ 1,485,735
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Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 1,305,000	
Total Education		\$ 1,305,000

Interest on Debt

Education

Interest on Bonds	\$ 1,149,949	
Total Education		1,149,949

Other Debt Service

Education

Trustee's Commission	\$ 3,533	
Other Debt Service	488	
Total Education		<u>4,021</u>

Total Rural Debt Service Fund		2,458,970
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Education Capital Projects Fund

Capital Projects

Education Capital Projects

Contributions	\$ 305,000	
Total Education Capital Projects		<u>\$ 305,000</u>

Total Education Capital Projects Fund		305,000
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(Continued)

Exhibit K-8

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

<u>General Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Contributions	\$	<u>36,091,774</u>	
Total Education Capital Projects			\$ <u>36,091,774</u>
Total General Capital Projects Fund			\$ 36,091,774
<u>Other Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Other General Government Projects</u>			
Architects	\$	7,178	
Building Improvements		<u>715,490</u>	
Total Other General Government Projects			\$ <u>722,668</u>
Total Other Capital Projects Fund			<u>722,668</u>
Total Governmental Funds - Primary Government			<u>\$ 54,551,066</u>

Exhibit K-9

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$	8,117,741	
Career Ladder Program		145,951	
Career Ladder Extended Contracts		71,710	
Educational Assistants		224,351	
Other Salaries and Wages		21,120	
Certified Substitute Teachers		194,727	
Social Security		516,522	
State Retirement		553,518	
Medical Insurance		1,427,017	
Dental Insurance		65,881	
Unemployment Compensation		10,228	
Employer Medicare		121,060	
Maintenance and Repair Services - Equipment		5,738	
Instructional Supplies and Materials		24,775	
Textbooks		341,636	
Other Supplies and Materials		106,981	
Regular Instruction Equipment		469,120	
Total Regular Instruction Program			\$ 12,418,076

Alternative Instruction Program

Teachers	\$	52,034	
Homebound Teachers		87,729	
Educational Assistants		8,823	
Certified Substitute Teachers		884	
Social Security		6,217	
State Retirement		9,699	
Medical Insurance		25,663	
Dental Insurance		1,214	
Unemployment Compensation		130	
Employer Medicare		1,454	
Other Supplies and Materials		896	
Total Alternative Instruction Program			194,743

Special Education Program

Teachers	\$	704,112
Career Ladder Program		17,410
Homebound Teachers		49,605
Educational Assistants		14,319
Certified Substitute Teachers		9,203

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Social Security	\$	47,672	
State Retirement		50,731	
Medical Insurance		121,019	
Dental Insurance		6,224	
Unemployment Compensation		795	
Employer Medicare		11,148	
Maintenance and Repair Services - Equipment		216	
Instructional Supplies and Materials		168	
Other Supplies and Materials		9,528	
Total Special Education Program			\$ 1,042,150

Vocational Education Program

Teachers	\$	693,814	
Career Ladder Program		6,995	
Certified Substitute Teachers		8,250	
Social Security		39,809	
State Retirement		43,410	
Medical Insurance		120,063	
Dental Insurance		5,161	
Unemployment Compensation		653	
Employer Medicare		9,667	
Instructional Supplies and Materials		508	
Other Supplies and Materials		27,657	
Total Vocational Education Program			955,987

Adult Education Program

Teachers	\$	3,708	
Other Salaries and Wages		36,576	
Social Security		2,393	
State Retirement		260	
Unemployment Compensation		85	
Employer Medicare		584	
Instructional Supplies and Materials		1,459	
Other Supplies and Materials		261	
Total Adult Education Program			45,326

Support Services

Attendance

Supervisor/Director	\$	30,878	
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(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Career Ladder Program	\$	3,000	
Clerical Personnel		25,516	
Social Security		3,635	
State Retirement		4,479	
Medical Insurance		16,441	
Dental Insurance		911	
Unemployment Compensation		98	
Employer Medicare		850	
Travel		2,773	
Other Supplies and Materials		778	
In Service/Staff Development		910	
Total Attendance			\$ 90,269

Health Services

Medical Personnel	\$	137,177	
Social Security		7,784	
State Retirement		11,191	
Medical Insurance		25,207	
Dental Insurance		1,467	
Unemployment Compensation		218	
Employer Medicare		1,821	
Travel		1,954	
Drugs and Medical Supplies		10,732	
Other Supplies and Materials		1,308	
In Service/Staff Development		199	
Total Health Services			199,058

Other Student Support

Career Ladder Program	\$	5,000	
Guidance Personnel		533,096	
Social Workers		30,479	
Attendants		58,894	
Other Salaries and Wages		91,063	
Social Security		40,848	
State Retirement		46,539	
Medical Insurance		120,517	
Dental Insurance		5,768	
Unemployment Compensation		857	
Employer Medicare		9,949	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Communication	\$	7,440	
Contracts with Government Agencies		42,750	
Evaluation and Testing		16,023	
Travel		7,986	
Other Contracted Services		22,945	
Other Supplies and Materials		21,515	
In Service/Staff Development		2,379	
Other Charges		308	
		<u>308</u>	
Total Other Student Support	\$		1,064,356

Regular Instruction Program

Supervisor/Director	\$	147,425	
Career Ladder Program		10,417	
Librarians		357,919	
Instructional Computer Personnel		128,192	
Clerical Personnel		16,850	
Other Salaries and Wages		64,120	
Social Security		40,617	
State Retirement		44,101	
Medical Insurance		98,043	
Dental Insurance		4,503	
Unemployment Compensation		729	
Employer Medicare		10,085	
Maintenance and Repair Services - Equipment		626	
Travel		10,546	
Other Contracted Services		11,702	
Library Books/Media		40,537	
Other Supplies and Materials		10,365	
In Service/Staff Development		2,492	
Other Charges		1,952	
Other Equipment		4,026	
		<u>4,026</u>	
Total Regular Instruction Program			1,005,247

Alternative Instruction Program

Supervisor/Director	\$	50,224
Social Security		2,820
State Retirement		3,224
Medical Insurance		9,384
Dental Insurance		304

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Alternative Instruction Program (Cont.)

Unemployment Compensation	\$	32	
Employer Medicare		659	
Communication		1,029	
Travel		1,933	
Other Supplies and Materials		53	
In Service/Staff Development		299	
Total Alternative Instruction Program			\$ 69,961

Special Education Program

Supervisor/Director	\$	64,915	
Career Ladder Program		2,000	
Assessment Personnel		31,165	
Social Security		6,067	
State Retirement		7,092	
Medical Insurance		10,333	
Dental Insurance		607	
Unemployment Compensation		76	
Employer Medicare		1,419	
Travel		13,624	
Other Supplies and Materials		697	
In Service/Staff Development		310	
Other Charges		2,029	
Total Special Education Program			140,334

Vocational Education Program

Supervisor/Director	\$	31,527	
Secretary(ies)		9,700	
Other Salaries and Wages		30,839	
Social Security		4,145	
State Retirement		4,880	
Medical Insurance		14,238	
Dental Insurance		607	
Unemployment Compensation		77	
Employer Medicare		969	
Travel		890	
Other Supplies and Materials		353	
In Service/Staff Development		30	
Other Charges		1,033	
Total Vocational Education Program			99,288

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Adult Programs

Supervisor/Director	\$	52,642	
Social Security		3,239	
State Retirement		3,380	
Medical Insurance		5,637	
Dental Insurance		304	
Unemployment Compensation		38	
Employer Medicare		757	
Travel		1,699	
Other Supplies and Materials		106	
In Service/Staff Development		225	
Other Charges		1,884	
Total Adult Programs			\$ 69,911

Other Programs

On-Behalf Payments to OPEB	\$	232,892	
Total Other Programs			232,892

Board of Education

Board and Committee Members Fees	\$	9,677	
Dental Insurance		2,732	
Other Fringe Benefits		107,374	
Audit Services		17,000	
Dues and Memberships		8,508	
Legal Services		72,304	
Travel		8,239	
Other Contracted Services		3,672	
Other Supplies and Materials		459	
Liability Insurance		40,507	
Trustee's Commission		202,244	
Workers' Compensation Insurance		141,094	
In Service/Staff Development		4,370	
Total Board of Education			618,180

Director of Schools

County Official/Administrative Officer	\$	86,117	
Career Ladder Program		1,000	
Secretary(ies)		33,700	
Clerical Personnel		16,850	
Social Security		8,450	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

State Retirement	\$	10,093	
Medical Insurance		16,538	
Dental Insurance		911	
Unemployment Compensation		98	
Employer Medicare		1,976	
Communication		3,941	
Dues and Memberships		2,632	
Operating Lease Payments		1,075	
Maintenance and Repair Services - Equipment		3,038	
Postal Charges		3,571	
Travel		4,317	
Office Supplies		5,469	
Other Supplies and Materials		596	
In Service/Staff Development		285	
Administration Equipment		28,715	
Total Director of Schools			\$ 229,372

Office of the Principal

Principals	\$	550,751	
Career Ladder Program		10,000	
Accountants/Bookkeepers		25,305	
Assistant Principals		273,884	
Secretary(ies)		146,115	
Clerical Personnel		2,461	
Social Security		59,684	
State Retirement		69,063	
Medical Insurance		164,886	
Dental Insurance		7,894	
Unemployment Compensation		1,005	
Employer Medicare		13,958	
Communication		13,743	
Dues and Memberships		625	
Maintenance and Repair Services - Equipment		3,713	
Travel		1,475	
Other Contracted Services		44,363	
Other Supplies and Materials		4,992	
Other Charges		600	
Administration Equipment		112,540	
Total Office of the Principal			1,507,057

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Supervisor/Director	\$	62,520	
Accountants/Bookkeepers		33,700	
Clerical Personnel		18,000	
Social Security		7,001	
State Retirement		10,314	
Medical Insurance		15,970	
Dental Insurance		911	
Unemployment Compensation		116	
Employer Medicare		1,637	
Data Processing Services		5,997	
Dues and Memberships		85	
Maintenance and Repair Services - Equipment		2,232	
Travel		964	
Data Processing Supplies		1,268	
Office Supplies		1,158	
In Service/Staff Development		339	
Other Charges		8	
Administration Equipment		1,606	
Total Fiscal Services			\$ 163,826

Human Services/Personnel

Supervisor/Director	\$	47,479	
Unemployment Compensation		39	
Employer Medicare		688	
Maintenance and Repair Services - Equipment		626	
Travel		269	
Office Supplies		707	
Other Supplies and Materials		1,835	
Other Equipment		2,295	
Total Human Services/Personnel			53,938

Operation of Plant

Custodial Personnel	\$	347,611	
Social Security		21,334	
State Retirement		27,690	
Medical Insurance		117,622	
Dental Insurance		6,958	
Unemployment Compensation		1,187	
Employer Medicare		5,001	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Laundry Service	\$	6,921	
Disposal Fees		16,847	
Other Contracted Services		2,990	
Custodial Supplies		95,344	
Electricity		836,102	
Natural Gas		149,300	
Water and Sewer		67,005	
Other Supplies and Materials		41,625	
Boiler Insurance		6,323	
Building and Contents Insurance		115,196	
Other Charges		2,642	
Plant Operation Equipment		41,596	
Total Operation of Plant			\$ 1,909,294

Maintenance of Plant

Maintenance Personnel	\$	112,192	
Social Security		6,927	
State Retirement		10,131	
Medical Insurance		31,229	
Dental Insurance		1,822	
Unemployment Compensation		173	
Employer Medicare		1,620	
Maintenance and Repair Services - Buildings		10,338	
Maintenance and Repair Services - Equipment		183,578	
Equipment and Machinery Parts		28,037	
General Construction Materials		14,562	
Other Supplies and Materials		16,344	
Other Charges		1,042	
Total Maintenance of Plant			417,995

Transportation

Supervisor/Director	\$	35,909	
Mechanic(s)		58,202	
Bus Drivers		380,244	
Other Salaries and Wages		3,164	
Social Security		28,581	
State Retirement		40,063	
Medical Insurance		44,156	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Dental Insurance	\$	2,429	
Unemployment Compensation		1,272	
Employer Medicare		6,872	
Contracts with Parents		22,691	
Maintenance and Repair Services - Vehicles		7,742	
Medical and Dental Services		4,269	
Other Contracted Services		3,380	
Diesel Fuel		128,803	
Garage Supplies		1,924	
Gasoline		13,648	
Lubricants		12,197	
Tires and Tubes		21,850	
Vehicle Parts		53,045	
Other Supplies and Materials		8,732	
Vehicle and Equipment Insurance		35,567	
In Service/Staff Development		650	
Other Charges		4,193	
Transportation Equipment		328,117	
Total Transportation			\$ 1,247,700

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	66,429	
Career Ladder Program		3,000	
Accountants/Bookkeepers		33,700	
Social Security		6,108	
State Retirement		7,441	
Medical Insurance		305,821	
Dental Insurance		17,027	
Unemployment Compensation		94	
Employer Medicare		1,405	
Communication		2,000	
Travel		3,563	
In Service/Staff Development		230	
Other Charges		24	
Total Food Service			446,842

Early Childhood Education

Teachers	\$	225,408	
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(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Educational Assistants	\$	89,029	
Other Salaries and Wages		23,317	
Certified Substitute Teachers		3,359	
Social Security		20,550	
State Retirement		21,499	
Medical Insurance		73,929	
Dental Insurance		3,846	
Unemployment Compensation		692	
Employer Medicare		4,806	
Travel		2,843	
Instructional Supplies and Materials		20,254	
Other Supplies and Materials		6,074	
In Service/Staff Development		2,680	
Other Charges		1,355	
Other Equipment		33,431	
Total Early Childhood Education			\$ 533,072

Capital Outlay

Regular Capital Outlay

Architects	\$	249,666	
Other Contracted Services		200	
Total Regular Capital Outlay			249,866

Principal on Debt

Education

Principal on Capital Leases	\$	21,571	
Total Education			21,571

Interest on Debt

Education

Interest on Capital Leases	\$	7,460	
Total Education			7,460

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	1,452,471	
Other Debt Service		23	
Total Education			<u>1,452,494</u>

Total General Purpose School Fund \$ 26,486,265

(Continued)

Exhibit K-9

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	876,475	
Educational Assistants		212,494	
Other Salaries and Wages		1,400	
Certified Substitute Teachers		16,775	
Social Security		65,410	
State Retirement		73,525	
Medical Insurance		200,668	
Dental Insurance		10,398	
Unemployment Compensation		1,421	
Employer Medicare		15,297	
Other Contracted Services		23,485	
Instructional Supplies and Materials		302,266	
Other Supplies and Materials		8,810	
Other Charges		2,048	
Regular Instruction Equipment		296,468	
Total Regular Instruction Program			\$ 2,106,940

Special Education Program

Teachers	\$	351,663	
Educational Assistants		272,160	
Speech Pathologist		47,609	
Social Security		40,021	
State Retirement		47,473	
Medical Insurance		206,051	
Dental Insurance		11,107	
Unemployment Compensation		1,357	
Employer Medicare		9,360	
Contracts with Private Agencies		46,877	
Evaluation and Testing		2,569	
Instructional Supplies and Materials		142,326	
Other Supplies and Materials		6,446	
Special Education Equipment		65,768	
Total Special Education Program			1,250,787

Vocational Education Program

Teachers	\$	34,726
Social Security		2,072
State Retirement		2,229
Medical Insurance		5,166

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Dental Insurance	\$	304	
Unemployment Compensation		39	
Employer Medicare		485	
Other Contracted Services		1,000	
Instructional Supplies and Materials		2,511	
Vocational Instruction Equipment		20,692	
Total Vocational Education Program			\$ 69,224

Support Services

Other Student Support

Psychological Personnel	\$	8,843	
Other Salaries and Wages		11,000	
Social Security		1,227	
State Retirement		1,505	
Unemployment Compensation		6	
Employer Medicare		287	
Travel		25,381	
Other Contracted Services		2,316	
Other Supplies and Materials		4,765	
In Service/Staff Development		560	
Other Charges		6,062	
Total Other Student Support			61,952

Regular Instruction Program

Supervisor/Director	\$	79,726	
Other Salaries and Wages		355,837	
In-Service Training		6,420	
Social Security		26,780	
State Retirement		28,028	
Medical Insurance		42,195	
Dental Insurance		2,075	
Unemployment Compensation		325	
Employer Medicare		6,263	
Travel		44,422	
Other Contracted Services		7,749	
Library Books/Media		10,348	
Other Supplies and Materials		22,805	
In Service/Staff Development		69,698	
Other Charges		2,757	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Equipment	\$ 19,631	
Total Regular Instruction Program		\$ 725,059

Special Education Program

Psychological Personnel	\$ 44,110	
Assessment Personnel	42,444	
Secretary(ies)	10,139	
Social Security	5,243	
State Retirement	7,624	
Medical Insurance	16,710	
Dental Insurance	835	
Unemployment Compensation	113	
Employer Medicare	1,226	
Communication	1,996	
Travel	5,419	
Other Supplies and Materials	2,304	
In Service/Staff Development	8,951	
Total Special Education Program		147,114

Vocational Education Program

In Service/Staff Development	\$ 1,493	
Total Vocational Education Program		1,493

Transportation

Bus Drivers	\$ 33,609	
Social Security	2,061	
State Retirement	2,246	
Unemployment Compensation	77	
Employer Medicare	482	
Contracts with Parents	7,621	
Diesel Fuel	13,860	
Transportation Equipment	173,024	
Total Transportation		232,980

Total School Federal Projects Fund		\$ 4,595,549
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(Continued)

Exhibit K-9

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Cafeteria Personnel	\$	622,498	
Other Salaries and Wages		40,706	
Social Security		39,653	
State Retirement		50,198	
Unemployment Compensation		2,593	
Employer Medicare		9,468	
Communication		4,306	
Maintenance and Repair Services - Equipment		21,891	
Transportation - Other than Students		11,236	
Travel		6,234	
Other Contracted Services		24,654	
Food Preparation Supplies		46,344	
Food Supplies		984,503	
Office Supplies		7,663	
USDA - Commodities		115,837	
Other Supplies and Materials		34,621	
In Service/Staff Development		3,814	
Other Charges		2,922	
Food Service Equipment		171,417	
Total Food Service			\$ 2,200,558

Total Central Cafeteria Fund \$ 2,200,558

Education Capital Projects Fund

Other Debt Service

Education

Underwriter's Discount	\$	346,774	
Other Debt Issuance Charges		822,176	
Total Education			\$ 1,168,950

Capital Projects

Education Capital Projects

Building Construction	\$	17,390,632	
Building Improvements		5,138,146	
Data Processing Equipment		1,184,036	
Food Service Equipment		657,970	
Furniture and Fixtures		620,780	
Land		831,398	
Site Development		2,420,965	
Total Education Capital Projects			28,243,927

Total Education Capital Projects Fund 29,412,877

Total Governmental Funds - Hardin County School Department \$ 62,695,249

Exhibit K-10

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

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 2,736,995
Total Cash Receipts	<u>\$ 2,736,995</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 2,709,625
Trustee's Commission	27,370
Total Cash Disbursements	<u>\$ 2,736,995</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**

February 15, 2011

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardin County, Tennessee, as of and for the year ended June 30, 2010, which collectively comprise Hardin County's basic financial statements and have issued our report thereon dated February 15, 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 Park Rest Hardin County Health Center and the discretely presented Hardin Medical Center, Hardin County Convention and Visitors Bureau, and Hardin County Emergency Communications District as described in our report on Hardin County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and 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 certain deficiencies 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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 10.01, 10.02(A), and 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: 10.05, 10.06, and 10.07.

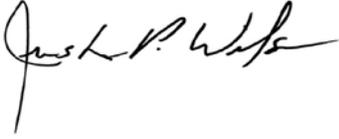
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hardin County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance and 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 10.02(B) and 10.03.

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

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb



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

February 15, 2011

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

To the County Mayor and Board of County Commissioners:

Compliance

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

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

such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Hardin County's compliance with those requirements.

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

Internal Control Over Compliance

The management of Hardin County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Hardin County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Hardin County's internal control over compliance.

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

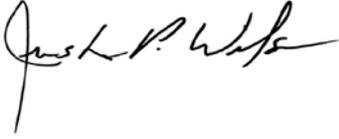
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did 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 Hardin County as of and for the year ended June 30, 2010, and have issued our report thereon dated February 15, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Hardin County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Yours very truly,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Hardin 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	\$ 115,837 (3)
Emergency Watershed Protection Program, Recovery Act	10.923	N/A	181,413
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	370,985
National School Lunch Program	10.555	N/A	936,958 (3)
Summer Food Service Program for Children	10.559	N/A	15,316
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	<u>20,500</u>
Total U.S. Department of Agriculture			<u>\$ 1,641,009</u>
U.S. Department of Justice:			
Passed-through State Commission of Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	\$ 9,575
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(2)	10,422
Recovery Act - Edward Byrne Memorial Justice Assistance Grant			
(JAG) Program/Grants to States and Territories	16.803	(2)	12,342
Recovery Act - Edward Byrne Memorial Justice Assistance Grant			
(JAG) Program/Grants to Units of Local Government	16.804	(2)	<u>32,887</u>
Total U.S. Department of Justice			<u>\$ 65,226</u>
U.S. Department of Labor:			
Passed-through Southwest Human Resource Agency:			
Incentive Grants - WIA Section 503	17.267	(2)	<u>\$ 25,000</u>
Total U.S. Department of Labor			<u>\$ 25,000</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z0802370600	<u>\$ 38,442</u>
Total U.S. Department of Transportation			<u>\$ 38,442</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	Z0802078600	\$ 87,205
Passed-through State Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	1,567,350
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	491,074
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	877,307
Special Education - Preschool Grants	84.173	N/A	16,058
Special Education - Grants to States, Recovery Act	84.391	N/A	725,037
Career and Technical Education - Basic Grants to States	84.048	N/A	95,238
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	19,222
Twenty-first Century Community Learning Centers	84.287	N/A	300,000

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Educational Technology State Grants Cluster:			
Educational Technology State Grants	84.318	N/A	\$ 13,670
Educational Technology State Grants, Recovery Act	84.386	N/A	15,161
Reading First State Grants	84.357	N/A	179,394
Rural Education	84.358	N/A	64,473
Improving Teacher Quality State Grants	84.367	N/A	245,527
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	686,200
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	94.397	N/A	<u>121,139</u>
Total U.S. Department of Education			<u>\$ 5,504,055</u>
U.S. Department of Health and Human Services:			
Passed-through State Commission on Aging:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	(2)	\$ 26,125
Passed-through State Department of Health:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	Z1021979800	<u>9,526</u>
Total U.S. Department of Health and Human Services			<u>\$ 35,651</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 199,029
Hazard Mitigation Grant	97.039	(2)	599,231
Assistance to Firefighters Grant	97.044	(2)	<u>164,509</u>
Total U.S. Department of Homeland Security			<u>\$ 962,769</u>
Total Expenditures of Federal Awards			<u>\$ 8,272,152</u>
State Grants:			
Litter Program - State Department of Transportation	N/A	<u>(2)</u>	\$ 32,807
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	12,601
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	18,269
Early Childhood Education - State Department of Education	N/A	(2)	<u>535,546</u>
Total State Grants			<u>\$ 599,223</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 \$1,052,795.

Hardin 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 Hardin County, Tennessee, for the year ended June 30, 2009, which has not been corrected.

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.05	211	Duties were not segregated adequately in the Offices of Trustee, County Clerk, Circuit and General Sessions Courts Clerk, Register, and Sheriff

HARDIN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Hardin County is unqualified.
2. The audit of the financial statements of Hardin County disclosed significant deficiencies in internal control. Three of these deficiencies were considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that was material to the financial statements of Hardin County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The 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, and Special Education – Grants to States, Recovery Act (CFDA Nos. 84.027, 84.173, and 84.391); 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); and the Hazard Mitigation Grant (CFDA No. 97.039) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Hardin County did qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response; however, management did not provide written responses for inclusion in this report.

OFFICE OF HIGHWAY COMMISSIONER

FINDING 10.01 **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under Government Auditing Standards)

At June 30, 2010, various general ledger account balances of the Highway/Public Works 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 Hardin County to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the county'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 county 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

Hardin County should have appropriate processes in place to ensure that its general ledgers are materially correct.

FINDING 10.02 **THE OFFICE HAD ACCOUNTING DEFICIENCIES**
(A. – Internal Control – Material Weakness Under Government Auditing Standards); B. – Material Noncompliance Under Government Auditing Standards)

During our examination, we noted the following accounting deficiencies:

- A. Highway/Public Works Fund disbursements totaling \$639,123 were improperly posted to the Reserve for Capital Outlay equity account instead of to the proper expenditure accounts. Therefore expenditures were understated in the financial records. This deficiency can be attributed to the lack of technical skills to maintain accounting records in accordance with generally accepted accounting principles. We presented audit adjustments to management that they approved and posted to properly classify these expenditures in the financial statements of this report.

- B. The reclassification of expenditures noted above resulted in Highway/Public Works Fund expenditures exceeding appropriations approved by the County Commission by \$310,161. Section 5-9-401, Tennessee Code Annotated, states, "All funds from whatever source derived including, but not limited to taxes, county aid funds, federal funds, and fines that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies." This deficiency resulted in unauthorized expenditures.

RECOMMENDATION

Expenditures should be properly recorded in the accounting records. Expenditures should be held within appropriations approved by the County Commission.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 10.03 **EXPENDITURES EXCEEDED APPROPRIATIONS** (Noncompliance Under Government Auditing Standards)

Expenditures exceeded appropriations approved by the County Commission in the Early Childhood Education major appropriation category (the legal level of control) in the General Purpose School Fund by \$22,160 and in the Vocational Education Program major appropriation category in the School Federal Projects Fund by \$3,713. Section 5-9-401, Tennessee Code Annotated, states, "All funds from whatever source derived including, but not limited to taxes, county aid funds, federal funds, and fines that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies." This deficiency exists because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

Expenditures should be held within appropriations approved by the County Commission.

FINDING 10.04 **THE EMPLOYEE INSURANCE FUND HAD A CASH OVERDRAFT AND A FUND DEFICIT** (Internal Control – Material Weakness Under Government Auditing Standards)

The Employee Insurance Fund had a cash overdraft of \$5,708 and a fund deficit of \$13,627 at June 30, 2010. This cash overdraft resulted from the issuance of warrants that exceeded cash on deposit with the county trustee. The fund deficit resulted from incurring more

claims than premiums collected from employees. Subsequent to June 30, 2010, funds from the General Purpose School Fund were used to liquidate this deficit.

RECOMMENDATION

The office should not make disbursements that exceed available cash on deposit with the county trustee. Officials should closely monitor activity in the fund to prevent the recurrence of a deficit.

FINDING 10.05 **THE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office's information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur.

RECOMMENDATION

The office should implement adequate controls to protect its information resources.

OFFICE OF TRUSTEE

FINDING 10.06 **THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The software application used by the office generated a log that displayed changes made by users. Since this log provides the only audit trail of these changes, it should be systematically reviewed for inappropriate activity. During the audit period, management did not consistently review this log.

RECOMMENDATION

Management should be consistent in its review of the software audit log as a means of strengthening internal controls.

OTHER FINDING AND RECOMMENDATION

FINDING 10.07 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE, COUNTY CLERK, CIRCUIT AND GENERAL SESSIONS COURTS CLERK, REGISTER, AND SHERIFF**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

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

RECOMMENDATION

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

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 Hardin County.

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

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

ITEM 2. HARDIN COUNTY HAS NOT ESTABLISHED AN AUDIT COMMITTEE

Hardin County does not have an Audit Committee. An Audit Committee 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.

**HARDIN 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.