
ANNUAL FINANCIAL REPORT HARDEMAN COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2012



**ANNUAL FINANCIAL REPORT
HARDEMAN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2012**

***COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON***

***DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

HARDEMAN COUNTY, TENNESSEE

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Audit Highlights
Annual Financial Report
Hardeman County, Tennessee
For the Year Ended June 30, 2012

Scope

We have audited the basic financial statements of Hardeman County as of and for the year ended June 30, 2012.

Results

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

Our audit resulted in 13 findings and recommendations, which we have reviewed with Hardeman County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

Findings and Best Practices

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

OFFICE OF COUNTY MAYOR

- ◆ Material audit adjustments were required for proper financial statement presentation.
- ◆ Competitive bids were not solicited for a fence expansion project.
- ◆ The county's travel policy was not updated currently.
- ◆ Lease-purchase agreements were not in compliance with state statutes.
- ◆ Expenditures exceeded appropriations.
- ◆ The Solid Waste Disposal Fund had a deficit in unrestricted net assets.
- ◆ Usernames and passwords were shared by Ambulance Service employees.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Competitive bids were not solicited for a geothermal project.
- ◆ The office did not file a Report on Debt Obligation with the state Comptroller's Office.

OFFICE OF CIRCUIT COURT CLERK

- ◆ Usernames and passwords were shared by employees.
-

OFFICE OF SHERIFF

- ◆ Commissary transactions were not properly posted to the cash journal.
 - ◆ Profits from the commissary operations were not remitted to the county trustee monthly.
-

OFFICES OF TRUSTEE, REGISTER, AND SHERIFF

- ◆ Duties were not segregated adequately.
-

BEST PRACTICES

The Division of Local Government 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 of Hardeman County.

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

INTRODUCTORY SECTION

Hardeman County Officials

June 30, 2012

Officials

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

Board of County Commissioners

| | |
|--|---------------|
| Willie Spencer, County Mayor, Chairman | Anthony Pulse |
| Joe Cole | Jackie Sain |
| Bobby Doyle | Opal Shaw |
| Keith Foote | Mac Vaughn |
| Johnny Lanier | John Watson |
| Max Lanier | Elvis White |
| Junious McTizic | Major Wilburn |
| Viscen Morrow | Steve Young |
| Aubrey Phillips | |

Board of Highway Supervisors

Kenny Pulse, Chairman
Mike Mitchell
Tony Ross

Board of Education

| | |
|----------------------|-----------------|
| Terry King, Chairman | Bobby Henderson |
| Jennifer Aylor | Jerry McCord |
| Beverly Bodiford | Richard Nelms |
| Patricia Carter | Larry Williams |
| Rickey Griggs | |

FINANCIAL SECTION



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

September 20, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardeman County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Hardeman County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hardeman County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hardeman County Emergency Communications District, which represent 3.6 percent and 1.5 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hardeman County Emergency Communications District, is based on the report of other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardeman County, Tennessee, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows, 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 September 20, 2012, on our consideration of Hardeman County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

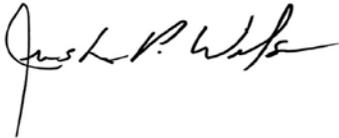
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 72 through 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Hardeman County School Department (a discretely presented component unit), and the miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance 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

Hardeman County, Tennessee
Statement of Net Assets
June 30, 2012

| | Primary Government | | | Component Units | |
|---|----------------------------|---------------------------------|----------------------|--|--|
| | Governmental Activities | Business- type Activities | Total | Hardeman County School Department | Emergency Communica- tions District |
| <u>ASSETS</u> | | | | | |
| Cash | \$ 75,215 | \$ 340 | \$ 75,555 | \$ 9 | \$ 710,648 |
| Equity in Pooled Cash and Investments | 3,469,016 | 1,469,243 | 4,938,259 | 6,780,510 | 0 |
| Accounts Receivable | 1,513,514 | 293,551 | 1,807,065 | 62,656 | 5,543 |
| Allowance for Uncollectibles | (775,215) | (89,233) | (864,448) | 0 | 0 |
| Due from Other Governments | 867,175 | 2,052 | 869,227 | 1,546,200 | 0 |
| Due from Primary Government | 0 | 0 | 0 | 26,873 | 0 |
| Property Taxes Receivable | 3,239,627 | 0 | 3,239,627 | 5,469,022 | 0 |
| Allowance for Uncollectible Property Taxes | (130,037) | 0 | (130,037) | (219,525) | 0 |
| Prepaid Items | 0 | 0 | 0 | 0 | 7,198 |
| Accrued Interest Receivable | 0 | 0 | 0 | 0 | 32 |
| Cash Shortage | 0 | 332 | 332 | 0 | 0 |
| Deferred Charges - Debt Issuance Costs | 35,966 | 0 | 35,966 | 0 | 0 |
| Capital Assets: | | | | | |
| Assets Not Depreciated: | | | | | |
| Land | 1,467,092 | 219,838 | 1,686,930 | 358,116 | 0 |
| Construction in Progress | 101,245 | 456,868 | 558,113 | 0 | 0 |
| Assets Net of Accumulated Depreciation: | | | | | |
| Buildings and Improvements | 3,931,365 | 1,277,392 | 5,208,757 | 12,141,875 | 36,323 |
| Infrastructure | 12,790,559 | 0 | 12,790,559 | 0 | 0 |
| Other Capital Assets | 2,115,801 | 215,968 | 2,331,769 | 1,703,322 | 291,519 |
| Total Assets | <u>\$ 28,701,323</u> | <u>\$ 3,846,351</u> | <u>\$ 32,547,674</u> | <u>\$ 27,869,058</u> | <u>\$ 1,051,263</u> |
| <u>LIABILITIES</u> | | | | | |
| Accounts Payable | \$ 96,302 | \$ 40,893 | \$ 137,195 | \$ 326,891 | \$ 154 |
| Accrued Payroll | 175 | 0 | 175 | 0 | 0 |
| Payroll Deductions Payable | 6,121 | 0 | 6,121 | 744,770 | 0 |
| Contracts Payable | 269,986 | 171,038 | 441,024 | 0 | 0 |
| Retainage Payable | 0 | 19,787 | 19,787 | 0 | 0 |
| Due to Component Units | 26,873 | 0 | 26,873 | 0 | 0 |
| Accrued Interest Payable | 51,472 | 0 | 51,472 | 0 | 0 |
| Deferred Revenue - Current Property Taxes | 2,960,093 | 0 | 2,960,093 | 4,997,121 | 0 |
| Noncurrent Liabilities: | | | | | |
| Due Within One Year | 570,864 | 26,137 | 597,001 | 45,836 | 4,667 |
| Due in More Than One Year (net of deferred amount on refunding) | 4,981,193 | 2,450,969 | 7,432,162 | 899,995 | 0 |
| Total Liabilities | <u>\$ 8,963,079</u> | <u>\$ 2,708,824</u> | <u>\$ 11,671,903</u> | <u>\$ 7,014,613</u> | <u>\$ 4,821</u> |

(Continued)

Exhibit A

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

| | Primary Government | | | Component Units | |
|---|----------------------------|---------------------------------|----------------------|--------------------------------|---------------------------------|
| | Governmental Activities | Business- type Activities | Total | Hardeman | Emergency |
| | | | | County School Department | Communica- tions District |
| <u>NET ASSETS</u> | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 19,992,307 | \$ 0 | \$ 19,992,307 | \$ 14,080,202 | \$ 0 |
| Invested in Capital Assets | 0 | 2,170,066 | 2,170,066 | 0 | 327,842 |
| Restricted for: | | | | | |
| Drug Control | 73,845 | 0 | 73,845 | 0 | 0 |
| Highways/Public Works | 1,232,141 | 0 | 1,232,141 | 0 | 0 |
| Debt Service | 1,027,200 | 0 | 1,027,200 | 0 | 0 |
| Capital Projects | 494,377 | 0 | 494,377 | 0 | 0 |
| Litigation Tax - Jail, Workhouse, or Courthouse | 191,311 | 0 | 191,311 | 0 | 0 |
| Automation Purposes | 78,322 | 0 | 78,322 | 0 | 0 |
| School Federal Projects | 0 | 0 | 0 | 68,497 | 0 |
| Central Cafeteria | 0 | 0 | 0 | 547,846 | 0 |
| Other Purposes | 17,944 | 0 | 17,944 | 11,786 | 0 |
| Unrestricted | (3,369,203) | (1,032,539) | (4,401,742) | 6,146,114 | 718,600 |
| Total Net Assets | <u>\$ 19,738,244</u> | <u>\$ 1,137,527</u> | <u>\$ 20,875,771</u> | <u>\$ 20,854,445</u> | <u>\$ 1,046,442</u> |

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

Exhibit B

Hardeman County, Tennessee
Statement of Activities
For the Year Ended June 30, 2012

| Functions/Programs | Net (Expense) Revenue and Changes in Net Assets | | | | | | | | | | | |
|---|---|----------------------|------------------------------------|----------------------------------|-------------------------------|--------------------------|------------------------|-----------------------------------|-----------------------------------|-------------------|-----------------|--|
| | Program Revenues | | | | | Primary Government | | | | | Component Units | |
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Total Governmental Activities | Business-type Activities | Total | Hardeman County School Department | Emergency Communications District | | | |
| | | | | | | | | | | 0 | 0 | |
| Primary Government: | | | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | | | |
| General Government | \$ 991,752 | \$ 95,536 | \$ 15,164 | \$ 0 | \$ (881,052) | \$ 0 | \$ (881,052) | \$ 0 | \$ 0 | 0 | | |
| Finance | 749,180 | 618,679 | 0 | 0 | (130,501) | 0 | (130,501) | 0 | 0 | 0 | | |
| Administration of Justice | 976,662 | 697,273 | 9,000 | 0 | (270,389) | 0 | (270,389) | 0 | 0 | 0 | | |
| Public Safety | 4,543,859 | 551,294 | 15,543 | 137,430 | (3,839,592) | 0 | (3,839,592) | 0 | 0 | 0 | | |
| Public Health and Welfare | 2,764,711 | 1,435,734 | 360,372 | 0 | (968,605) | 0 | (968,605) | 0 | 0 | 0 | | |
| Social, Cultural, and Recreational Services | 101,258 | 0 | 102,437 | 0 | 1,179 | 0 | 1,179 | 0 | 0 | 0 | | |
| Agriculture and Natural Resources | 113,994 | 0 | 0 | 0 | (113,994) | 0 | (113,994) | 0 | 0 | 0 | | |
| Other Operations | 811,099 | 1,515 | 177,441 | 0 | (632,143) | 0 | (632,143) | 0 | 0 | 0 | | |
| Highways/Public Works | 3,227,791 | 0 | 1,931,583 | 357,614 | (938,594) | 0 | (938,594) | 0 | 0 | 0 | | |
| Interest on Long-term Debt | 221,322 | 0 | 0 | 0 | (221,322) | 0 | (221,322) | 0 | 0 | 0 | | |
| Other Debt Service | 25,365 | 0 | 0 | 0 | (25,365) | 0 | (25,365) | 0 | 0 | 0 | | |
| Total Governmental Activities | \$ 14,526,993 | \$ 3,400,031 | \$ 2,611,540 | \$ 495,044 | \$ (8,020,378) | \$ 0 | \$ (8,020,378) | \$ 0 | \$ 0 | \$ 0 | | |
| Business-type Activities: | | | | | | | | | | | | |
| Solid Waste Disposal | \$ 1,005,054 | \$ 1,466,609 | \$ 0 | \$ 0 | \$ 0 | \$ 461,555 | \$ 461,555 | \$ 0 | \$ 0 | 0 | | |
| Total Business-type Activities | \$ 1,005,054 | \$ 1,466,609 | \$ 0 | \$ 0 | \$ 0 | \$ 461,555 | \$ 461,555 | \$ 0 | \$ 0 | \$ 0 | | |
| Total Primary Government | \$ 15,532,047 | \$ 4,866,640 | \$ 2,611,540 | \$ 495,044 | \$ (8,020,378) | \$ 461,555 | \$ (7,558,823) | \$ 0 | \$ 0 | \$ 0 | | |
| Component Units: | | | | | | | | | | | | |
| Hardeman County | | | | | | | | | | | | |
| School Department | \$ 38,417,397 | \$ 463,434 | \$ 6,013,001 | \$ 698,078 | \$ 0 | \$ 0 | \$ (31,242,884) | \$ 0 | \$ 0 | 0 | | |
| Emergency Communications District | 262,701 | 368,164 | 183,659 | 0 | 0 | 0 | 0 | 0 | 0 | 289,122 | | |
| Total Component Units | \$ 38,680,098 | \$ 831,598 | \$ 6,196,660 | \$ 698,078 | \$ 0 | \$ 0 | \$ (31,242,884) | \$ 289,122 | \$ 0 | \$ 289,122 | | |

(Continued)

Exhibit B

Hardeman County, Tennessee
Statement of Activities (Cont.)

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | | |
|---|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------------------|-----------------------------------|
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Component Units | |
| | | | | Governmental Activities | Business-type Activities | Hardeman County School Department | Emergency Communications District |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property Taxes Levied for General Purposes | | | | \$ 3,231,001 | \$ 0 | \$ 5,649,369 | \$ 0 |
| Property Taxes Levied for Debt Service | | | | 35,459 | 0 | 0 | 0 |
| Local Option Sales Taxes | | | | 225,041 | 0 | 2,198,832 | 0 |
| Wheel Tax | | | | 1,568,385 | 0 | 0 | 0 |
| Litigation Tax | | | | 193,753 | 0 | 0 | 0 |
| Business Tax | | | | 189,685 | 0 | 0 | 0 |
| Wholesale Beer Tax | | | | 174,716 | 0 | 0 | 0 |
| Other Local Taxes | | | | 14,409 | 0 | 1,834 | 0 |
| Grants and Contributions Not Restricted for Specific Programs | | | | 1,745,803 | 32,547 | 22,716,702 | 0 |
| Unrestricted Investment Income | | | | 101,068 | 9,708 | 4,136 | 9,345 |
| Miscellaneous | | | | 101,008 | 0 | 119,724 | 0 |
| Total General Revenues | | | | \$ 7,580,328 | \$ 42,255 | \$ 30,690,597 | \$ 9,345 |
| Change in Net Assets | | | | \$ (440,050) | \$ 503,810 | \$ (552,287) | \$ 298,467 |
| Net Assets, July 1, 2011 | | | | 20,178,294 | 633,717 | 21,406,732 | 747,975 |
| Net Assets, June 30, 2012 | | | | \$ 19,738,244 | \$ 1,137,527 | \$ 20,854,445 | \$ 1,046,442 |

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

Exhibit C-1

Hardeman County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2012

| | Major Funds | | | Nonmajor Funds | Total Governmental Funds |
|--|---------------------|------------------------|----------------------|--------------------------|--------------------------|
| | General | Highway / Public Works | General Debt Service | Other Governmental Funds | |
| <u>ASSETS</u> | | | | | |
| Cash | \$ 0 | \$ 0 | \$ 0 | \$ 75,215 | \$ 75,215 |
| Equity in Pooled Cash and Investments | 1,057,363 | 1,017,772 | 825,574 | 568,307 | 3,469,016 |
| Accounts Receivable | 1,513,274 | 0 | 72 | 168 | 1,513,514 |
| Allowance for Uncollectibles | (775,215) | 0 | 0 | 0 | (775,215) |
| Due from Other Governments | 306,158 | 534,144 | 0 | 26,873 | 867,175 |
| Due from Other Funds | 1,126 | 0 | 0 | 0 | 1,126 |
| Property Taxes Receivable | 3,204,774 | 0 | 34,853 | 0 | 3,239,627 |
| Allowance for Uncollectible Property Taxes | (128,639) | 0 | (1,398) | 0 | (130,037) |
| Advances to Other Funds | 0 | 0 | 110,655 | 0 | 110,655 |
| Total Assets | \$ 5,178,841 | \$ 1,551,916 | \$ 969,756 | \$ 670,563 | \$ 8,371,076 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | |
| <u>Liabilities</u> | | | | | |
| Accounts Payable | \$ 96,217 | \$ 0 | \$ 0 | \$ 85 | \$ 96,302 |
| Accrued Payroll | 175 | 0 | 0 | 0 | 175 |
| Payroll Deductions Payable | 4,864 | 1,257 | 0 | 0 | 6,121 |
| Contracts Payable | 0 | 269,986 | 0 | 0 | 269,986 |
| Due to Other Funds | 0 | 0 | 0 | 1,126 | 1,126 |
| Due to Component Units | 0 | 0 | 0 | 26,873 | 26,873 |
| Deferred Revenue - Current Property Taxes | 2,928,246 | 0 | 31,847 | 0 | 2,960,093 |
| Deferred Revenue - Delinquent Property Taxes | 132,702 | 0 | 1,443 | 0 | 134,145 |
| Other Deferred Revenues | 634,209 | 167,639 | 0 | 0 | 801,848 |
| Advances from Other Funds | 110,655 | 0 | 0 | 0 | 110,655 |
| Total Liabilities | \$ 3,907,068 | \$ 438,882 | \$ 33,290 | \$ 28,084 | \$ 4,407,324 |
| <u>Fund Balances</u> | | | | | |
| Restricted: | | | | | |
| Restricted for General Government | \$ 34,418 | \$ 0 | \$ 0 | \$ 0 | \$ 34,418 |
| Restricted for Finance | 3,740 | 0 | 0 | 0 | 3,740 |
| Restricted for Administration of Justice | 35,408 | 0 | 0 | 0 | 35,408 |
| Restricted for Public Safety | 200,924 | 0 | 0 | 73,845 | 274,769 |
| Restricted for Public Health and Welfare | 13,087 | 0 | 0 | 0 | 13,087 |
| Restricted for Debt Service | 0 | 0 | 936,466 | 0 | 936,466 |
| Committed: | | | | | |
| Committed for Finance | 0 | 0 | 0 | 74,257 | 74,257 |
| Committed for Public Health and Welfare | 13,511 | 0 | 0 | 0 | 13,511 |
| Committed for Highways/Public Works | 0 | 1,113,034 | 0 | 0 | 1,113,034 |
| Committed for Capital Projects | 0 | 0 | 0 | 494,377 | 494,377 |
| Unassigned | 970,685 | 0 | 0 | 0 | 970,685 |
| Total Fund Balances | \$ 1,271,773 | \$ 1,113,034 | \$ 936,466 | \$ 642,479 | \$ 3,963,752 |
| Total Liabilities and Fund Balances | \$ 5,178,841 | \$ 1,551,916 | \$ 969,756 | \$ 670,563 | \$ 8,371,076 |

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

Exhibit C-2

Hardeman County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2012

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) | | \$ 3,963,752 |
| | | |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | |
| Add: land | \$ 1,467,092 | |
| Add: construction in progress | 101,245 | |
| Add: buildings and improvements net of accumulated depreciation | 3,931,365 | |
| Add: infrastructure net of accumulated depreciation | 12,790,559 | |
| Add: other capital assets net of accumulated depreciation | <u>2,115,801</u> | 20,406,062 |
| | | |
| (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 | \$ (309,571) | |
| Less: capital leases payable | (73,184) | |
| Less: bonds payable | (4,886,000) | |
| Add: deferred amount on refunding | 139,394 | |
| Add: deferred charges - debt issuance costs | 35,966 | |
| Less: compensated absences payable | (422,696) | |
| Less: accrued interest on bonds, notes, and capital leases | <u>(51,472)</u> | (5,567,563) |
| | | |
| (3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | | <u>935,993</u> |
| | | |
| Net assets of governmental activities (Exhibit A) | | <u>\$ 19,738,244</u> |

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

Exhibit C-3

Hardeman County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

| | Major Funds | | | Nonmajor Funds | Total Governmental Funds |
|--|--------------|------------------------------|----------------------------|-------------------------------------|--------------------------------|
| | General | Highway / Public Works | General Debt Service | Other Govern- mental Funds | |
| <u>Revenues</u> | | | | | |
| Local Taxes | \$ 4,218,099 | \$ 786,192 | \$ 36,021 | \$ 782,193 | \$ 5,822,505 |
| Licenses and Permits | 29,320 | 0 | 0 | 0 | 29,320 |
| Fines, Forfeitures, and Penalties | 151,045 | 0 | 0 | 31,688 | 182,733 |
| Charges for Current Services | 1,487,536 | 0 | 0 | 282,631 | 1,770,167 |
| Other Local Revenues | 245,483 | 16,374 | 0 | 336 | 262,193 |
| Fees Received from County Officials | 937,787 | 0 | 0 | 0 | 937,787 |
| State of Tennessee | 1,928,813 | 2,142,058 | 0 | 0 | 4,070,871 |
| Federal Government | 195,529 | 244,926 | 0 | 0 | 440,455 |
| Other Governments and Citizens Groups | 53,939 | 0 | 515,817 | 0 | 569,756 |
| Total Revenues | \$ 9,247,551 | \$ 3,189,550 | \$ 551,838 | \$ 1,096,848 | \$ 14,085,787 |
| <u>Expenditures</u> | | | | | |
| Current: | | | | | |
| General Government | \$ 769,241 | \$ 0 | \$ 0 | \$ 0 | \$ 769,241 |
| Finance | 290,106 | 0 | 0 | 282,653 | 572,759 |
| Administration of Justice | 573,383 | 0 | 0 | 0 | 573,383 |
| Public Safety | 3,155,464 | 0 | 0 | 48,607 | 3,204,071 |
| Public Health and Welfare | 2,193,002 | 0 | 0 | 0 | 2,193,002 |
| Social, Cultural, and Recreational Services | 89,589 | 0 | 0 | 0 | 89,589 |
| Agriculture and Natural Resources | 113,994 | 0 | 0 | 0 | 113,994 |
| Other Operations | 2,349,341 | 0 | 0 | 0 | 2,349,341 |
| Highways | 0 | 3,221,388 | 0 | 0 | 3,221,388 |
| Debt Service: | | | | | |
| Principal on Debt | 67,466 | 0 | 348,394 | 0 | 415,860 |
| Interest on Debt | 596 | 0 | 222,401 | 0 | 222,997 |
| Other Debt Service | 0 | 0 | 958 | 0 | 958 |
| Capital Projects | 0 | 0 | 0 | 1,037,379 | 1,037,379 |
| Total Expenditures | \$ 9,602,182 | \$ 3,221,388 | \$ 571,753 | \$ 1,368,639 | \$ 14,763,962 |
| Excess (Deficiency) of Revenues Over Expenditures | | | | | |
| | \$ (354,631) | \$ (31,838) | \$ (19,915) | \$ (271,791) | \$ (678,175) |
| <u>Other Financing Sources (Uses)</u> | | | | | |
| Capital Leases Issued | \$ 140,650 | \$ 0 | \$ 0 | \$ 0 | \$ 140,650 |
| Other Loans Issued | 0 | 0 | 0 | 104,361 | 104,361 |
| Insurance Recovery | 19,665 | 21,407 | 0 | 0 | 41,072 |
| Transfers In | 2,056 | 0 | 5,436 | 0 | 7,492 |
| Transfers Out | (5,436) | 0 | 0 | (2,056) | (7,492) |
| Total Other Financing Sources (Uses) | \$ 156,935 | \$ 21,407 | \$ 5,436 | \$ 102,305 | \$ 286,083 |
| Net Change in Fund Balances | | | | | |
| Fund Balance, July 1, 2011 | \$ 1,469,469 | \$ 1,123,465 | \$ 950,945 | \$ 811,965 | \$ 4,355,844 |
| Fund Balance, June 30, 2012 | \$ 1,271,773 | \$ 1,113,034 | \$ 936,466 | \$ 642,479 | \$ 3,963,752 |

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

Exhibit C-4

Hardeman County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012

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) | | \$ (392,092) |
| (1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows: | | |
| Add: capital assets purchased in the current period | \$ 1,488,503 | |
| Less: current-year depreciation expense | <u>(1,708,435)</u> | (219,932) |
| (2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets. | | |
| Less: loss on disposal of capital assets | \$ (6,430) | |
| Less: proceeds received from the disposal of capital assets | <u>(30,364)</u> | (36,794) |
| (3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Add: deferred delinquent property taxes and other deferred June 30, 2012 | \$ 935,993 | |
| Less: deferred delinquent property taxes and other deferred June 30, 2011 | <u>(904,473)</u> | 31,520 |
| (4) The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items. | | |
| Less: capital leases proceeds | \$ (140,650) | |
| Less: change in deferred debt issuance costs | (3,074) | |
| Add: principal payments on bonds | 319,000 | |
| Add: principal payments on notes | 29,394 | |
| Add: principal payments on capital leases | 67,466 | |
| Less: change in deferred amount on refunding debt | <u>(21,333)</u> | 250,803 |
| (5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. | | |
| Change in accrued interest payable | \$ 1,675 | |
| Change in compensated absences payable | <u>(75,230)</u> | <u>(73,555)</u> |
| Change in net assets of governmental activities (Exhibit B) | | <u>\$ (440,050)</u> |

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

Exhibit D-1

Hardeman County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2012

| | Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/> |
|---|--|
| <u>ASSETS</u> | |
| Current Assets: | |
| Cash | \$ 340 |
| Equity in Pooled Cash and Investments | 1,469,243 |
| Accounts Receivable | 293,551 |
| Allowance for Uncollectibles | (89,233) |
| Due from Other Governments | 2,052 |
| Cash Shortage | 332 |
| Total Current Assets | <u>\$ 1,676,285</u> |
| Noncurrent Assets: | |
| Capital Assets: | |
| Assets Not Depreciated: | |
| Land | \$ 219,838 |
| Construction in Progress | 456,868 |
| Assets Net of Accumulated Depreciation: | |
| Buildings and Improvements | 1,277,392 |
| Machinery and Equipment | 215,968 |
| Total Noncurrent Assets | <u>\$ 2,170,066</u> |
| Total Assets | <u>\$ 3,846,351</u> |
| <u>LIABILITIES</u> | |
| Current Liabilities: | |
| Accounts Payable | \$ 40,893 |
| Compensated Absences Payable | 22,647 |
| Contracts Payable | 171,038 |
| Retainage Payable | 19,787 |
| Accrued Liability for Landfill Closure/Postclosure Care Costs | 3,490 |
| Total Current Liabilities | <u>\$ 257,855</u> |
| Noncurrent Liabilities: | |
| Accrued Liability for Landfill Closure/Postclosure Care Costs | \$ 2,450,969 |
| Total Noncurrent Liabilities | <u>\$ 2,450,969</u> |
| Total Liabilities | <u>\$ 2,708,824</u> |
| <u>NET ASSETS</u> | |
| Invested in Capital Assets | \$ 2,170,066 |
| Unrestricted | <u>(1,032,539)</u> |
| Net Assets | <u>\$ 1,137,527</u> |

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

Exhibit D-2

Hardeman County, Tennessee
Statement of Revenues, Expenses, and
Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2012

| | Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/> |
|---|--|
| <u>Operating Revenues</u> | |
| Solid Waste Disposal Fee | \$ 1,466,609 |
| Total Operating Revenues | <u>\$ 1,466,609</u> |
| <u>Operating Expenses</u> | |
| County Official/Administrative Officer | \$ 33,750 |
| Laborers | 135,372 |
| Clerical Personnel | 27,157 |
| Part-time Personnel | 13,937 |
| Other Per Diem and Fees | 3,799 |
| Social Security | 12,838 |
| State Retirement | 23,612 |
| Employee and Dependent Insurance | 40,150 |
| Disability Insurance | 24,535 |
| Unemployment Compensation | 401 |
| Employer Medicare | 2,989 |
| Communication | 6,378 |
| Consultant | 26,044 |
| Contracts with Private Agencies | 125,108 |
| Maintenance and Repair Services - Buildings | 3,074 |
| Maintenance and Repair Services - Equipment | 116,210 |
| Maintenance and Repair Services - Vehicles | 7,772 |
| Postal Charges | 2,081 |
| Travel | 43 |
| Disposal Fees | 9,485 |
| Custodial Supplies | 1,061 |
| Data Processing Supplies | 3,483 |
| Food Supplies | 583 |
| Gasoline | 36,925 |
| Lubricants | 1,389 |

(Continued)

Exhibit D-2

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

| | Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/> |
|---|--|
| <u>Operating Expenses (Cont.)</u> | |
| Office Supplies | \$ 3,978 |
| Uniforms | 2,618 |
| Utilities | 28,365 |
| Gravel and Chert | 5,975 |
| Other Supplies and Materials | 3,364 |
| Liability Insurance | 13,228 |
| Depreciation | 153,487 |
| Surcharge | 17,826 |
| Landfill Closure/Postclosure Care Costs | 65,154 |
| Motor Vehicles | 2,556 |
| Solid Waste Equipment | 42,984 |
| Other Capital Outlay | 5,960 |
| Total Operating Expenses | <hr/> \$ 1,003,671 |
| Operating Income | <hr/> \$ 462,938 |
| <u>Nonoperating Revenues (Expenses)</u> | |
| Investment Income | \$ 9,708 |
| Solid Waste Grants | 32,547 |
| Interest on Notes | (1,383) |
| Total Nonoperating Revenues (Expenses) | <hr/> \$ 40,872 |
| Change in Net Assets | \$ 503,810 |
| Net Assets, July 1, 2011 | <hr/> 633,717 |
| Net Assets, June 30, 2012 | <hr/> <hr/> \$ 1,137,527 |

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

Exhibit D-3

Hardeman County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2012

| | Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/> |
|---|--|
| <u>Cash Flows from Operating Activities</u> | |
| Receipts from Customers and Users | \$ 1,380,059 |
| Payments for Waste Disposal and Maintenance | (599,033) |
| Net Cash Provided By (Used In) Operating Activities | <hr/> \$ 781,026 <hr/> |
| <u>Cash Flows from Noncapital Financing Activities</u> | |
| Solid Waste Grants | \$ 32,547 |
| Net Cash Provided By (Used In) Noncapital Financing Activities | <hr/> \$ 32,547 <hr/> |
| <u>Cash Flows from Capital and Related Financing Activities</u> | |
| Acquisition of Capital Assets | \$ (485,868) |
| Disposal of Capital Assets | 3,638 |
| Principal Paid on Notes | (60,708) |
| Interest Paid on Notes | (1,383) |
| Net Cash Provided By (Used In) Capital and Related Financing Activities | <hr/> \$ (544,321) <hr/> |
| <u>Cash Flows from Investing Activities</u> | |
| Investment Income | \$ 9,708 |
| Net Cash Provided By (Used In) Investing Activities | <hr/> \$ 9,708 <hr/> |
| Increase (Decrease) in Cash | \$ 278,960 |
| Cash, July 1, 2011 | <hr/> 1,190,623 <hr/> |
| Cash, June 30, 2012 | <hr/> \$ 1,469,583 <hr/> |

(Continued)

Exhibit D-3

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

| | Business-type Activities - Major Enterprise Fund |
|---|--|
| | <u>Solid Waste Disposal Fund</u> |
| <u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u> | |
| Operating Income | \$ 462,938 |
| Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities: | |
| Depreciation | 153,487 |
| Changes in Assets and Liabilities: | |
| (Increase) in Accounts Receivable | (94,023) |
| Decrease in Due from Other Funds | 5,574 |
| Decrease in Cash Shortage | 1,900 |
| (Decrease) in Accounts Payable | (6,405) |
| (Decrease) in Payroll Deductions Payable | (2,223) |
| Increase in Contracts Payable | 171,038 |
| Increase in Retainage Payable | 19,787 |
| Increase in Compensated Absences Payable | 3,799 |
| Increase in Accrued Liability for Landfill Closure/Postclosure Costs | <u>65,154</u> |
| Net Cash Provided By (Used In) Operating Activities | <u>\$ 781,026</u> |
| <u>Reconciliation of Cash with Statement of Net Assets</u> | |
| Cash per Net Assets | \$ 340 |
| Equity in Pooled Cash and Investments per Net Assets | <u>1,469,243</u> |
| Cash, June 30, 2012 | <u>\$ 1,469,583</u> |

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

Exhibit E

Hardeman County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

| | <u>Agency Funds</u> |
|-------------------------------------|-------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 850,646 |
| Due from Other Governments | <u>280,000</u> |
| Total Assets | <u>\$ 1,130,646</u> |
| <u>LIABILITIES</u> | |
| Due to Other Taxing Units | \$ 280,000 |
| Due to Litigants, Heirs, and Others | <u>850,646</u> |
| Total Liabilities | <u>\$ 1,130,646</u> |

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

HARDEMAN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

Administrative Office:

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and 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 Hardeman County School Department component unit only reports governmental activities in the government-wide financial statements.

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

Hardeman County issues all debt for the discretely presented Hardeman County School Department. Net debt issues totaling \$104,361 were contributed by the county to the School Department during the year ended June 30, 2012.

Separate financial statements are provided for governmental funds, the proprietary fund (enterprise fund), and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major

individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

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

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

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

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

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

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

Proprietary fund and fiduciary 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.

Hardeman County reports the following major governmental funds:

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

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

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

Hardeman County reports the following major proprietary fund:

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

Additionally, Hardeman County reports the following fund types:

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

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

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

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

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

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

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

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

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

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

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the General Debt Service Fund financial statements, are included in restricted fund balance.

All ambulance, property taxes, and solid waste receivables are shown with an allowance for uncollectibles. Ambulance and solid waste receivables allowances for uncollectibles are based on historical collection data. The allowance for uncollectible property taxes is equal to 2.08 percent of total taxes levied.

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

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

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

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

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

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental 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 and an estimated useful life of more than five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

4. Compensated Absences

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

5. Long-term Obligations

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

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

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

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

6. Net Assets and Fund Equity

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

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

The government-wide Statement of Net Assets reports \$3,115,140 in restricted net assets, of which \$191,311 is restricted by enabling legislation.

As of June 30, 2012, Hardeman County had \$4,855,000 in outstanding debt for capital purposes for the discretely presented Hardeman County School Department. This debt is a liability of Hardeman County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Hardeman County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county's Budget Committee and the Board of Education are authorized bodies to make assignments.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Hardeman County School Department

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

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

Primary Government

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

Discretely Presented Hardeman County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances

may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

B. Net Assets Deficit

The Solid Waste Disposal Fund had a deficit in unrestricted net assets of \$1,032,539 at June 30, 2012. This deficit primarily resulted from the recognition of a liability totaling \$2,454,459 for costs associated with closing the county's landfill and monitoring the landfill for 30 years after closure.

C. Cash Shortage – Prior Year

The audit of Hardeman County for the 2007-08 year reported a cash shortage totaling \$3,032.47 in the Solid Waste Disposal Fund. This cash shortage is composed of 1) collections received at the landfill and delivered to the Solid Waste Office totaling \$2,152.97 that were not entered into the accounting system or deposited with the county trustee, and 2) receipts issued by the Solid Waste Office for monthly collections of landfill fees assessed to residents and businesses totaling \$879.50 that were not deposited with the county trustee. Contrina Robertson was sentenced on August 5, 2010, for theft of property and ordered to pay restitution. As of the date of this report, Contrina Robertson had paid restitution of \$2,700 leaving an unpaid shortage of \$332.47.

D. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the County Coroner/Medical Examiner and Transfers Out major appropriation categories (the legal level of control) of the General Fund by \$4,389 and \$5,436, respectively. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

E. Lease-Purchase Agreements Were Not in Compliance with State Statutes

On December 21, 2011, and June 22, 2012, the sheriff entered into lease-purchase agreements for four vehicles (\$112,464) and one vehicle (\$28,186), respectively. These lease agreements were signed by the sheriff instead of by the county mayor, and the lease entered into on June 22, 2012, was not approved by the County Commission. Details are discussed in the Schedule of Findings and Questioned Costs section of this report.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

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

Investment Balances. As of June 30, 2012, Hardeman County had the following investments carried at cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Hardeman County and the discretely presented Hardeman County School Department since both pool their deposits and investments through the county trustee.

| <u>Investment</u> | <u>Maturities</u> | <u>Cost</u> |
|-----------------------------------|-------------------|--------------|
| State Treasurer's Investment Pool | Daily | \$ 1,902,168 |

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Hardeman County has no investment policy that would further limit its investment choices. As of June 30, 2012, Hardeman County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2012, was as follows:

Primary Government

Governmental Activities:

| | Balance 7-1-11 | Increases | Decreases | Balance 6-30-12 |
|--|----------------------|---------------------|--------------------|----------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 1,477,092 | \$ 0 | \$ (10,000) | \$ 1,467,092 |
| Construction in Progress | 0 | 101,245 | 0 | 101,245 |
| Total Capital Assets Not Depreciated | \$ 1,477,092 | \$ 101,245 | \$ (10,000) | \$ 1,568,337 |
| Capital Assets Depreciated: | | | | |
| Buildings and Improvements | \$ 8,783,608 | \$ 35,935 | \$ 0 | \$ 8,819,543 |
| Infrastructure | 18,018,405 | 1,115,333 | 0 | 19,133,738 |
| Other Capital Assets | 5,505,648 | 235,990 | (28,116) | 5,713,522 |
| Total Capital Assets Depreciated | \$ 32,307,661 | \$ 1,387,258 | \$ (28,116) | \$ 33,666,803 |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | \$ 4,650,192 | \$ 237,986 | \$ 0 | \$ 4,888,178 |
| Infrastructure | 5,307,943 | 1,035,236 | 0 | 6,343,179 |
| Other Capital Assets | 3,163,830 | 435,213 | (1,322) | 3,597,721 |
| Total Accumulated Depreciation | \$ 13,121,965 | \$ 1,708,435 | \$ (1,322) | \$ 14,829,078 |
| Total Capital Assets Depreciated, Net | \$ 19,185,696 | \$ (321,177) | \$ (26,794) | \$ 18,837,725 |
| Governmental Activities Capital Assets, Net | \$ 20,662,788 | \$ (219,932) | \$ (36,794) | \$ 20,406,062 |

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

Governmental Activities:

| | |
|---|------------------|
| General Government | \$ 39,790 |
| Finance | 4,345 |
| Administration of Justice | 22,187 |
| Public Safety | 83,695 |
| Public Health and Welfare | 136,324 |
| Social, Cultural, and Recreational Services | 9,551 |
| Other Operations | 184,222 |
| Highways/Public Works | <u>1,228,321</u> |

| | |
|---|---------------------|
| Total Depreciation Expense - Governmental Activities | <u>\$ 1,708,435</u> |
|---|---------------------|

Business-type Activities:

| | Balance 7-1-11 | Increases | Decreases | Balance 6-30-12 |
|---|---------------------|---------------------|-------------------|---------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 219,838 | \$ 0 | \$ 0 | \$ 219,838 |
| Construction in Progress | 0 | 456,868 | 0 | 456,868 |
| Total Capital Assets Not Depreciated | <u>\$ 219,838</u> | <u>\$ 456,868</u> | <u>\$ 0</u> | <u>\$ 676,706</u> |
| Capital Assets Depreciated: | | | | |
| Buildings and Improvements | \$ 1,984,592 | \$ 0 | \$ 0 | \$ 1,984,592 |
| Machinery and Equipment | 667,153 | 29,000 | (3,638) | 692,515 |
| Total Capital Assets Depreciated | <u>\$ 2,651,745</u> | <u>\$ 29,000</u> | <u>\$ (3,638)</u> | <u>\$ 2,677,107</u> |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | \$ 614,677 | \$ 92,523 | \$ 0 | \$ 707,200 |
| Machinery and Equipment | 415,583 | 61,026 | (62) | 476,547 |
| Total Accumulated Depreciation | <u>\$ 1,030,260</u> | <u>\$ 153,549</u> | <u>\$ (62)</u> | <u>\$ 1,183,747</u> |
| Total Capital Assets Depreciated, Net | <u>\$ 1,621,485</u> | <u>\$ (124,549)</u> | <u>\$ (3,576)</u> | <u>\$ 1,493,360</u> |
| Business-type Activities Capital Assets, Net | <u>\$ 1,841,323</u> | <u>\$ 332,319</u> | <u>\$ (3,576)</u> | <u>\$ 2,170,066</u> |

Depreciation expense was charged to functions of the business-type activities as follows:

Business-type Activities:

| | |
|--|-------------------|
| Solid Waste Disposal | \$ 153,487 |
| Total Depreciation Expense - Business-type Activities | <u>\$ 153,487</u> |

Discretely Presented Hardeman County School Department

Governmental Activities:

| | Balance 7-1-11 | Increases | Balance 6-30-12 |
|--|----------------------|---------------------|----------------------|
| Capital Assets Not Depreciated: | | | |
| Land | \$ 358,116 | \$ 0 | \$ 358,116 |
| Total Capital Assets Not Depreciated | <u>\$ 358,116</u> | <u>\$ 0</u> | <u>\$ 358,116</u> |
| Capital Assets Depreciated: | | | |
| Buildings and Improvements | \$ 27,861,768 | \$ 924,150 | \$ 28,785,918 |
| Other Capital Assets | 6,876,593 | 480,086 | 7,356,679 |
| Total Capital Assets Depreciated | <u>\$ 34,738,361</u> | <u>\$ 1,404,236</u> | <u>\$ 36,142,597</u> |
| Less Accumulated Depreciation For: | | | |
| Buildings and Improvements | \$ 15,866,988 | \$ 777,055 | \$ 16,644,043 |
| Other Capital Assets | 5,223,093 | 430,264 | 5,653,357 |
| Total Accumulated Depreciation | <u>\$ 21,090,081</u> | <u>\$ 1,207,319</u> | <u>\$ 22,297,400</u> |
| Total Capital Assets Depreciated, Net | <u>\$ 13,648,280</u> | <u>\$ 196,917</u> | <u>\$ 13,845,197</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 14,006,396</u> | <u>\$ 196,917</u> | <u>\$ 14,203,313</u> |

There were no deductions in capital assets to report during the year ended June 30, 2012. Depreciation expense was charged to functions of the discretely presented Hardeman County School Department as follows:

Governmental Activities:

| | |
|---|---------------------|
| Instruction | \$ 711,902 |
| Support Services | 424,135 |
| Operation of Non-Instructional Services | <u>71,282</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 1,207,319</u> |

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, was as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-----------------------------|-------------------------|---------------|
| Primary Government: | | |
| General | Nonmajor governmental | \$ 1,126 |
| Discretely Presented School | | |
| Department: | | |
| General Purpose School | School Federal Projects | 31,482 |
| School Federal Projects | General Purpose School | 2,989 |

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

A portion of the receivable in the General Purpose School Fund totaling \$600 was in transit from the School Federal Projects Fund at June 30, 2012.

Interfund Loans to/from Other Funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|---------------|
| General Debt Service | General | \$ 110,655 |

The balance of \$110,655 due to the General Debt Service Fund from the General Fund resulted from an advance to the General Fund for paving a parking lot at the Hardeman County Criminal Justice Complex in the prior year.

Due to/from Primary Government and Component Unit:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-----------------------|---------------|
| Component Unit: | Primary Government: | \$ 26,873 |
| General Purpose School | Nonmajor Governmental | |

Interfund Transfers:

Interfund transfers for the year ended June 30, 2012, consisted of the following amounts:

Primary Government

| Transfers Out | Transfers In | |
|-----------------------------|-----------------|---------------------------|
| | General Fund | General Debt Service Fund |
| General Fund | \$ 0 | \$ 5,436 |
| Nonmajor governmental funds | 2,056 | 0 |
| Total | \$ 2,056 | \$ 5,436 |

Discretely Presented Hardeman County School Department

| Transfers Out | Transfers In | |
|------------------------------|-----------------------------|------------------------------|
| | General Purpose School Fund | School Federal Projects Fund |
| School Federal Projects Fund | \$ 176,521 | \$ 0 |
| General Purpose School Fund | 0 | 2,989 |
| Total | \$ 176,521 | \$ 2,989 |

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

D. Capital Leases

Primary Government

On December 21, 2011, Hardeman County entered into a two-year lease-purchase agreement for sheriff vehicles. The terms of the agreement require total lease payments of \$112,464 plus interest of 4.99 percent. Title to the vehicles transfers to Hardeman County at the end of the lease period. The lease payments are made from the General Fund. This lease purchase agreement was not entered into in compliance with state statutes.

On June 22, 2012, Hardeman County entered into a two-year lease-purchase agreement for a sheriff vehicle. The terms of the agreement require total lease payments of \$28,186 plus interest of 4.99 percent. Title to the vehicle transfers to Hardeman County at the end of the lease period. The lease

payments are made from the General Fund. This lease-purchase agreement was not entered into in compliance with state statutes.

The assets acquired through capital leases are as follows:

| Asset | Governmental Activities |
|-----------------------------------|----------------------------|
| Vehicles | \$ 140,650 |
| Less: Disposal of Wrecked Vehicle | (26,794) |
| Less: Accumulated Depreciation | <u>(11,632)</u> |
| Total Book Value | <u>\$ 102,224</u> |

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

| Year Ending June 30 | Governmental Funds |
|--|-----------------------|
| 2013 | \$ 39,351 |
| 2014 | <u>39,355</u> |
| Total Minimum Lease Payments | \$ 78,706 |
| Less: Amount Representing Interest | <u>(5,522)</u> |
| Present Value of Minimum Lease Payments | <u>\$ 73,184</u> |

Discretely Presented Hardeman County School Department

On December 28, 2010, the Hardeman County School Department entered into a three-year lease-purchase agreement for a modular building. The terms of the lease require total lease payments of \$36,239 plus interest of 4.6497 percent. Title to the building transfers to the School Department at the end of the lease. The lease payments are made from the General Purpose School Fund.

The assets acquired through capital leases are as follows:

| Asset | Governmental Activities |
|--------------------------------|----------------------------|
| Buildings and Improvements | \$ 36,239 |
| Less: Accumulated Depreciation | <u>(2,296)</u> |
| Total Book Value | <u>\$ 33,943</u> |

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

| Year Ending June 30 | Governmental Funds |
|--|-------------------------|
| 2013 | \$ 12,965 |
| 2014 | 6,483 |
| Total Minimum Lease Payments | <u>\$ 19,448</u> |
| Less: Amount Representing Interest | <u>(698)</u> |
| Present Value of Minimum Lease Payments | <u><u>\$ 18,750</u></u> |

E. Long-term Debt

Primary Government

General Obligation Bonds and Notes

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and capital outlay notes outstanding were issued for original terms of up to 40 years for bonds and up to 12 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in long-term debt as of June 30, 2012, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and capital leases outstanding as of June 30, 2012, for governmental activities are as follows:

| Type | Interest Rate | Final Maturity | Original Amount of Issue | Balance 6-30-12 |
|--------------------------------------|---------------|----------------|--------------------------|-----------------|
| General Obligation Bonds | 5 | % 1-1-15 | \$ 189,000 | \$ 31,000 |
| General Obligation Bonds - Refunding | 3.98 | 4-1-24 | 6,370,000 | 4,855,000 |
| Capital Outlay Notes | 4.35 to 4.45 | 6-1-20 | 440,000 | 309,571 |
| Capital Leases | 4.99 | 6-22-14 | 140,650 | 73,184 |

The annual requirements to amortize all general obligation bonds and notes outstanding as of June 30, 2012, including interest payments, are presented in the following tables:

| Year Ending June 30 | Bonds | | |
|------------------------|--------------|--------------|--------------|
| | Principal | Interest | Total |
| 2013 | \$ 335,000 | \$ 194,529 | \$ 529,529 |
| 2014 | 345,000 | 181,094 | 526,094 |
| 2015 | 361,000 | 167,236 | 528,236 |
| 2016 | 365,000 | 153,031 | 518,031 |
| 2017 | 380,000 | 138,504 | 518,504 |
| 2018-2022 | 2,135,000 | 453,521 | 2,588,521 |
| 2023-2024 | 965,000 | 57,710 | 1,022,710 |
| Total | \$ 4,886,000 | \$ 1,345,625 | \$ 6,231,625 |

| Year Ending June 30 | Notes | | |
|------------------------|------------|-----------|------------|
| | Principal | Interest | Total |
| 2013 | \$ 39,585 | \$ 13,534 | \$ 53,119 |
| 2014 | 34,784 | 11,999 | 46,783 |
| 2015 | 39,992 | 10,456 | 50,448 |
| 2016 | 40,210 | 8,682 | 48,892 |
| 2017 | 35,000 | 6,898 | 41,898 |
| 2018-2020 | 120,000 | 10,680 | 130,680 |
| Total | \$ 309,571 | \$ 62,249 | \$ 371,820 |

There is \$936,466 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$179, based on the 2010 federal census. Debt per capita, including bonds, notes, and capital leases, totaled \$193, based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:
Governmental Activities:

| | <u>Bonds</u> | <u>Notes</u> | <u>Capital Leases</u> |
|-----------------------------|---------------------|-------------------|---------------------------|
| Balance, July 1, 2011 | \$ 5,205,000 | \$ 338,965 | \$ 0 |
| Additions | 0 | 0 | 140,650 |
| Deductions | <u>(319,000)</u> | <u>(29,394)</u> | <u>(67,466)</u> |
| Balance, June 30, 2012 | <u>\$ 4,886,000</u> | <u>\$ 309,571</u> | <u>\$ 73,184</u> |
| Balance Due Within One Year | <u>\$ 335,000</u> | <u>\$ 39,585</u> | <u>\$ 35,699</u> |

| | <u>Compensated Absences</u> |
|-----------------------------|---------------------------------|
| Balance, July 1, 2011 | \$ 347,466 |
| Additions | 227,253 |
| Deductions | <u>(152,023)</u> |
| Balance, June 30, 2012 | <u>\$ 422,696</u> |
| Balance Due Within One Year | <u>\$ 160,580</u> |

Analysis of Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|---------------------|
| Total Noncurrent Liabilities, June 30, 2012 | \$ 5,691,451 |
| Less: Balance Due Within One Year | (570,864) |
| Less: Deferred Amount on Refunding | <u>(139,394)</u> |
| Noncurrent Liabilities - Due in More Than One Year - Exhibit A | <u>\$ 4,981,193</u> |

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

Hardeman County Solid Waste Disposal Fund (enterprise fund)

Changes in Long-term Liabilities

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2012, was as follows:

Business-type Activities:

| | Notes | Landfill Closure/ Postclosure Care Costs | Compensated Absences |
|--------------------------------|-------------|---|-------------------------|
| Balance, July 1, 2011 | \$ 60,708 | \$ 2,389,305 | \$ 18,848 |
| Additions | 0 | 65,154 | 7,555 |
| Deductions | (60,708) | 0 | (3,756) |
| Balance, June 30, 2012 | <u>\$ 0</u> | <u>\$ 2,454,459</u> | <u>\$ 22,647</u> |
| Balance Due Within One Year | <u>\$ 0</u> | <u>\$ 3,490</u> | <u>\$ 22,647</u> |

Analysis of Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|---------------------|
| Total Noncurrent Liabilities, June 30, 2012 | \$ 2,477,106 |
| Less: Balance Due Within One Year | <u>(26,137)</u> |
| Noncurrent Liabilities - Due in More Than One Year - Exhibit A | <u>\$ 2,450,969</u> |

Discretely Presented Hardeman County School Department

Other Loans

Hardeman County issues other loans on behalf of the School Department to provide funds for the acquisition, construction and renovation of major capital facilities.

Other loans are direct obligations and pledge the full faith and credit of the government. The other loan was issued for an original term of three years. The other loan included in long-term debt as of June 30, 2012, will be retired from the General Purpose School Fund.

The other loan outstanding as of June 30, 2012, for governmental activities is as follows:

| Type | Interest Rate | Final Maturity | Original Amount of Issue | Balance 6-30-12 |
|--------------------|------------------|-------------------|--------------------------------|--------------------|
| Other Loan Payable | 0 | % 1-20-15 | \$ 104,361 | \$ 104,361 |

The annual requirements to amortize the other loan outstanding as of June 30, 2012, are presented in the following table:

| Year Ending June 30 | Other Loan Principal |
|------------------------|-------------------------|
| 2013 | \$ 0 |
| 2014 | 65,472 |
| 2015 | <u>38,889</u> |
| Total | <u>\$ 104,361</u> |

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Hardeman County School Department for the year ended June 30, 2012, was as follows:

Governmental Activities:

| | Other Loan | Capital Leases | Compensated Absences |
|--------------------------------|-------------------|-------------------|-------------------------|
| Balance, July 1, 2011 | \$ 0 | \$ 30,544 | \$ 174,411 |
| Additions | 104,361 | 0 | 71,502 |
| Deductions | <u>0</u> | <u>(11,794)</u> | <u>(69,267)</u> |
| Balance, June 30, 2012 | <u>\$ 104,361</u> | <u>\$ 18,750</u> | <u>\$ 176,646</u> |
| Balance Due Within One Year | <u>\$ 0</u> | <u>\$ 12,354</u> | <u>\$ 33,482</u> |

| | Other Postemployment Benefits |
|--------------------------------|-------------------------------------|
| Balance, July 1, 2011 | \$ 473,863 |
| Additions | 373,835 |
| Deductions | <u>(201,624)</u> |
| Balance, June 30, 2012 | <u>\$ 646,074</u> |
| Balance Due Within One Year | <u>\$ 0</u> |

Analysis of Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|-------------------|
| Total Noncurrent Liabilities, June 30, 2012 | \$ 945,831 |
| Less: Balance Due Within One Year | <u>(45,836)</u> |
| Noncurrent Liabilities - Due in More Than One Year - Exhibit A | <u>\$ 899,995</u> |

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

F. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for some retired employees on-behalf of Hardeman County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2012, were \$119. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

Discretely Presented Hardeman County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hardeman County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2012, were \$97,940 and \$29,068, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

Hardeman County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary because funds were not available for general operating expenses coming due before current tax collections and other revenue sources. Short term debt activity for the year ended June 30, 2012, was as follows:

| | Balance 7-1-11 | Issued | Paid | Balance 6-30-12 |
|------------------------|-------------------|------------|--------------|--------------------|
| Tax Anticipation Notes | \$ 0 | \$ 600,000 | \$ (600,000) | \$ 0 |

V. **OTHER INFORMATION**

A. **Risk Management**

Primary Government

Employee Health Insurance

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

Liability, Property, Casualty, and Workers' Compensation Insurance

Hardeman County participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county 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.

Discretely Presented Hardeman County School Department

Employee Health Insurance

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

Liability, Property, Casualty, and Workers' Compensation Insurance

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

compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

B. Subsequent Events

Director of Schools, Dr. Donald Hopper, resigned June 30, 2012, and was succeeded by Warner Ross, II.

On August 20, 2012, Hardeman County issued capital outlay notes totaling \$80,000 for highway equipment.

C. Contingent Liabilities

Hardeman County is contingently liable for certain Local Government Public Improvement Bonds, Series 2008A and 2008B, of the Hardeman County Industrial Development Board. Hardeman County would become liable for these bonds and the interest thereon in the event of default by the Industrial Development Board. The principal of these public improvement bonds is reflected on the financial statements of the Hardeman County Industrial Development Board. As of June 30, 2012, future principal and interest requirements were \$17,700,000 and \$17,277,368, respectively.

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

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

D. Landfill Closure/Postclosure Care Costs

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,454,459 reported as landfill closure and

postclosure care liability at June 30, 2012, represents the cumulative amount reported to date based on the use of 89 percent of the estimated capacity of the extension landfill site (\$1,069,844) and for the original landfill site closed in 1999 (\$1,384,615) and represents estimates of the cost to perform all closure and postclosure care in 2012. The county will recognize the remaining estimated costs of closure and postclosure care of \$132,228 on the operating landfill as the remaining estimated capacity is filled. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

E. Joint Ventures

The Bolivar/Hardeman County Library is jointly owned by Hardeman County and the City of Bolivar and is operated by an appointed board. The board comprises seven members, four of whom are appointed by the Hardeman County Mayor. The remaining three members are appointed by the Bolivar City Mayor. Hardeman County has control over budgeting and financing the joint venture only to the extent of representation by the four board members appointed. Hardeman County contributed \$80,314 to the operations of the library during the year ended June 30, 2012.

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

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

Administrative Offices:

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

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

F. Retirement Commitments

Information for this footnote for the year ended June 30, 2012, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented below is for the fiscal year ended June 30, 2011.

Plan Description

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

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

Funding Policy

Hardeman County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 11.94 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2011, the county’s annual pension cost of \$1,010,874 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the 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 postretirement increases of 2.5 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 ten-year period. The 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, 2009, was six 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 |
|-------------------|---------------------------|-------------------------------|------------------------|
| 6-30-11 | \$1,010,874 | 100% | \$0 |
| 6-30-10 | 985,303 | 100 | 0 |
| 6-30-09 | 960,292 | 100 | 0 |

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 91.27 percent funded. The actuarial accrued liability for benefits was \$21 million, and the actuarial value of assets was \$19 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$8 million, and the ratio of the UAAL to the covered payroll was 22.67 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

SCHOOL TEACHERS

Plan Description

The Hardeman County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are 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 School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 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, 2011, 2010, and 2009, were \$1,508,646, \$1,129,703, and \$1,117,415, respectively, equal to the required contributions for each year.

G. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The premium requirements of the plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2012, the discretely presented Hardeman County School Department contributed \$201,624 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

| | |
|------------------------------|-------------------------------------|
| | Local Education Group Plan |
| | <hr/> |
| ARC | \$ 375,000 |
| Interest on the NPO | 18,955 |
| Adjustment to the ARC | (20,120) |
| Annual OPEB cost | <hr/> \$ 373,835 |
| Less: Amount of contribution | (201,624) |
| Increase/decrease in NPO | \$ 172,211 |
| Net OPEB obligation, 7-1-11 | <hr/> 473,863 |
| Net OPEB obligation, 6-30-12 | <hr/> <hr/> \$ 646,074 |

| Fiscal Year Ended | Plan | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation at Year End |
|-------------------|-----------------------|------------------|--|---------------------------------|
| 6-30-10 | Local Education Group | \$ 280,876 | 85 % | \$ 410,896 |
| 6-30-11 | " | 292,976 | 79 | 473,863 |
| 6-30-12 | " | 373,835 | 54 | 646,074 |

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

| | |
|---|-------------------------------------|
| | Local Education Group Plan |
| | <hr/> |
| Actuarial valuation date | 7-1-11 |
| Actuarial accrued liability (AAL) | \$ 3,586,000 |
| Actuarial value of plan assets | \$ 0 |
| Unfunded actuarial accrued liability (UAAL) | \$ 3,586,000 |
| Actuarial value of assets as a % of the AAL | 0% |
| Covered payroll (active plan members) | \$ 20,905,099 |
| UAAL as a % of covered payroll | 17% |

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, 2011, actuarial valuation for the Local Education Group Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent for fiscal year 2012. The trend will decrease to 8.75 percent in fiscal year 2013 and then be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The rate includes a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

H. Purchasing Laws

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

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

exceeding \$10,000 for the Offices of County Mayor, Highway Superintendent, and Director of Schools.

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

A. Significant Accounting Policies

1. Organization and Reporting Entity

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

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

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

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

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

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

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

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

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

3. Assets, Liabilities, and Net Assets

a. Deposits and Investments

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

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

b. Accounts Receivable

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

c. Capital Assets

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

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

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

d. Compensated Absences

The district allows full-time employees eight hours of vacation per month for 1-10 years of service, and 12 hours per month for 10-20 years of service. The vacation days will have monetary value, and may be accrued; however, maximum accrual is

24 days for 1-10 years of service and 30 days for 10-20 years of service. A liability is reflected in the financial statements for \$4,667.

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

e. Net Assets

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

B. Stewardship, Compliance, and Accountability

Budgetary Information

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

C. Detailed Notes on Accounts

1. Deposits and Investments

The district's policies limit deposits and investments to those instruments allowed by applicable state laws and described below. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve banks acting as third-party agents. State statutes also authorize the district to invest in bonds, notes, or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market

value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2012, \$708,378 of the district's bank balance was covered by federal depositary insurance and \$267 was uncollateralized.

2. Capital Assets

Changes in capital assets for the year ended June 30, 2012, were:

| | Balance 7-1-11 | Increases | Decreases | Balance 6-30-12 |
|------------------------|-------------------|------------|-------------|--------------------|
| Capital Assets | | | | |
| Depreciated: | | | | |
| Office Building | \$ 72,671 | \$ 0 | \$ 0 | \$ 72,671 |
| Furniture and Fixtures | 42,210 | 0 | 0 | 42,210 |
| Office Equipment | 11,618 | 0 | 0 | 11,618 |
| Communications | | | | |
| Equipment | 172,321 | 263,842 | 0 | 436,163 |
| Vehicles | 14,799 | 14,838 | (14,799) | 14,838 |
| Total Capital Assets | | | | |
| Depreciated | \$ 313,619 | \$ 278,680 | \$ (14,799) | \$ 577,500 |
| Less Accumulated | | | | |
| Depreciation For: | | | | |
| Office Building | \$ 33,926 | \$ 2,422 | \$ 0 | \$ 36,348 |
| Furniture and Fixtures | 28,394 | 4,786 | 0 | 33,180 |
| Office Equipment | 8,876 | 978 | 0 | 9,854 |
| Communications | | | | |
| Equipment | 137,813 | 29,990 | 0 | 167,803 |
| Vehicles | 14,552 | 2,720 | (14,799) | 2,473 |
| Total Accumulated | | | | |
| Depreciation | \$ 223,561 | \$ 40,896 | \$ (14,799) | \$ 249,658 |
| Total Capital | | | | |
| Assets, Net | \$ 90,058 | \$ 237,784 | \$ 0 | \$ 327,842 |

D. Other Information

1. Commitments

The district pays AT&T a monthly fee of \$1,961 for maintenance and 911 network charges. The district purchased CAD and mapping equipment from GeoConex. The yearly maintenance fee is \$16,031.

2. **Funding Sources**

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

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

3. **Retirement Plan**

Plan Description

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

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

Funding Policy

The district requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2011, was 15.38 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. Contribution requirements for the district are established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2012, the district's annual pension cost of \$10,810 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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 postretirement 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 district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was 15 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

| Fiscal Year Ended | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------------|---------------------------|-------------------------------|------------------------|
| 6-30-11 | \$ 11,067 | 100 % | \$ 0 |
| 6-30-10 | 9,724 | 100 | 0 |
| 6-30-09 | 10,867 | 100 | 0 |

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 55.79 percent funded. The actuarial accrued liability for benefits was \$0.2 million, and the actuarial value of assets was \$0.1 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.1 million, and the ratio of the UAAL to the covered payroll was 161.13 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 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.

4. **Risk Management**

The district is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2012, the district purchased commercial insurance for all the above risks. Settled claims have not exceeded this commercial coverage in any of the past three years, and there have been no significant reductions in the amount of coverage provided.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2012

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|---------------------|----------------------|----------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 4,218,099 | \$ 4,199,828 | \$ 4,199,828 | \$ 18,271 |
| Licenses and Permits | 29,320 | 26,500 | 26,500 | 2,820 |
| Fines, Forfeitures, and Penalties | 151,045 | 134,900 | 134,900 | 16,145 |
| Charges for Current Services | 1,487,536 | 1,429,900 | 1,429,900 | 57,636 |
| Other Local Revenues | 245,483 | 290,000 | 304,374 | (58,891) |
| Fees Received from County Officials | 937,787 | 1,188,113 | 1,188,113 | (250,326) |
| State of Tennessee | 1,928,813 | 2,646,659 | 2,764,032 | (835,219) |
| Federal Government | 195,529 | 101,500 | 101,500 | 94,029 |
| Other Governments and Citizens Groups | 53,939 | 120,000 | 120,000 | (66,061) |
| Total Revenues | \$ 9,247,551 | \$ 10,137,400 | \$ 10,269,147 | \$ (1,021,596) |
| <u>Expenditures</u> | | | | |
| <u>General Government</u> | | | | |
| County Commission | \$ 13,875 | \$ 15,000 | \$ 15,000 | \$ 1,125 |
| Board of Equalization | 700 | 1,400 | 1,400 | 700 |
| Beer Board | 1,890 | 1,540 | 1,940 | 50 |
| Budget and Finance Committee | 2,450 | 3,500 | 3,500 | 1,050 |
| Other Boards and Committees | 4,550 | 6,000 | 6,000 | 1,450 |
| County Mayor/Executive | 160,242 | 170,260 | 170,260 | 10,018 |
| County Attorney | 17,292 | 17,271 | 19,271 | 1,979 |
| Election Commission | 176,892 | 192,421 | 192,422 | 15,530 |
| Register of Deeds | 133,641 | 148,856 | 148,856 | 15,215 |
| Development | 62,528 | 68,940 | 68,940 | 6,412 |
| County Buildings | 155,015 | 176,302 | 183,437 | 28,422 |
| Other General Administration | 35,476 | 30,000 | 35,476 | 0 |
| Preservation of Records | 4,690 | 9,000 | 9,000 | 4,310 |
| <u>Finance</u> | | | | |
| Accounting and Budgeting | 18,000 | 18,200 | 18,200 | 200 |
| Purchasing | 3,600 | 3,600 | 3,600 | 0 |
| Property Assessor's Office | 192,162 | 199,301 | 199,301 | 7,139 |
| Reappraisal Program | 34,360 | 36,950 | 36,950 | 2,590 |
| County Trustee's Office | 17,754 | 151,634 | 151,634 | 133,880 |
| County Clerk's Office | 24,230 | 199,079 | 199,079 | 174,849 |
| <u>Administration of Justice</u> | | | | |
| Circuit Court | 263,539 | 309,768 | 309,768 | 46,229 |
| General Sessions Court | 111,651 | 112,117 | 112,117 | 466 |
| Drug Court | 3,391 | 4,500 | 4,500 | 1,109 |
| Chancery Court | 148,774 | 165,433 | 165,433 | 16,659 |
| Juvenile Court | 36,724 | 45,316 | 45,316 | 8,592 |
| Victims Assistance Programs | 9,304 | 8,000 | 13,000 | 3,696 |
| <u>Public Safety</u> | | | | |
| Sheriff's Department | 1,624,763 | 1,619,066 | 1,727,324 | 102,561 |
| Workhouse | 1,307,235 | 1,360,262 | 1,360,262 | 53,027 |

(Continued)

Exhibit F-1

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

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|--------------|------------------|----------------|--|
| | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | |
| <u>Public Safety (Cont.)</u> | | | | |
| Juvenile Services | \$ 32,966 | \$ 35,616 | \$ 35,616 | \$ 2,650 |
| Fire Prevention and Control | 74,500 | 75,000 | 75,000 | 500 |
| Civil Defense | 62,147 | 71,730 | 71,730 | 9,583 |
| County Coroner/Medical Examiner | 53,853 | 41,964 | 49,464 | (4,389) |
| <u>Public Health and Welfare</u> | | | | |
| Local Health Center | 80,264 | 81,120 | 81,119 | 855 |
| Rabies and Animal Control | 47,379 | 50,177 | 50,177 | 2,798 |
| Ambulance/Emergency Medical Services | 1,378,431 | 1,296,475 | 1,399,480 | 21,049 |
| Dental Health Program | 192,878 | 445,289 | 445,289 | 252,411 |
| Alcohol and Drug Programs | 5,000 | 5,000 | 5,000 | 0 |
| Crippled Children Services | 890 | 890 | 890 | 0 |
| Other Local Health Services | 4,816 | 4,816 | 4,816 | 0 |
| Regional Mental Health Center | 7,500 | 7,500 | 7,500 | 0 |
| Other Local Welfare Services | 1,250 | 2,500 | 2,500 | 1,250 |
| Sanitation Education/Information | 32,068 | 47,426 | 47,426 | 15,358 |
| Waste Pickup | 255,656 | 256,656 | 256,656 | 1,000 |
| Convenience Centers | 186,870 | 176,895 | 201,395 | 14,525 |
| <u>Social, Cultural, and Recreational Services</u> | | | | |
| Libraries | 88,464 | 88,464 | 88,464 | 0 |
| Other Social, Cultural, and Recreational | 1,125 | 1,675 | 1,675 | 550 |
| <u>Agriculture and Natural Resources</u> | | | | |
| Agriculture Extension Service | 80,396 | 78,684 | 83,790 | 3,394 |
| Forest Service | 2,000 | 2,000 | 2,000 | 0 |
| Soil Conservation | 31,598 | 35,053 | 35,053 | 3,455 |
| <u>Other Operations</u> | | | | |
| Industrial Development | 43,355 | 57,805 | 57,805 | 14,450 |
| Housing and Urban Development | 31,582 | 40,000 | 40,000 | 8,418 |
| Airport | 229,306 | 917,289 | 917,289 | 687,983 |
| Veterans' Services | 8,490 | 9,660 | 9,796 | 1,306 |
| Contributions to Other Agencies | 22,176 | 30,583 | 30,583 | 8,407 |
| Employee Benefits | 1,611,992 | 1,711,648 | 1,711,767 | 99,775 |
| ARRA Grant # 1 | 10,686 | 0 | 10,686 | 0 |
| Miscellaneous | 391,754 | 450,337 | 545,837 | 154,083 |
| <u>Principal on Debt</u> | | | | |
| General Government | 67,466 | 0 | 67,466 | 0 |
| <u>Interest on Debt</u> | | | | |
| General Government | 596 | 0 | 596 | 0 |
| Total Expenditures | \$ 9,602,182 | \$ 11,095,968 | \$ 11,538,851 | \$ 1,936,669 |
| Excess (Deficiency) of Revenues | | | | |
| Over Expenditures | \$ (354,631) | \$ (958,568) | \$ (1,269,704) | \$ 915,073 |

(Continued)

Exhibit F-1

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

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|--------------|------------------|----------------|--|
| | | Original | Final | |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Capital Leases Issued | \$ 140,650 | \$ 0 | \$ 140,650 | \$ 0 |
| Insurance Recovery | 19,665 | 5,000 | 23,880 | (4,215) |
| Transfers In | 2,056 | 0 | 0 | 2,056 |
| Transfers Out | (5,436) | 0 | 0 | (5,436) |
| Total Other Financing Sources (Uses) | \$ 156,935 | \$ 5,000 | \$ 164,530 | \$ (7,595) |
| Net Change in Fund Balance | \$ (197,696) | \$ (953,568) | \$ (1,105,174) | \$ 907,478 |
| Fund Balance, July 1, 2011 | 1,469,469 | 1,459,145 | 1,459,145 | 10,324 |
| Fund Balance, June 30, 2012 | \$ 1,271,773 | \$ 505,577 | \$ 353,971 | \$ 917,802 |

Exhibit F-2

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2012

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|---------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 786,192 | \$ 825,000 | \$ 825,000 | \$ (38,808) |
| Charges for Current Services | 0 | 100 | 100 | (100) |
| Other Local Revenues | 16,374 | 18,940 | 24,972 | (8,598) |
| State of Tennessee | 2,142,058 | 2,280,118 | 2,280,118 | (138,060) |
| Federal Government | 244,926 | 346,840 | 346,840 | (101,914) |
| Total Revenues | <u>\$ 3,189,550</u> | <u>\$ 3,470,998</u> | <u>\$ 3,477,030</u> | <u>\$ (287,480)</u> |
| <u>Expenditures</u> | | | | |
| <u>Highways</u> | | | | |
| Administration | \$ 204,221 | \$ 211,017 | \$ 219,384 | \$ 15,163 |
| Highway and Bridge Maintenance | 962,386 | 1,128,487 | 1,087,322 | 124,936 |
| Operation and Maintenance of Equipment | 558,772 | 548,580 | 580,190 | 21,418 |
| Asphalt Plant Operations | 636,893 | 659,500 | 683,500 | 46,607 |
| Other Charges | 56,480 | 105,100 | 105,100 | 48,620 |
| Employee Benefits | 416,906 | 480,400 | 480,400 | 63,494 |
| Capital Outlay | 385,730 | 554,674 | 554,674 | 168,944 |
| Total Expenditures | <u>\$ 3,221,388</u> | <u>\$ 3,687,758</u> | <u>\$ 3,710,570</u> | <u>\$ 489,182</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (31,838)</u> | <u>\$ (216,760)</u> | <u>\$ (233,540)</u> | <u>\$ 201,702</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Insurance Recovery | \$ 21,407 | \$ 3,000 | \$ 19,780 | \$ 1,627 |
| Total Other Financing Sources (Uses) | <u>\$ 21,407</u> | <u>\$ 3,000</u> | <u>\$ 19,780</u> | <u>\$ 1,627</u> |
| Net Change in Fund Balance | \$ (10,431) | \$ (213,760) | \$ (213,760) | \$ 203,329 |
| Fund Balance, July 1, 2011 | <u>1,123,465</u> | <u>830,248</u> | <u>830,248</u> | <u>293,217</u> |
| Fund Balance, June 30, 2012 | <u>\$ 1,113,034</u> | <u>\$ 616,488</u> | <u>\$ 616,488</u> | <u>\$ 496,546</u> |

Exhibit F-3

Hardeman County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Hardeman County School Department
June 30, 2012

(Dollar amounts in thousands)

| Actuarial Valuation Date * | Actuarial Value of Plan Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b)-(a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|----------------------------------|--|--|--------------------------------------|--------------------------|---------------------------|---|
| 7-1-07 | \$ 17,373 | \$ 18,477 | \$ 1,104 | 94.03 % | \$ 7,617 | 14.49 % |
| 7-1-09 | 19,053 | 20,875 | 1,822 | 91.27 | 8,036 | 22.67 |

* Information for July 1, 2011, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, only two years are presented.

Exhibit F-4

Hardeman County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Hardeman County Emergency Communications District
June 30, 2012

(Dollar amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b)-(a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|---|--------------------------------------|--------------------------|---------------------------|---|
| 7-1-07 | \$ 108 | \$ 179 | \$ 71 | 60.34 % | \$ 73 | 97.26 % |
| 7-1-09 | 126 | 227 | 101 | 55.79 | 62 | 161.13 |

Information was not available from the Tennessee Consolidated Retirement System in time for inclusion in this report for presentation of the third period.

Exhibit F-5

Hardeman County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Hardeman County School Department
June 30, 2012

(Dollar amounts in thousands)

| Plan | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b)-(a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a |
|-----------------------|--------------------------|-------------------------------|---------------------------------------|-----------------------------|--------------------|---------------------|---|
| | | | | | | | Percentage of Covered Payroll ((b-a)/c) |
| Local Education Group | 7-1-09 | \$ 0 | \$ 2,845 | \$ 2,845 | 0 % | \$ 20,742 | 14 % |
| " | 7-1-10 | 0 | 2,947 | 2,947 | 0 | 21,381 | 14 |
| " | 7-1-11 | 0 | 3,586 | 3,586 | 0 | 20,905 | 17 |

HARDEMAN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2012

A. BUDGETARY INFORMATION

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

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

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

B. EXPENDITURES EXCEEDED APPROPRIATIONS

Expenditures exceeded appropriations approved by the County Commission in the County Coroner/Medical Examiner and Transfers Out major appropriation categories (the legal level of control) of the General Fund by \$4,389 and \$5,436, respectively. 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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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 and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for revenues provided for industrial park projects. This fund was closed during the 2011-12 year.

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

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for transactions of the airport expansion project. This fund was closed during the 2011-12 year.

Exhibit G-1

Hardeman County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

| | Special Revenue Funds | | | Capital Projects Funds | | | Total Nonmajor Governmental Funds |
|----|-----------------------|---|------------|--------------------------------|----------------------------------|------------|--|
| | Drug Control | Constitu- tional Officers - Fees | Total | General Capital Projects | Education Capital Projects | Total | |
| \$ | 0 | 75,215 | \$ 75,215 | 0 | 0 | \$ 0 | \$ 75,215 |
| | 73,930 | 0 | 73,930 | 494,377 | 0 | 494,377 | 568,307 |
| | 0 | 168 | 168 | 0 | 0 | 0 | 168 |
| | 0 | 0 | 0 | 0 | 26,873 | 26,873 | 26,873 |
| \$ | 73,930 | 75,383 | \$ 149,313 | 494,377 | 26,873 | \$ 521,250 | \$ 670,563 |

ASSETS

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

LIABILITIES AND FUND BALANCES

| | | | | | | | |
|-------------------------------------|-----------|--------|------------|---------|--------|------------|------------|
| <u>Liabilities</u> | | | | | | | |
| Accounts Payable | \$ 85 | 0 | \$ 85 | 0 | 0 | \$ 0 | \$ 85 |
| Due to Other Funds | 0 | 1,126 | 1,126 | 0 | 0 | 0 | 1,126 |
| Due to Component Units | 0 | 0 | 0 | 0 | 26,873 | 26,873 | 26,873 |
| Total Liabilities | \$ 85 | 1,126 | \$ 1,211 | 0 | 26,873 | \$ 26,873 | \$ 28,084 |
| <u>Fund Balances</u> | | | | | | | |
| Restricted: | | | | | | | |
| Restricted for Public Safety | \$ 73,845 | 0 | \$ 73,845 | 0 | 0 | \$ 0 | \$ 73,845 |
| Committed: | | | | | | | |
| Committed for Finance | 0 | 74,257 | 74,257 | 0 | 0 | 0 | 74,257 |
| Committed for Capital Projects | 0 | 0 | 0 | 494,377 | 0 | 494,377 | 494,377 |
| Total Fund Balances | \$ 73,845 | 74,257 | \$ 148,102 | 494,377 | 0 | \$ 494,377 | \$ 642,479 |
| Total Liabilities and Fund Balances | \$ 73,930 | 75,383 | \$ 149,313 | 494,377 | 26,873 | \$ 521,250 | \$ 670,563 |

Exhibit G-2

Hardeman County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2012

| | Special Revenue Funds | | | Capital Projects Funds | | | | | Total Nonmajor Governmental Funds |
|--|-----------------------|---|-------------|--------------------------------|---|----------------------------------|------------------------------|--------------|--|
| | Drug Control | Constituti- onal Officers - Fees | Total | General Capital Projects | Community Development/ Industrial Park | Education Capital Projects | Other Capital Projects | Total | |
| <u>Revenues</u> | | | | | | | | | |
| Local Taxes | \$ 0 | \$ 0 | \$ 0 | \$ 782,193 | \$ 0 | \$ 0 | \$ 0 | \$ 782,193 | \$ 782,193 |
| Fines, Forfeitures, and Penalties | 31,688 | 0 | 31,688 | 0 | 0 | 0 | 0 | 0 | 31,688 |
| Charges for Current Services | 0 | 282,631 | 282,631 | 0 | 0 | 0 | 0 | 0 | 282,631 |
| Other Local Revenues | 0 | 0 | 0 | 0 | 0 | 0 | 336 | 336 | 336 |
| Total Revenues | \$ 31,688 | \$ 282,631 | \$ 314,319 | \$ 782,193 | \$ 0 | \$ 0 | \$ 336 | \$ 782,529 | \$ 1,096,848 |
| <u>Expenditures</u> | | | | | | | | | |
| Current: | | | | | | | | | |
| Finance | \$ 0 | \$ 282,653 | \$ 282,653 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 282,653 |
| Public Safety | 48,607 | 0 | 48,607 | 0 | 0 | 0 | 0 | 0 | 48,607 |
| Capital Projects | 0 | 0 | 0 | 933,018 | 0 | 104,361 | 0 | 1,037,379 | 1,037,379 |
| Total Expenditures | \$ 48,607 | \$ 282,653 | \$ 331,260 | \$ 933,018 | \$ 0 | \$ 104,361 | \$ 0 | \$ 1,037,379 | \$ 1,368,639 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (16,919) | \$ (22) | \$ (16,941) | \$ (150,825) | \$ 0 | \$ (104,361) | \$ 336 | \$ (254,850) | \$ (271,791) |
| <u>Other Financing Sources (Uses)</u> | | | | | | | | | |
| Other Loans Issued | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 104,361 | \$ 0 | \$ 104,361 | \$ 104,361 |
| Transfers Out | 0 | 0 | 0 | 0 | (693) | 0 | (1,363) | (2,056) | (2,056) |
| Total Other Financing Sources (Uses) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ (693) | \$ 104,361 | \$ (1,363) | \$ 102,305 | \$ 102,305 |
| Net Change in Fund Balances | \$ (16,919) | \$ (22) | \$ (16,941) | \$ (150,825) | \$ (693) | \$ 0 | \$ (1,027) | \$ (152,545) | \$ (169,486) |
| Fund Balance, July 1, 2011 | 90,764 | 74,279 | 165,043 | 645,202 | 693 | 0 | 1,027 | 646,922 | 811,965 |
| Fund Balance, June 30, 2012 | \$ 73,845 | \$ 74,257 | \$ 148,102 | \$ 494,377 | \$ 0 | \$ 0 | \$ 0 | \$ 494,377 | \$ 642,479 |

Exhibit G-3

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2012

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|-------------|------------------|-------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Fines, Forfeitures, and Penalties | \$ 31,688 | \$ 36,500 | \$ 36,500 | \$ (4,812) |
| State of Tennessee | 0 | 1,828 | 1,828 | (1,828) |
| Total Revenues | \$ 31,688 | \$ 38,328 | \$ 38,328 | \$ (6,640) |
| <u>Expenditures</u> | | | | |
| <u>Public Safety</u> | | | | |
| Drug Enforcement | \$ 48,607 | \$ 80,000 | \$ 80,000 | \$ 31,393 |
| Total Expenditures | \$ 48,607 | \$ 80,000 | \$ 80,000 | \$ 31,393 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (16,919) | \$ (41,672) | \$ (41,672) | \$ 24,753 |
| Net Change in Fund Balance | \$ (16,919) | \$ (41,672) | \$ (41,672) | \$ 24,753 |
| Fund Balance, July 1, 2011 | 90,764 | 90,613 | 90,613 | 151 |
| Fund Balance, June 30, 2012 | \$ 73,845 | \$ 48,941 | \$ 48,941 | \$ 24,904 |

Major Governmental Fund

General Debt Service Fund

The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Exhibit H

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2012

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|-------------|------------------|-------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 36,021 | \$ 34,700 | \$ 34,700 | \$ 1,321 |
| Other Governments and Citizens Groups | 515,817 | 0 | 512,071 | 3,746 |
| Total Revenues | \$ 551,838 | \$ 34,700 | \$ 546,771 | \$ 5,067 |
| <u>Expenditures</u> | | | | |
| <u>Principal on Debt</u> | | | | |
| General Government | \$ 38,394 | \$ 43,394 | \$ 43,394 | \$ 5,000 |
| Education | 310,000 | 310,000 | 310,000 | 0 |
| <u>Interest on Debt</u> | | | | |
| General Government | 16,834 | 17,060 | 17,060 | 226 |
| Education | 205,567 | 205,567 | 205,567 | 0 |
| <u>Other Debt Service</u> | | | | |
| General Government | 708 | 2,500 | 2,500 | 1,792 |
| Education | 250 | 3,000 | 3,000 | 2,750 |
| Total Expenditures | \$ 571,753 | \$ 581,521 | \$ 581,521 | \$ 9,768 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (19,915) | \$ (546,821) | \$ (34,750) | \$ 14,835 |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Transfers In | \$ 5,436 | \$ 517,507 | \$ 5,436 | \$ 0 |
| Total Other Financing Sources (Uses) | \$ 5,436 | \$ 517,507 | \$ 5,436 | \$ 0 |
| Net Change in Fund Balance | \$ (14,479) | \$ (29,314) | \$ (29,314) | \$ 14,835 |
| Fund Balance, July 1, 2011 | 950,945 | 950,723 | 950,723 | 222 |
| Fund Balance, June 30, 2012 | \$ 936,466 | \$ 921,409 | \$ 921,409 | \$ 15,057 |

Fiduciary Funds

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

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

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

Exhibit I-1

Hardeman County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

| | <u>Agency Funds</u> | | |
|-------------------------------------|--------------------------|---|---------------------|
| | Cities - Sales Tax | Constitu- tional Officers - Agency | Total |
| <u>ASSETS</u> | | | |
| Cash | \$ 0 | \$ 850,646 | \$ 850,646 |
| Due from Other Governments | 280,000 | 0 | 280,000 |
| Total Assets | <u>\$ 280,000</u> | <u>\$ 850,646</u> | <u>\$ 1,130,646</u> |
| <u>LIABILITIES</u> | | | |
| Due to Other Taxing Units | \$ 280,000 | \$ 0 | \$ 280,000 |
| Due to Litigants, Heirs, and Others | 0 | 850,646 | 850,646 |
| Total Liabilities | <u>\$ 280,000</u> | <u>\$ 850,646</u> | <u>\$ 1,130,646</u> |

Exhibit I-2

Hardeman County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2012

| | Beginning Balance | Additions | Deductions | Ending Balance |
|--|----------------------|---------------------|---------------------|---------------------|
| <u>Cities - Sales Tax Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 0 | \$ 1,626,024 | \$ 1,626,024 | \$ 0 |
| Due from Other Governments | 279,995 | 280,000 | 279,995 | 280,000 |
| Total Assets | <u>\$ 279,995</u> | <u>\$ 1,906,024</u> | <u>\$ 1,906,019</u> | <u>\$ 280,000</u> |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 279,995 | \$ 1,906,024 | \$ 1,906,019 | \$ 280,000 |
| Total Liabilities | <u>\$ 279,995</u> | <u>\$ 1,906,024</u> | <u>\$ 1,906,019</u> | <u>\$ 280,000</u> |
| <u>Constitutional Officers - Agency Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 775,346 | \$ 5,628,602 | \$ 5,553,302 | \$ 850,646 |
| Accounts Receivable | 524 | 0 | 524 | 0 |
| Total Assets | <u>\$ 775,870</u> | <u>\$ 5,628,602</u> | <u>\$ 5,553,826</u> | <u>\$ 850,646</u> |
| <u>Liabilities</u> | | | | |
| Due to Litigants, Heirs, and Others | \$ 775,870 | \$ 5,628,602 | \$ 5,553,826 | \$ 850,646 |
| Total Liabilities | <u>\$ 775,870</u> | <u>\$ 5,628,602</u> | <u>\$ 5,553,826</u> | <u>\$ 850,646</u> |
| <u>Totals - All Agency Funds</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 775,346 | \$ 5,628,602 | \$ 5,553,302 | \$ 850,646 |
| Equity in Pooled Cash and Investments | 0 | 1,626,024 | 1,626,024 | 0 |
| Accounts Receivable | 524 | 0 | 524 | 0 |
| Due from Other Governments | 279,995 | 280,000 | 279,995 | 280,000 |
| Total Assets | <u>\$ 1,055,865</u> | <u>\$ 7,534,626</u> | <u>\$ 7,459,845</u> | <u>\$ 1,130,646</u> |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 279,995 | \$ 1,906,024 | \$ 1,906,019 | \$ 280,000 |
| Due to Litigants, Heirs, and Others | 775,870 | 5,628,602 | 5,553,826 | 850,646 |
| Total Liabilities | <u>\$ 1,055,865</u> | <u>\$ 7,534,626</u> | <u>\$ 7,459,845</u> | <u>\$ 1,130,646</u> |

Hardeman County School Department

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

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

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

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

Exhibit J-1

Hardeman County, Tennessee
Statement of Activities
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2012

| Functions/Programs | Program Revenues | | | Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities |
|---|----------------------|----------------------|------------------------------------|----------------------------------|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | | |
| Governmental Activities: | | | | | |
| Instruction | \$ 22,630,375 | \$ 1,800 | \$ 3,793,499 | \$ 698,078 | \$ (18,136,998) |
| Support Services | 11,602,317 | 65,690 | 147,550 | 0 | (11,389,077) |
| Operation of Non-Instructional Services | 3,667,717 | 395,944 | 2,071,952 | 0 | (1,199,821) |
| Interest on Long-term Debt | 1,171 | 0 | 0 | 0 | (1,171) |
| Other Debt Service | 515,817 | 0 | 0 | 0 | (515,817) |
| Total Governmental Activities | \$ 38,417,397 | \$ 463,434 | \$ 6,013,001 | \$ 698,078 | \$ (31,242,884) |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| Property Taxes Levied for General Purposes | | | | \$ | 5,649,369 |
| Local Option Sales Taxes | | | | | 2,198,832 |
| Other Local Taxes | | | | | 1,834 |
| Grants and Contributions Not Restricted for Specific Programs | | | | | 22,716,702 |
| Unrestricted Investment Income | | | | | 4,136 |
| Miscellaneous | | | | | 119,724 |
| Total General Revenues | | | | | \$ 30,690,597 |
| Change in Net Assets | | | | | \$ (552,287) |
| Net Assets, July 1, 2011 | | | | | <u>21,406,732</u> |
| Net Assets, June 30, 2012 | | | | | <u>\$ 20,854,445</u> |

Exhibit J-2

Hardeman County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hardeman County School Department
June 30, 2012

| | Major Funds | | Nonmajor | Total |
|--|------------------------|-------------------------|------------------------|----------------------|
| | General Purpose School | School Federal Projects | Fund Central Cafeteria | Governmental Funds |
| <u>ASSETS</u> | | | | |
| Cash | \$ 0 | \$ 0 | \$ 9 | \$ 9 |
| Equity in Pooled Cash and Investments | 6,032,254 | 199,649 | 548,007 | 6,779,910 |
| Accounts Receivable | 40,368 | 22,262 | 26 | 62,656 |
| Due from Other Governments | 841,234 | 704,547 | 419 | 1,546,200 |
| Due from Other Funds | 31,482 | 2,989 | 0 | 34,471 |
| Due from Primary Government | 26,873 | 0 | 0 | 26,873 |
| Property Taxes Receivable | 5,469,022 | 0 | 0 | 5,469,022 |
| Allowance for Uncollectible Property Taxes | (219,525) | 0 | 0 | (219,525) |
| Total Assets | <u>\$ 12,221,708</u> | <u>\$ 929,447</u> | <u>\$ 548,461</u> | <u>\$ 13,699,616</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| <u>Liabilities</u> | | | | |
| Accounts Payable | \$ 307,870 | \$ 18,406 | \$ 615 | \$ 326,891 |
| Payroll Deductions Payable | 683,108 | 61,662 | 0 | 744,770 |
| Due to Other Funds | 2,989 | 30,882 | 0 | 33,871 |
| Deferred Revenue - Current Property Taxes | 4,997,121 | 0 | 0 | 4,997,121 |
| Deferred Revenue - Delinquent Property Taxes | 226,460 | 0 | 0 | 226,460 |
| Other Deferred Revenues | 197,810 | 0 | 0 | 197,810 |
| Total Liabilities | <u>\$ 6,415,358</u> | <u>\$ 110,950</u> | <u>\$ 615</u> | <u>\$ 6,526,923</u> |
| <u>Fund Balances</u> | | | | |
| Restricted: | | | | |
| Restricted for Education | \$ 11,786 | \$ 68,497 | \$ 0 | \$ 80,283 |
| Restricted for Operation of Non-Instructional Services | 0 | 0 | 547,846 | 547,846 |
| Assigned: | | | | |
| Assigned for Education | 125,659 | 750,000 | 0 | 875,659 |
| Unassigned | 5,668,905 | 0 | 0 | 5,668,905 |
| Total Fund Balances | <u>\$ 5,806,350</u> | <u>\$ 818,497</u> | <u>\$ 547,846</u> | <u>\$ 7,172,693</u> |
| Total Liabilities and Fund Balances | <u>\$ 12,221,708</u> | <u>\$ 929,447</u> | <u>\$ 548,461</u> | <u>\$ 13,699,616</u> |

Exhibit J-3

Hardeman County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Hardeman County School Department
June 30, 2012

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) | | \$ | 7,172,693 |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | | |
| Add: land | \$ | 358,116 | |
| Add: buildings and improvements net of accumulated depreciation | | 12,141,875 | |
| Add: other capital assets net of accumulated depreciation | | <u>1,703,322</u> | 14,203,313 |
| (2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. | | | |
| Less: other loan payable | \$ | (104,361) | |
| Less: capital lease payable | | (18,750) | |
| Less: other postemployment benefits liability | | (646,074) | |
| Less: compensated absences payable | | <u>(176,646)</u> | (945,831) |
| (3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds. | | | <u>424,270</u> |
| Net assets of governmental activities (Exhibit A) | | \$ | <u><u>20,854,445</u></u> |

Exhibit J-4

Hardeman County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2012

| | Major Funds | | Nonmajor | Total Governmental Funds |
|--|------------------------------|-------------------------------|------------------------------|--------------------------------|
| | General Purpose School | School Federal Projects | Fund Central Cafeteria | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 7,852,664 | \$ 0 | \$ 0 | \$ 7,852,664 |
| Licenses and Permits | 3,125 | 0 | 0 | 3,125 |
| Charges for Current Services | 19,129 | 0 | 423,016 | 442,145 |
| Other Local Revenues | 174,865 | 22,262 | 7,211 | 204,338 |
| State of Tennessee | 22,194,934 | 0 | 73,365 | 22,268,299 |
| Federal Government | 660,736 | 4,518,018 | 1,933,572 | 7,112,326 |
| Other Governments and Citizens Groups | 104,361 | 0 | 0 | 104,361 |
| Total Revenues | <u>\$ 31,009,814</u> | <u>\$ 4,540,280</u> | <u>\$ 2,437,164</u> | <u>\$ 37,987,258</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Instruction | \$ 18,056,272 | \$ 3,647,743 | \$ 0 | \$ 21,704,015 |
| Support Services | 11,227,240 | 654,728 | 0 | 11,881,968 |
| Operation of Non-Instructional Services | 1,083,834 | 0 | 2,495,915 | 3,579,749 |
| Capital Outlay | 802,440 | 0 | 0 | 802,440 |
| Debt Service: | | | | |
| Principal on Debt | 11,794 | 0 | 0 | 11,794 |
| Interest on Debt | 1,171 | 0 | 0 | 1,171 |
| Other Debt Service | 515,817 | 0 | 0 | 515,817 |
| Total Expenditures | <u>\$ 31,698,568</u> | <u>\$ 4,302,471</u> | <u>\$ 2,495,915</u> | <u>\$ 38,496,954</u> |
| Excess (Deficiency) of Revenues Over Expenditures | | | | |
| | <u>\$ (688,754)</u> | <u>\$ 237,809</u> | <u>\$ (58,751)</u> | <u>\$ (509,696)</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Insurance Recovery | \$ 45,292 | \$ 0 | \$ 0 | \$ 45,292 |
| Transfers In | 176,521 | 2,989 | 0 | 179,510 |
| Transfers Out | (2,989) | (176,521) | 0 | (179,510) |
| Total Other Financing Sources (Uses) | <u>\$ 218,824</u> | <u>\$ (173,532)</u> | <u>\$ 0</u> | <u>\$ 45,292</u> |
| Net Change in Fund Balances | | | | |
| | <u>\$ (469,930)</u> | <u>\$ 64,277</u> | <u>\$ (58,751)</u> | <u>\$ (464,404)</u> |
| Fund Balance, July 1, 2011 | <u>6,276,280</u> | <u>754,220</u> | <u>606,597</u> | <u>7,637,097</u> |
| Fund Balance, June 30, 2012 | <u>\$ 5,806,350</u> | <u>\$ 818,497</u> | <u>\$ 547,846</u> | <u>\$ 7,172,693</u> |

Exhibit J-5

Hardeman County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2012

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) | | \$ (464,404) |
| (1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows: | | |
| Add: capital assets purchased in the current period | \$ 1,404,236 | |
| Less: current-year depreciation expense | <u>(1,207,319)</u> | 196,917 |
| (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, 2012 | \$ 424,270 | |
| Less: deferred delinquent property taxes and other deferred June 30, 2011 | <u>(442,057)</u> | (17,787) |
| (3) The issuance of long-term debt (e.g. other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. | | |
| Less: contribution of other loan proceeds from primary government | \$ (104,361) | |
| Add: principal payments on lease | <u>11,794</u> | (92,567) |
| (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 other postemployment benefits liability | \$ (172,211) | |
| Change in compensated absences payable | <u>(2,235)</u> | <u>(174,446)</u> |
| Change in net assets of governmental activities (Exhibit B) | | <u>\$ (552,287)</u> |

Exhibit J-6

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hardeman County School Department
General Purpose School Fund
For the Year Ended June 30, 2012

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|---------------------------|-----------------------------------|-----------------------------------|---|------------------|---------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 7,852,664 | \$ 0 | \$ 0 | \$ 7,852,664 | \$ 7,982,859 | \$ 7,982,859 | \$ (130,195) |
| Licenses and Permits | 3,125 | 0 | 0 | 3,125 | 3,000 | 3,000 | 125 |
| Charges for Current Services | 19,129 | 0 | 0 | 19,129 | 16,836 | 16,836 | 2,293 |
| Other Local Revenues | 174,865 | 0 | 0 | 174,865 | 107,770 | 135,367 | 39,498 |
| State of Tennessee | 22,194,934 | 0 | 0 | 22,194,934 | 22,044,499 | 22,171,507 | 23,427 |
| Federal Government | 660,736 | 0 | 0 | 660,736 | 1,074,412 | 1,074,412 | (413,676) |
| Other Governments and Citizens Groups | 104,361 | 0 | 0 | 104,361 | 0 | 500,000 | (395,639) |
| Total Revenues | \$ 31,009,814 | \$ 0 | \$ 0 | \$ 31,009,814 | \$ 31,229,376 | \$ 31,883,981 | \$ (874,167) |
| <u>Expenditures</u> | | | | | | | |
| <u>Instruction</u> | | | | | | | |
| Regular Instruction Program | \$ 14,215,160 | \$ (13,731) | \$ 55,792 | \$ 14,257,221 | \$ 14,431,961 | \$ 14,528,577 | \$ 271,356 |
| Alternative Instruction Program | 296,664 | 0 | 0 | 296,664 | 299,621 | 302,216 | 5,552 |
| Special Education Program | 2,282,501 | 0 | 0 | 2,282,501 | 2,262,849 | 2,291,185 | 8,684 |
| Vocational Education Program | 1,261,947 | 0 | 0 | 1,261,947 | 1,316,366 | 1,316,366 | 54,419 |
| <u>Support Services</u> | | | | | | | |
| Attendance | 133,926 | 0 | 0 | 133,926 | 141,388 | 141,388 | 7,462 |
| Health Services | 295,738 | (520) | 156 | 295,374 | 305,539 | 305,539 | 10,165 |
| Other Student Support | 893,845 | 0 | 0 | 893,845 | 952,752 | 927,502 | 33,657 |
| Regular Instruction Program | 1,454,687 | (813) | 0 | 1,453,874 | 1,389,577 | 1,472,878 | 19,004 |
| Alternative Instruction Program | 29,813 | 0 | 0 | 29,813 | 29,545 | 29,895 | 82 |
| Special Education Program | 398,140 | 0 | 0 | 398,140 | 397,673 | 400,623 | 2,483 |
| Vocational Education Program | 53,237 | 0 | 0 | 53,237 | 50,087 | 54,837 | 1,600 |
| Other Programs | 127,008 | 0 | 0 | 127,008 | 0 | 127,008 | 0 |

(Continued)

Exhibit J-6

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|---------------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Support Services (Cont.)</u> | | | | | | | |
| Board of Education | \$ 548,077 | \$ 0 | \$ 0 | \$ 548,077 | \$ 513,071 | \$ 561,021 | \$ 12,944 |
| Director of Schools | 339,121 | 0 | 802 | 339,923 | 367,338 | 367,338 | 27,415 |
| Office of the Principal | 1,592,064 | 0 | 0 | 1,592,064 | 1,610,142 | 1,611,817 | 19,753 |
| Fiscal Services | 174,139 | 0 | 2,971 | 177,110 | 183,678 | 183,678 | 6,568 |
| Human Services/Personnel | 71,635 | 0 | 0 | 71,635 | 150,183 | 118,897 | 47,262 |
| Operation of Plant | 1,839,173 | 0 | 0 | 1,839,173 | 1,820,492 | 1,858,749 | 19,576 |
| Maintenance of Plant | 1,078,394 | (1,014) | 4,666 | 1,082,046 | 886,727 | 1,131,526 | 49,480 |
| Transportation | 1,969,997 | 0 | 10,590 | 1,980,587 | 1,983,562 | 2,018,212 | 37,625 |
| Central and Other | 228,246 | (375) | 0 | 227,871 | 239,518 | 239,518 | 11,647 |
| <u>Operation of Non-Instructional Services</u> | | | | | | | |
| Food Service | 1,166 | 0 | 0 | 1,166 | 0 | 1,166 | 0 |
| Community Services | 55,438 | (576) | 0 | 54,862 | 53,393 | 54,968 | 106 |
| Early Childhood Education | 1,027,230 | (61,937) | 50,682 | 1,015,975 | 1,015,053 | 1,015,053 | (922) |
| <u>Capital Outlay</u> | | | | | | | |
| Regular Capital Outlay | 802,440 | 0 | 0 | 802,440 | 1,630,074 | 1,630,074 | 827,634 |
| <u>Principal on Debt</u> | | | | | | | |
| Education | 11,794 | 0 | 0 | 11,794 | 322,966 | 11,909 | 115 |
| <u>Interest on Debt</u> | | | | | | | |
| Education | 1,171 | 0 | 0 | 1,171 | 205,567 | 1,171 | 0 |
| <u>Other Debt Service</u> | | | | | | | |
| Education | 515,817 | 0 | 0 | 515,817 | 0 | 515,817 | 0 |
| <u>Total Expenditures</u> | \$ 31,698,568 | \$ (78,966) | \$ 125,659 | \$ 31,745,261 | \$ 32,559,122 | \$ 33,218,928 | \$ 1,473,667 |

(Continued)

Exhibit J-6

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|----------------|--|
| | | | | | Original | Final | |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (688,754) | \$ 78,966 | \$ (125,659) | \$ (735,447) | \$ (1,329,746) | \$ (1,334,947) | \$ 599,500 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Notes Issued | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 500,000 | \$ 0 | \$ 0 |
| Insurance Recovery | 45,292 | 0 | 0 | 45,292 | 36,655 | 36,655 | 8,637 |
| Transfers In | 176,521 | 0 | 0 | 176,521 | 190,510 | 190,510 | (13,989) |
| Transfers Out | (2,989) | 0 | 0 | (2,989) | 0 | (2,989) | 0 |
| Total Other Financing Sources (Uses) | \$ 218,824 | \$ 0 | \$ 0 | \$ 218,824 | \$ 727,165 | \$ 224,176 | \$ (5,352) |
| Net Change in Fund Balance | \$ (469,930) | \$ 78,966 | \$ (125,659) | \$ (516,623) | \$ (602,581) | \$ (1,110,771) | \$ 594,148 |
| Fund Balance, July 1, 2011 | 6,276,280 | (78,966) | 0 | 6,197,314 | 6,352,454 | 6,352,454 | (155,140) |
| Fund Balance, June 30, 2012 | \$ 5,806,350 | \$ 0 | \$ (125,659) | \$ 5,680,691 | \$ 5,749,873 | \$ 5,241,683 | \$ 439,008 |

Exhibit J-7

Hardeman County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Hardeman County School Department
 School Federal Projects Fund
 For the Year Ended June 30, 2012

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Other Local Revenues | \$ 22,262 | \$ 0 | \$ 0 | \$ 22,262 | \$ 0 | \$ 0 | \$ 22,262 |
| Federal Government | 4,518,018 | 0 | 0 | 4,518,018 | 5,553,161 | 5,726,663 | (1,208,645) |
| Total Revenues | \$ 4,540,280 | \$ 0 | \$ 0 | \$ 4,540,280 | \$ 5,553,161 | \$ 5,726,663 | \$ (1,186,383) |
| <u>Expenditures</u> | | | | | | | |
| <u>Instruction</u> | | | | | | | |
| Regular Instruction Program | \$ 2,719,039 | \$ (2,417) | \$ 42,386 | \$ 2,759,008 | \$ 2,630,563 | \$ 2,821,570 | \$ 62,562 |
| Special Education Program | 880,986 | (566) | 0 | 880,420 | 911,503 | 981,212 | 100,792 |
| Vocational Education Program | 47,718 | 0 | 0 | 47,718 | 46,923 | 47,714 | (4) |
| <u>Support Services</u> | | | | | | | |
| Health Services | 12,353 | 0 | 0 | 12,353 | 18,891 | 12,354 | 1 |
| Other Student Support | 57,738 | 0 | 0 | 57,738 | 53,652 | 57,738 | 0 |
| Regular Instruction Program | 359,302 | (11,782) | 3,900 | 351,420 | 494,215 | 407,803 | 56,383 |
| Special Education Program | 38,605 | 0 | 0 | 38,605 | 23,159 | 50,144 | 11,539 |
| Vocational Education Program | 764 | 0 | 0 | 764 | 2,399 | 764 | 0 |
| Office of the Principal | 62,816 | 0 | 0 | 62,816 | 63,444 | 63,444 | 628 |
| Transportation | 123,150 | 0 | 0 | 123,150 | 165,012 | 150,185 | 27,035 |
| <u>Capital Outlay</u> | | | | | | | |
| Regular Capital Outlay | 0 | 0 | 0 | 0 | 1,049,412 | 1,049,412 | 1,049,412 |
| Total Expenditures | \$ 4,302,471 | \$ (14,765) | \$ 46,286 | \$ 4,333,992 | \$ 5,459,173 | \$ 5,642,340 | \$ 1,308,348 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 237,809 | \$ 14,765 | \$ (46,286) | \$ 206,288 | \$ 93,988 | \$ 84,323 | \$ 121,965 |

(Continued)

Exhibit J-7

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

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Add: Encumbrances 6/30/2012 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | | Original | Final | |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Transfers In | \$ 2,989 | \$ 0 | \$ 0 | \$ 2,989 | \$ 117,995 | \$ 117,995 | \$ (115,006) |
| Transfers Out | (176,521) | 0 | 0 | (176,521) | (308,453) | (298,785) | 122,264 |
| Total Other Financing Sources (Uses) | \$ (173,532) | \$ 0 | \$ 0 | \$ (173,532) | \$ (190,458) | \$ (180,790) | \$ 7,258 |
| Net Change in Fund Balance Fund Balance, July 1, 2011 | \$ 64,277 | \$ 14,765 | \$ (46,286) | \$ 32,756 | \$ (96,470) | \$ (96,467) | \$ 129,223 |
| | 754,220 | (14,765) | 0 | 739,455 | 754,220 | 754,220 | (14,765) |
| Fund Balance, June 30, 2012 | \$ 818,497 | \$ 0 | \$ (46,286) | \$ 772,211 | \$ 657,750 | \$ 657,753 | \$ 114,458 |

Exhibit J-8

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hardeman County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2012

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2011 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | Original | Final | |
| <u>Revenues</u> | | | | | | |
| Charges for Current Services | \$ 423,016 | \$ 0 | \$ 423,016 | \$ 423,350 | \$ 423,350 | \$ (334) |
| Other Local Revenues | 7,211 | 0 | 7,211 | 5,300 | 5,300 | 1,911 |
| State of Tennessee | 73,365 | 0 | 73,365 | 23,000 | 23,000 | 50,365 |
| Federal Government | 1,933,572 | 0 | 1,933,572 | 1,766,000 | 1,943,634 | (10,062) |
| Total Revenues | \$ 2,437,164 | \$ 0 | \$ 2,437,164 | \$ 2,217,650 | \$ 2,395,284 | \$ 41,880 |
| <u>Expenditures</u> | | | | | | |
| <u>Operation of Non-Instructional Services</u> | | | | | | |
| Food Service | \$ 2,495,915 | (290) | \$ 2,495,625 | \$ 2,215,156 | \$ 2,533,989 | \$ 38,364 |
| Total Expenditures | \$ 2,495,915 | (290) | \$ 2,495,625 | \$ 2,215,156 | \$ 2,533,989 | \$ 38,364 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (58,751) | 290 | \$ (58,461) | \$ 2,494 | \$ (138,705) | \$ 80,244 |
| Net Change in Fund Balance Fund Balance, July 1, 2011 | \$ (58,751) | 290 | \$ (58,461) | \$ 2,494 | \$ (138,705) | \$ 80,244 |
| | 606,597 | (290) | 606,307 | 500,906 | 500,906 | 105,401 |
| Fund Balance, June 30, 2012 | \$ 547,846 | \$ 0 | \$ 547,846 | \$ 503,400 | \$ 362,201 | \$ 185,645 |

MISCELLANEOUS SCHEDULES

Exhibit K-1

Hardeman County, Tennessee
Schedule of Changes in Long-term Notes, Other Loan, Capital Leases, and Bonds
Primary Government and Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2012

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-11 | Issued During Period | Paid and/or | | |
|---|--------------------------|---------------|---------------|--------------------|--------------------|----------------------|-----------------------|---------------------|--|
| | | | | | | | Matured During Period | Outstanding 6-30-12 | |
| <u>PRIMARY GOVERNMENT</u> | | | | | | | | | |
| <u>GOVERNMENTAL ACTIVITIES</u> | | | | | | | | | |
| <u>NOTES PAYABLE</u> | | | | | | | | | |
| Payable through General Debt Service Fund | | | | | | | | | |
| Convenience Centers | \$ 50,000 | 4.35 % | 5-19-04 | 5-18-16 | \$ 23,965 | \$ 0 | \$ 4,394 | \$ 19,571 | |
| Airport Hangars | 390,000 | 4.45 | 12-27-07 | 6-1-20 | 315,000 | 0 | 25,000 | 290,000 | |
| Total Notes Payable | | | | | \$ 338,965 | \$ 0 | \$ 29,394 | \$ 309,571 | |
| <u>CAPITAL LEASES PAYABLE</u> | | | | | | | | | |
| Payable through General Fund | | | | | | | | | |
| Sheriff Department Vehicles | 112,464 | 4.99 | 12-21-11 | 12-21-13 | \$ 0 | \$ 112,464 | \$ 57,610 | \$ 54,854 | |
| Sheriff Department Vehicle | 28,186 | 4.99 | 6-22-12 | 6-22-14 | 0 | 28,186 | 9,856 | 18,330 | |
| Total Capital Leases Payable | | | | | \$ 0 | \$ 140,650 | \$ 67,466 | \$ 73,184 | |
| <u>BONDS PAYABLE</u> | | | | | | | | | |
| Payable through General Debt Service Fund | | | | | | | | | |
| Hardeman County Industrial, Fm.H.A. | 189,000 | 5 | 1-1-1975 | 1-1-15 | \$ 40,000 | \$ 0 | \$ 9,000 | \$ 31,000 | |
| School Refunding Series 2005 | 6,370,000 | 3.98 | 12-6-05 | 4-1-24 | 5,165,000 | 0 | 310,000 | 4,855,000 | |
| Total Bonds Payable | | | | | \$ 5,205,000 | \$ 0 | \$ 319,000 | \$ 4,886,000 | |
| <u>BUSINESS-TYPE ACTIVITIES</u> | | | | | | | | | |
| <u>NOTE PAYABLE</u> | | | | | | | | | |
| Payable through Solid Waste Disposal Fund | | | | | | | | | |
| Bulldozer Capital Outlay Note - Series 2007 | 278,500 | 4.45 | 2-24-07 | 2-22-12 | \$ 60,708 | \$ 0 | \$ 60,708 | \$ 0 | |
| Total Note Payable | | | | | \$ 60,708 | \$ 0 | \$ 60,708 | \$ 0 | |

(Continued)

Exhibit K-1

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

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-11 | Issued During Period | Paid and/or | |
|---|--------------------------------|------------------|---------------------|--------------------------|-----------------------|----------------------------|-----------------------------|------------------------|
| | | | | | | | Matured During Period | Outstanding 6-30-12 |
| <u>DISCRETELY PRESENTED HARDEMAN</u> | | | | | | | | |
| <u>COUNTY SCHOOL DEPARTMENT</u> | | | | | | | | |
| <u>OTHER LOAN PAYABLE</u> | | | | | | | | |
| Payable through General Purpose School Fund | | | | | | | | |
| Energy Efficient School Initiative | \$ (1) | 0 % | 4-20-12 | 1-20-15 | \$ 0 | \$ 104,361 | \$ 0 | \$ 104,361 |
| Total Other Loan Payable | | | | | \$ 0 | \$ 104,361 | \$ 0 | \$ 104,361 |
| <u>CAPITAL LEASE PAYABLE</u> | | | | | | | | |
| Payable through General Purpose School Fund | | | | | | | | |
| Modular Buildings Lease | 36,239 | 4.6497 | 12-28-10 | 12-28-13 | \$ 30,544 | \$ 0 | \$ 11,794 | \$ 18,750 |
| Total Capital Lease Payable | | | | | \$ 30,544 | \$ 0 | \$ 11,794 | \$ 18,750 |

(1) Total amount approved was \$500,000, of which \$395,639 remains available for draws as of June 30, 2012.

Exhibit K-2

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

PRIMARY GOVERNMENT

| Year Ending June 30 | Notes | | |
|---------------------------|------------|-----------|------------|
| | Principal | Interest | Total |
| 2013 | \$ 39,585 | \$ 13,534 | \$ 53,119 |
| 2014 | 34,784 | 11,999 | 46,783 |
| 2015 | 39,992 | 10,456 | 50,448 |
| 2016 | 40,210 | 8,682 | 48,892 |
| 2017 | 35,000 | 6,898 | 41,898 |
| 2018 | 40,000 | 5,340 | 45,340 |
| 2019 | 40,000 | 3,560 | 43,560 |
| 2020 | 40,000 | 1,780 | 41,780 |
| Total | \$ 309,571 | \$ 62,249 | \$ 371,820 |

| Year Ending June 30 | Capital Leases | | |
|---------------------------|----------------|----------|-----------|
| | Principal | Interest | Total |
| 2013 | \$ 35,699 | \$ 3,652 | \$ 39,351 |
| 2014 | 37,485 | 1,870 | 39,355 |
| Total | \$ 73,184 | \$ 5,522 | \$ 78,706 |

| Year Ending June 30 | Bonds | | |
|---------------------------|--------------|--------------|--------------|
| | Principal | Interest | Total |
| 2013 | \$ 335,000 | \$ 194,529 | \$ 529,529 |
| 2014 | 345,000 | 181,094 | 526,094 |
| 2015 | 361,000 | 167,236 | 528,236 |
| 2016 | 365,000 | 153,031 | 518,031 |
| 2017 | 380,000 | 138,504 | 518,504 |
| 2018 | 395,000 | 123,380 | 518,380 |
| 2019 | 410,000 | 107,659 | 517,659 |
| 2020 | 425,000 | 91,341 | 516,341 |
| 2021 | 445,000 | 74,426 | 519,426 |
| 2022 | 460,000 | 56,715 | 516,715 |
| 2023 | 480,000 | 38,407 | 518,407 |
| 2024 | 485,000 | 19,303 | 504,303 |
| Total | \$ 4,886,000 | \$ 1,345,625 | \$ 6,231,625 |

(Continued)

Exhibit K-2

Hardeman County, Tennessee

Schedule of Long-term Debt Requirements by Year

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

DISCRETELY PRESENTED HARDEMAN
COUNTY SCHOOL DEPARTMENT

| Year Ending June 30 | Other Loan | | |
|---------------------------|------------|----------|------------|
| | Principal | Interest | Total |
| 2013 | \$ 0 | \$ 0 | \$ 0 |
| 2014 | 65,472 | 0 | 65,472 |
| 2015 | 38,889 | 0 | 38,889 |
| Total | \$ 104,361 | \$ 0 | \$ 104,361 |

| Year Ending June 30 | Capital Lease | | |
|---------------------------|---------------|----------|-----------|
| | Principal | Interest | Total |
| 2013 | \$ 12,354 | \$ 611 | \$ 12,965 |
| 2014 | 6,396 | 87 | 6,483 |
| Total | \$ 18,750 | \$ 698 | \$ 19,448 |

Exhibit K-3

Hardeman County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2012

| <u>From Fund</u> | <u>To Fund</u> | <u>Purpose</u> | <u>Amount</u> |
|--|-------------------------|--------------------------------------|-------------------|
| <u>PRIMARY GOVERNMENT</u> | | | |
| General | General Debt Service | Debt payments | \$ 5,436 |
| Other Capital Projects | General | Close fund | 1,363 |
| Community Development/Industrial Park | " | " | 693 |
| Total Transfers Primary Government | | | <u>\$ 7,492</u> |
| <u>DISCRETELY PRESENTED HARDEMAN COUNTY SCHOOL DEPARTMENT</u> | | | |
| School Federal Projects | General Purpose School | Indirect costs | \$ 32,408 |
| " | " | IDEA - DSP funding | 144,113 |
| General Purpose School | School Federal Projects | Save the Children program cost share | 2,989 |
| Total Transfers Discretely Presented Hardeman County School Department | | | <u>\$ 179,510</u> |

Exhibit K-4

Hardeman County, Tennessee
 Schedule of Salaries and Official Bonds of Principal Officials
 Primary Government and Discretely Presented Hardeman County School Department
 For the Year Ended June 30, 2012

| Official | Authorization for Salary | Salary Paid During Period | Bond | Surety |
|--|---|---------------------------|-----------|--------------------------------------|
| County Mayor | Section 8-24-102, TCA, and Chapter 90, Private Acts of 1989 | \$ 74,922 (1) | \$ 50,000 | Auto-Owners Mutual Insurance Company |
| Highway Superintendent | Section 8-24-102, TCA | 76,972 | 100,000 | " |
| Director of Schools | State Board of Education and County Board of Education | 115,582 (2) | 150,000 | Tennessee Risk Management Trust |
| Trustee | Section 8-24-102, TCA, and County Commission | 61,751 | 1,172,400 | Auto-Owners Mutual Insurance Company |
| Assessor of Property | Section 8-24-102, TCA, and County Commission | 61,751 | 10,000 | Western Surety Company |
| County Clerk | Section 8-24-102, TCA | 61,751 | 50,000 | Auto-Owners Mutual Insurance Company |
| Circuit, General Sessions, and Juvenile Courts Clerk | Section 8-24-102, TCA | 61,751 | 65,000 | " |
| Clerk and Master | Section 8-24-102, TCA, and County Commission | 61,751 | 65,000 | Western Surety Company |
| Register | Section 8-24-102, TCA, and County Commission | 61,751 | 50,000 | Auto-Owners Mutual Insurance Company |
| Sheriff | Section 8-24-102, TCA | 68,527 (3) | 25,000 | " |
| Employee Dishonesty Coverage: County General Employees Highway Superintendent's Office Office of Director of Schools: Central Office Staff | | | | |
| | | | 150,000 | Tennessee Risk Management Trust |
| | | | 150,000 | " |
| | | | 150,000 | " |

- (1) Includes a purchasing agent supplement of \$3,600.
- (2) Includes a chief executive officer training supplement of \$1,000.
- (3) Includes a law enforcement training supplement of \$600.

Exhibit K-5

Harteman County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2012

| | Special Revenue Funds | | | | Debt Service Fund | | Capital Projects Funds | | | Total |
|--|-----------------------|--------------|--------------------------------|------------------------|----------------------|------------------------|--------------------------|------------------------|---------------------|-------|
| | General | Drug Control | Constitutional Officers - Fees | Highway / Public Works | General Debt Service | Other Capital Projects | Capital Projects Funds | | | |
| | | | | | | | General Capital Projects | Other Capital Projects | | |
| <u>Local Taxes</u> | | | | | | | | | | |
| <u>County Property Taxes</u> | | | | | | | | | | |
| Current Property Tax | \$ 2,990,339 | \$ 0 | \$ 0 | \$ 0 | \$ 32,522 | \$ 0 | \$ 0 | \$ 0 | \$ 3,022,861 | |
| Trustee's Collections - Prior Year | 117,320 | 0 | 0 | 0 | 1,667 | 0 | 0 | 0 | 118,987 | |
| Trustee's Collections - Bankruptcy | 7,571 | 0 | 0 | 0 | 110 | 0 | 0 | 0 | 7,681 | |
| Circuit/Clerk & Master Collections - Prior Years | 61,402 | 0 | 0 | 0 | 894 | 0 | 0 | 0 | 62,296 | |
| Interest and Penalty | 21,975 | 0 | 0 | 0 | 298 | 0 | 0 | 0 | 22,273 | |
| Payments in-Lieu-of Taxes - Other | 215,641 | 0 | 0 | 0 | 530 | 0 | 0 | 0 | 216,171 | |
| <u>County Local Option Taxes</u> | | | | | | | | | | |
| Local Option Sales Tax | 216,191 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 216,191 | |
| Hotel/Motel Tax | 13,474 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13,474 | |
| Wheel Tax | 0 | 0 | 0 | 786,192 | 0 | 782,193 | 0 | 0 | 1,568,385 | |
| Litigation Tax - General | 109,671 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 109,671 | |
| Litigation Tax - Jail, Workhouse, or Courthouse | 84,082 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 84,082 | |
| Business Tax | 189,685 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 189,685 | |
| <u>Statutory Local Taxes</u> | | | | | | | | | | |
| Bank Excise Tax | 15,129 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15,129 | |
| Wholesale Beer Tax | 174,716 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 174,716 | |
| Interstate Telecommunications Tax | 903 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 903 | |
| Total Local Taxes | \$ 4,218,099 | \$ 0 | \$ 0 | \$ 786,192 | \$ 36,021 | \$ 782,193 | \$ 0 | \$ 0 | \$ 5,822,505 | |
| <u>Licenses and Permits</u> | | | | | | | | | | |
| <u>Licenses</u> | | | | | | | | | | |
| Animal Registration | \$ 13,873 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 13,873 | |
| Cable TV Franchise | 5,920 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,920 | |
| <u>Permits</u> | | | | | | | | | | |
| Beer Permits | 1,607 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,607 | |
| Building Permits | 7,050 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,050 | |
| Other Permits | 870 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 870 | |
| Total Licenses and Permits | \$ 29,320 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 29,320 | |

(Continued)

Exhibit K-5

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

| | General | Special Revenue Funds | | | Debt Service Fund | | | Capital Projects Funds | | | Total |
|--|-----------|-----------------------|------------------------------|------------------------|-------------------|--------------|--------------------------|------------------------|------|------|--------|
| | | Drug Control | Constitutional Officers Fees | Highway / Public Works | General | Debt Service | General Capital Projects | Other Capital Projects | | | |
| | | | | | | | | | | | |
| <u>Fines, Forfeitures, and Penalties</u> | | | | | | | | | | | |
| <u>Circuit Court</u> | | | | | | | | | | | |
| Fines | \$ 12,113 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 12,113 |
| Officers Costs | 10,769 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,769 |
| Drug Control Fines | 11,900 | 14,672 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 26,572 |
| Jail Fees | 3,567 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,567 |
| DUI Treatment Fines | 3,394 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,394 |
| Data Entry Fee - Circuit Court | 1,286 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,286 |
| Courtroom Security Fee | 200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 200 |
| Victims Assistance Assessments | 3,255 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,255 |
| <u>General Sessions Court</u> | | | | | | | | | | | |
| Fines | 26,698 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 26,698 |
| Officers Costs | 35,651 | 461 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 36,112 |
| Game and Fish Fines | 303 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 303 |
| Drug Control Fines | 2,594 | 3,195 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,789 |
| Drug Court Fees | 3,518 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,518 |
| Jail Fees | 8,823 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,823 |
| DUI Treatment Fines | 5,586 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,586 |
| Data Entry Fee - General Sessions Court | 5,596 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,596 |
| Courtroom Security Fee | 1,007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,007 |
| Victims Assistance Assessments | 9,364 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9,364 |
| <u>Juvenile Court</u> | | | | | | | | | | | |
| Fines | 309 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 309 |
| Officers Costs | 560 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 560 |
| Jail Fees | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 |
| Data Entry Fee - Juvenile Court | 828 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 828 |
| Victims Assistance Assessments | 42 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 42 |
| <u>Chancery Court</u> | | | | | | | | | | | |
| Officers Costs | 1,254 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,254 |
| Data Entry Fee - Chancery Court | 2,328 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,328 |
| <u>Other Courts - In-county</u> | | | | | | | | | | | |
| Officers Costs | 90 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 90 |

(Continued)

Exhibit K-5

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

| | Special Revenue Funds | | | | | | Debt Service Fund | | | Capital Projects Funds | | | Total |
|--|-----------------------|--------------|--------------------------------|------------------------|----------------------|------------------------|-------------------|--------------|--------------------------|------------------------|--------|------|--------------|
| | General | Drug Control | Constitutional Officers - Fees | Highway / Public Works | General Debt Service | Other Capital Projects | Debt Service Fund | | Capital Projects Funds | | | | |
| | | | | | | | General | Debt Service | General Capital Projects | Other Capital Projects | | | |
| <u>Fines, Forfeitures, and Penalties (Cont.)</u> | | | | | | | | | | | | | |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | | | | | | | | | | | |
| Proceeds from Confiscated Property | \$ 0 | \$ 13,360 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 13,360 |
| Total Fines, Forfeitures, and Penalties | \$ 151,045 | \$ 31,688 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 182,733 |
| <u>Charges for Current Services</u> | | | | | | | | | | | | | |
| <u>General Service Charges</u> | | | | | | | | | | | | | |
| Patient Charges | \$ 1,416,986 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 1,416,986 |
| Work Release Charges for Board Fees | 7,928 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,928 |
| Copy Fees | 84 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 84 |
| Telephone Commissions | 44,782 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 44,782 |
| Constitutional Officers' Fees and Commissions | 0 | 0 | 282,631 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 282,631 |
| Data Processing Fee - Register | 7,080 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,080 |
| Data Processing Fee - Sheriff | 4,563 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,563 |
| Data Processing Fee - County Clerk | 1,238 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,238 |
| <u>Other Charges for Services</u> | | | | | | | | | | | | | |
| Other Charges for Services | 4,875 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,875 |
| Total Charges for Current Services | \$ 1,487,536 | \$ 0 | \$ 282,631 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 1,770,167 |
| <u>Other Local Revenues</u> | | | | | | | | | | | | | |
| <u>Recurring Items</u> | | | | | | | | | | | | | |
| Investment Income | \$ 100,732 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 336 | \$ 0 | \$ 101,068 |
| Lease/Rentals | 4,650 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,650 |
| Sale of Materials and Supplies | 0 | 0 | 0 | 14,472 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14,472 |
| Commissary Sales | 14,009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14,009 |
| Sale of Maps | 862 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 862 |
| Miscellaneous Refunds | 94,270 | 0 | 0 | 1,902 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 96,172 |
| <u>Nonrecurring Items</u> | | | | | | | | | | | | | |
| Sale of Property | 20,728 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20,728 |
| <u>Other Local Revenues</u> | | | | | | | | | | | | | |
| Other Local Revenues | 10,232 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,232 |
| Total Other Local Revenues | \$ 245,483 | \$ 0 | \$ 0 | \$ 16,374 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 336 | \$ 0 | \$ 262,193 |

(Continued)

Exhibit K-5

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

| | Special Revenue Funds | | | Debt Service Fund | | Capital Projects Funds | | | Total |
|--|-----------------------|--------------|--------------------------------|------------------------|----------------------|--------------------------|------------------------|-------------|-------------------|
| | General | Drug Control | Constitutional Officers - Fees | Highway / Public Works | General Debt Service | General Capital Projects | Other Capital Projects | | |
| <u>Fees Received from County Officials</u> | | | | | | | | | |
| <u>Excess Fees</u> | | | | | | | | | |
| County Clerk | \$ 91,652 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 91,652 |
| Trustee | 240,288 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 240,288 |
| <u>Fees in-Lieu-of Salary</u> | | | | | | | | | |
| Circuit Court Clerk | 107,676 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 107,676 |
| General Sessions Court Clerk | 246,681 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 246,681 |
| Clerk and Master | 135,597 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 135,597 |
| Juvenile Court Clerk | 29,791 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 29,791 |
| Register | 69,690 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 69,690 |
| Sheriff | 16,412 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16,412 |
| Total Fees Received from County Officials | \$ 937,787 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 937,787 |
| <u>State of Tennessee</u> | | | | | | | | | |
| <u>General Government Grants</u> | | | | | | | | | |
| Juvenile Services Program | \$ 9,000 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 9,000 |
| Airport Maintenance Program | 13,200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13,200 |
| On-Behalf Contributions for OPEB | 119 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 119 |
| <u>Health and Welfare Grants</u> | | | | | | | | | |
| Health Department Programs | 199,504 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 199,504 |
| <u>Public Works Grants</u> | | | | | | | | | |
| State Aid Program | 0 | 0 | 0 | 210,377 | 0 | 0 | 0 | 0 | 210,377 |
| Litter Program | 32,497 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 32,497 |
| <u>Other State Revenues</u> | | | | | | | | | |
| Income Tax | 52,462 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 52,462 |
| Beer Tax | 18,421 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 18,421 |
| Alcoholic Beverage Tax | 61,493 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 61,493 |
| State Revenue Sharing - T.V.A. | 848,431 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 848,431 |
| Contracted Prisoner Boarding | 450,240 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 450,240 |
| Gasoline and Motor Fuel Tax | 0 | 0 | 0 | 1,912,017 | 0 | 0 | 0 | 0 | 1,912,017 |
| Petroleum Special Tax | 0 | 0 | 0 | 19,664 | 0 | 0 | 0 | 0 | 19,664 |
| Registrar's Salary Supplement | 15,164 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15,164 |

(Continued)

Exhibit K-5

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

| | Special Revenue Funds | | | | Debt Service Fund | | Capital Projects Funds | | | Total |
|--|-----------------------|--------------|--------------------------------|------------------------|----------------------|------------------------|--------------------------|------------------------|------|--------------|
| | General | Drug Control | Constitutional Officers - Fees | Highway / Public Works | General Debt Service | Other Capital Projects | General Capital Projects | Other Capital Projects | | |
| <u>State of Tennessee (Cont.)</u> | | | | | | | | | | |
| <u>Other State Revenues (Cont.)</u> | | | | | | | | | | |
| Other State Grants | \$ 212,739 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 212,739 |
| Other State Revenues | 15,543 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15,543 |
| Total State of Tennessee | \$ 1,928,813 | \$ 0 | \$ 2,142,058 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 4,070,871 |
| <u>Federal Government</u> | | | | | | | | | | |
| <u>Federal Through State</u> | | | | | | | | | | |
| Disaster Relief | \$ 66,479 | \$ 0 | \$ 0 | \$ 244,926 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 311,405 |
| Homeland Security Grants | 59,278 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 59,278 |
| Law Enforcement Grants | 987 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 987 |
| ARRA Grant # 1 | 10,686 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10,686 |
| Other Federal through State | 17,879 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17,879 |
| <u>Direct Federal Revenue</u> | | | | | | | | | | |
| Other Direct Federal Revenue | 40,220 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 40,220 |
| Total Federal Government | \$ 195,529 | \$ 0 | \$ 244,926 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 440,455 |
| <u>Other Governments and Citizens Groups</u> | | | | | | | | | | |
| <u>Other Governments</u> | | | | | | | | | | |
| Contributions | \$ 32,516 | \$ 0 | \$ 0 | \$ 0 | \$ 515,817 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 548,333 |
| <u>Other</u> | | | | | | | | | | |
| Other | 21,423 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 21,423 |
| Total Other Governments and Citizens Groups | \$ 53,939 | \$ 0 | \$ 0 | \$ 0 | \$ 515,817 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 569,756 |
| Total | \$ 9,247,551 | \$ 31,688 | \$ 282,631 | \$ 3,189,550 | \$ 551,838 | \$ 782,193 | \$ 336 | \$ 14,085,787 | | |

Exhibit K-6

Hardeman County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2012

| | General Purpose School | School Federal Projects | Central Cafeteria | Total |
|--|------------------------------|-------------------------------|----------------------|---------------------|
| <u>Local Taxes</u> | | | | |
| <u>County Property Taxes</u> | | | | |
| Current Property Tax | \$ 5,103,084 | \$ 0 | \$ 0 | \$ 5,103,084 |
| Trustee's Collections - Prior Year | 261,723 | 0 | 0 | 261,723 |
| Trustee's Collections - Bankruptcy | 16,774 | 0 | 0 | 16,774 |
| Circuit/Clerk & Master Collections - Prior Years | 143,043 | 0 | 0 | 143,043 |
| Interest and Penalty | 46,772 | 0 | 0 | 46,772 |
| Payments in-Lieu-of Taxes - Other | 83,106 | 0 | 0 | 83,106 |
| <u>County Local Option Taxes</u> | | | | |
| Local Option Sales Tax | 2,196,328 | 0 | 0 | 2,196,328 |
| Other County Local Option Taxes | 217 | 0 | 0 | 217 |
| <u>Statutory Local Taxes</u> | | | | |
| Interstate Telecommunications Tax | 1,617 | 0 | 0 | 1,617 |
| Total Local Taxes | \$ 7,852,664 | \$ 0 | \$ 0 | \$ 7,852,664 |
| <u>Licenses and Permits</u> | | | | |
| <u>Licenses</u> | | | | |
| Marriage Licenses | \$ 3,125 | \$ 0 | \$ 0 | \$ 3,125 |
| Total Licenses and Permits | \$ 3,125 | \$ 0 | \$ 0 | \$ 3,125 |
| <u>Charges for Current Services</u> | | | | |
| <u>Fees</u> | | | | |
| Vending Machine Collections | \$ 668 | \$ 0 | \$ 0 | \$ 668 |
| <u>Education Charges</u> | | | | |
| Tuition - Summer School | 1,800 | 0 | 0 | 1,800 |
| Lunch Payments - Children | 0 | 0 | 190,513 | 190,513 |
| Lunch Payments - Adults | 0 | 0 | 58,887 | 58,887 |
| Income from Breakfast | 0 | 0 | 56,557 | 56,557 |
| A la carte Sales | 0 | 0 | 77,654 | 77,654 |
| Contract for Instructional Services with Other LEAs | 12,333 | 0 | 0 | 12,333 |
| Receipts from Individual Schools | 4,229 | 0 | 0 | 4,229 |
| <u>Other Charges for Services</u> | | | | |
| Other Charges for Services | 99 | 0 | 39,405 | 39,504 |
| Total Charges for Current Services | \$ 19,129 | \$ 0 | \$ 423,016 | \$ 442,145 |
| <u>Other Local Revenues</u> | | | | |
| <u>Recurring Items</u> | | | | |
| Investment Income | \$ 0 | \$ 0 | \$ 4,136 | \$ 4,136 |
| Lease/Rentals | 21,289 | 0 | 0 | 21,289 |
| Refund of Telecommunication and Internet Fees (E-Rate) | 30,492 | 0 | 0 | 30,492 |
| Retirees' Insurance Payments | 16,067 | 0 | 0 | 16,067 |
| Miscellaneous Refunds | 75,510 | 22,262 | 3,075 | 100,847 |
| <u>Nonrecurring Items</u> | | | | |
| Contributions and Gifts | 28,697 | 0 | 0 | 28,697 |
| <u>Other Local Revenues</u> | | | | |
| Other Local Revenues | 2,810 | 0 | 0 | 2,810 |
| Total Other Local Revenues | \$ 174,865 | \$ 22,262 | \$ 7,211 | \$ 204,338 |

(Continued)

Exhibit K-6

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

| | General Purpose School | School Federal Projects | Central Cafeteria | Total |
|---|------------------------------|-------------------------------|----------------------|---------------|
| <u>State of Tennessee</u> | | | | |
| <u>General Government Grants</u> | | | | |
| On-Behalf Contributions for OPEB | \$ 127,008 | \$ 0 | \$ 0 | \$ 127,008 |
| <u>State Education Funds</u> | | | | |
| Basic Education Program | 20,521,999 | 0 | 0 | 20,521,999 |
| Early Childhood Education | 1,028,017 | 0 | 0 | 1,028,017 |
| School Food Service | 0 | 0 | 21,651 | 21,651 |
| Energy Efficient School Initiative | 80,662 | 0 | 0 | 80,662 |
| Driver Education | 9,531 | 0 | 0 | 9,531 |
| Other State Education Funds | 141,675 | 0 | 0 | 141,675 |
| Statewide Student Management System (SSMS) - ARRA | 10,554 | 0 | 0 | 10,554 |
| Career Ladder Program | 192,992 | 0 | 0 | 192,992 |
| Career Ladder - Extended Contract | 81,700 | 0 | 0 | 81,700 |
| <u>Other State Revenues</u> | | | | |
| Other State Grants | 375 | 0 | 51,714 | 52,089 |
| Other State Revenues | 421 | 0 | 0 | 421 |
| Total State of Tennessee | \$ 22,194,934 | \$ 0 | \$ 73,365 | \$ 22,268,299 |
| <u>Federal Government</u> | | | | |
| <u>Federal Through State</u> | | | | |
| USDA School Lunch Program | \$ 0 | \$ 0 | \$ 1,270,838 | \$ 1,270,838 |
| USDA - Commodities | 0 | 0 | 103,334 | 103,334 |
| Breakfast | 0 | 0 | 541,990 | 541,990 |
| USDA - Other | 0 | 0 | 17,410 | 17,410 |
| Vocational Education - Basic Grants to States | 0 | 67,441 | 0 | 67,441 |
| Title I Grants to Local Education Agencies | 0 | 1,134,864 | 0 | 1,134,864 |
| Special Education - Grants to States | 43,320 | 1,137,209 | 0 | 1,180,529 |
| Special Education Preschool Grants | 0 | 42,011 | 0 | 42,011 |
| Safe and Drug-free Schools - State Grants | 0 | 342,000 | 0 | 342,000 |
| Rural Education | 0 | 78,596 | 0 | 78,596 |
| Eisenhower Professional Development State Grants | 0 | 265,067 | 0 | 265,067 |
| Race-to-the-Top - ARRA | 0 | 254,208 | 0 | 254,208 |
| Other Federal through State | 0 | 1,196,385 | 0 | 1,196,385 |
| <u>Direct Federal Revenue</u> | | | | |
| Energy Grant | 617,416 | 0 | 0 | 617,416 |
| Other Direct Federal Revenue | 0 | 237 | 0 | 237 |
| Total Federal Government | \$ 660,736 | \$ 4,518,018 | \$ 1,933,572 | \$ 7,112,326 |
| <u>Other Governments and Citizens Groups</u> | | | | |
| <u>Other Governments</u> | | | | |
| Contributions | \$ 104,361 | \$ 0 | \$ 0 | \$ 104,361 |
| Total Other Governments and Citizens Groups | \$ 104,361 | \$ 0 | \$ 0 | \$ 104,361 |
| Total | \$ 31,009,814 | \$ 4,540,280 | \$ 2,437,164 | \$ 37,987,258 |

Exhibit K-7

Hardeman County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

| | | |
|----------------------------------|-----------|-----------|
| Board and Committee Members Fees | \$ 13,875 | |
| Total County Commission | | \$ 13,875 |

Board of Equalization

| | | |
|----------------------------------|--------|-----|
| Board and Committee Members Fees | \$ 700 | |
| Total Board of Equalization | | 700 |

Beer Board

| | | |
|----------------------------------|----------|-------|
| Board and Committee Members Fees | \$ 1,890 | |
| Total Beer Board | | 1,890 |

Budget and Finance Committee

| | | |
|------------------------------------|----------|-------|
| Board and Committee Members Fees | \$ 2,450 | |
| Total Budget and Finance Committee | | 2,450 |

Other Boards and Committees

| | | |
|-----------------------------------|----------|-------|
| Board and Committee Members Fees | \$ 3,850 | |
| Travel | 700 | |
| Total Other Boards and Committees | | 4,550 |

County Mayor/Executive

| | | |
|--|-----------|---------|
| County Official/Administrative Officer | \$ 71,322 | |
| Secretary(ies) | 64,593 | |
| Part-time Personnel | 2,205 | |
| Educational Incentive - Other County Employees | 750 | |
| Communication | 3,637 | |
| Maintenance and Repair Services - Office Equipment | 937 | |
| Postal Charges | 2,224 | |
| Travel | 7,123 | |
| Office Supplies | 5,264 | |
| Other Supplies and Materials | 245 | |
| Other Charges | 1,249 | |
| Office Equipment | 693 | |
| Total County Mayor/Executive | | 160,242 |

County Attorney

| | | |
|--|-----------|--------|
| County Official/Administrative Officer | \$ 10,621 | |
| Legal Services | 6,671 | |
| Total County Attorney | | 17,292 |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

| | | | |
|---|----|--------------|---------|
| County Official/Administrative Officer | \$ | 55,576 | |
| Clerical Personnel | | 19,985 | |
| Overtime Pay | | 1,235 | |
| Other Salaries and Wages | | 6,267 | |
| Board and Committee Members Fees | | 3,700 | |
| Election Workers | | 16,867 | |
| Communication | | 2,196 | |
| Dues and Memberships | | 175 | |
| Legal Notices, Recording, and Court Costs | | 3,347 | |
| Postal Charges | | 8,445 | |
| Printing, Stationery, and Forms | | 11,223 | |
| Rentals | | 15,856 | |
| Travel | | 6,689 | |
| Other Contracted Services | | 13,898 | |
| Office Supplies | | 3,756 | |
| Utilities | | 4,074 | |
| Other Charges | | 540 | |
| Office Equipment | | <u>3,063</u> | |
| Total Election Commission | \$ | | 176,892 |

Register of Deeds

| | | | |
|--|----|--------------|---------|
| County Official/Administrative Officer | \$ | 61,751 | |
| Deputy(ies) | | 44,368 | |
| Part-time Personnel | | 8,268 | |
| Educational Incentive - Other County Employees | | 2,298 | |
| Communication | | 3,785 | |
| Data Processing Services | | 6,687 | |
| Dues and Memberships | | 125 | |
| Maintenance Agreements | | 891 | |
| Maintenance and Repair Services - Office Equipment | | 99 | |
| Postal Charges | | 209 | |
| Travel | | 2,175 | |
| Office Supplies | | <u>2,985</u> | |
| Total Register of Deeds | | | 133,641 |

Development

| | | |
|--|----|--------|
| County Official/Administrative Officer | \$ | 18,092 |
| Clerical Personnel | | 22,899 |
| Part-time Personnel | | 710 |
| Communication | | 1,948 |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Development (Cont.)

| | | |
|------------------------------------|-----------|-----------|
| Contracts with Government Agencies | \$ 14,800 | |
| Rentals | 950 | |
| Travel | 1,906 | |
| Office Supplies | 1,161 | |
| Other Charges | 62 | |
| Total Development | | \$ 62,528 |

County Buildings

| | | |
|---|-----------|---------|
| Supervisor/Director | \$ 33,771 | |
| Custodial Personnel | 45,220 | |
| Communication | 2,645 | |
| Maintenance and Repair Services - Buildings | 13,529 | |
| Maintenance and Repair Services - Equipment | 9,186 | |
| Custodial Supplies | 4,163 | |
| Gasoline | 1,548 | |
| Uniforms | 1,208 | |
| Utilities | 35,929 | |
| Other Supplies and Materials | 75 | |
| Other Charges | 606 | |
| Furniture and Fixtures | 7,135 | |
| Total County Buildings | | 155,015 |

Other General Administration

| | | |
|------------------------------------|-----------|--------|
| Land | \$ 35,476 | |
| Total Other General Administration | | 35,476 |

Preservation of Records

| | | |
|---|--------|-------|
| Maintenance and Repair Services - Buildings | \$ 639 | |
| Utilities | 3,775 | |
| Other Charges | 276 | |
| Total Preservation of Records | | 4,690 |

Finance

Accounting and Budgeting

| | | |
|--------------------------------|-----------|--------|
| Other Contracted Services | \$ 18,000 | |
| Total Accounting and Budgeting | | 18,000 |

Purchasing

| | | |
|--|----------|-------|
| County Official/Administrative Officer | \$ 3,600 | |
| Total Purchasing | | 3,600 |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office

| | | | |
|--|----|--------------|---------|
| County Official/Administrative Officer | \$ | 61,751 | |
| Deputy(ies) | | 45,596 | |
| Clerical Personnel | | 40,200 | |
| Part-time Personnel | | 445 | |
| Educational Incentive - Other County Employees | | 2,325 | |
| Communication | | 1,967 | |
| Data Processing Services | | 14,882 | |
| Dues and Memberships | | 1,515 | |
| Postal Charges | | 621 | |
| Travel | | 1,800 | |
| Other Contracted Services | | 14,383 | |
| Office Supplies | | 1,088 | |
| Other Supplies and Materials | | 1,786 | |
| Office Equipment | | <u>3,803</u> | |
| Total Property Assessor's Office | \$ | | 192,162 |

Reappraisal Program

| | | | |
|---------------------------|----|------------|--------|
| Other Salaries and Wages | \$ | 24,266 | |
| Advertising | | 64 | |
| Data Processing Services | | 3,486 | |
| Postal Charges | | 698 | |
| Travel | | 5,082 | |
| Other Contracted Services | | <u>764</u> | |
| Total Reappraisal Program | | | 34,360 |

County Trustee's Office

| | | | |
|--|----|--------------|--------|
| Educational Incentive - Other County Employees | \$ | 1,500 | |
| Communication | | 5,044 | |
| Postal Charges | | 6,337 | |
| Office Supplies | | <u>4,873</u> | |
| Total County Trustee's Office | | | 17,754 |

County Clerk's Office

| | | | |
|--|----|--------------|--------|
| Educational Incentive - Other County Employees | \$ | 1,500 | |
| Communication | | 3,076 | |
| Maintenance and Repair Services - Office Equipment | | 10,939 | |
| Postal Charges | | 5,500 | |
| Office Supplies | | <u>3,215</u> | |
| Total County Clerk's Office | | | 24,230 |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court

| | | |
|--|--------------|------------|
| County Official/Administrative Officer | \$ 61,751 | |
| Deputy(ies) | 46,829 | |
| Clerical Personnel | 101,144 | |
| Part-time Personnel | 20,630 | |
| Educational Incentive - Other County Employees | 7,800 | |
| Jury and Witness Expense | 6,304 | |
| Other Per Diem and Fees | 63 | |
| Maintenance and Repair Services - Office Equipment | 279 | |
| Postal Charges | 4,856 | |
| Travel | 164 | |
| Office Supplies | 11,685 | |
| Other Charges | 311 | |
| Office Equipment | <u>1,723</u> | |
| Total Circuit Court | | \$ 263,539 |

General Sessions Court

| | | |
|------------------------------|--------------|---------|
| Judge(s) | \$ 100,063 | |
| Secretary(ies) | 6,624 | |
| Part-time Personnel | 3,600 | |
| Dues and Memberships | 190 | |
| Travel | <u>1,174</u> | |
| Total General Sessions Court | | 111,651 |

Drug Court

| | | |
|---------------------------------|----------|-------|
| Remittance of Revenue Collected | \$ 3,391 | |
| Total Drug Court | | 3,391 |

Chancery Court

| | | |
|--|------------|---------|
| County Official/Administrative Officer | \$ 61,751 | |
| Deputy(ies) | 64,696 | |
| Educational Incentive - Official/Admin Officer | 4,125 | |
| Communication | 2,227 | |
| Data Processing Services | 857 | |
| Legal Notices, Recording, and Court Costs | 1,815 | |
| Maintenance and Repair Services - Office Equipment | 578 | |
| Postal Charges | 7,476 | |
| Travel | 1,398 | |
| Office Supplies | 3,696 | |
| Other Charges | <u>155</u> | |
| Total Chancery Court | | 148,774 |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

| | | |
|------------------------------------|-----------|-----------|
| Other Salaries and Wages | \$ 27,316 | |
| Communication | 1,232 | |
| Contracts with Government Agencies | 4,900 | |
| Travel | 2,764 | |
| Office Supplies | 224 | |
| Office Equipment | 288 | |
| Total Juvenile Court | | \$ 36,724 |

Victims Assistance Programs

| | | |
|-----------------------------------|----------|-------|
| Other Per Diem and Fees | \$ 9,304 | |
| Total Victims Assistance Programs | | 9,304 |

Public Safety

Sheriff's Department

| | | |
|---|-----------|-----------|
| County Official/Administrative Officer | \$ 67,927 | |
| Assistant(s) | 43,927 | |
| Deputy(ies) | 565,978 | |
| Investigator(s) | 122,502 | |
| Salary Supplements | 13,800 | |
| Dispatchers/Radio Operators | 194,033 | |
| Secretary(ies) | 75,485 | |
| Part-time Personnel | 9,457 | |
| Overtime Pay | 44,214 | |
| In-Service Training | 4,544 | |
| Communication | 35,211 | |
| Dues and Memberships | 2,090 | |
| Maintenance and Repair Services - Equipment | 356 | |
| Maintenance and Repair Services - Vehicles | 48,881 | |
| Postal Charges | 2,182 | |
| Travel | 4,958 | |
| Gasoline | 168,158 | |
| Office Supplies | 11,142 | |
| Uniforms | 17,948 | |
| Medical Claims | 880 | |
| Other Charges | 15,972 | |
| Communication Equipment | 3,951 | |
| Law Enforcement Equipment | 6,059 | |
| Motor Vehicles | 156,861 | |
| Office Equipment | 3,327 | |
| Other Equipment | 4,920 | |
| Total Sheriff's Department | | 1,624,763 |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse

| | | |
|---|------------|--------------|
| Guards | \$ 627,166 | |
| Cafeteria Personnel | 40,557 | |
| Maintenance Personnel | 20,692 | |
| Part-time Personnel | 7,706 | |
| Overtime Pay | 23,538 | |
| Communication | 1,394 | |
| Maintenance and Repair Services - Buildings | 12,674 | |
| Maintenance and Repair Services - Equipment | 21,923 | |
| Maintenance and Repair Services - Vehicles | 917 | |
| Medical and Dental Services | 125,868 | |
| Custodial Supplies | 34,290 | |
| Electricity | 148,518 | |
| Food Preparation Supplies | 4,056 | |
| Food Supplies | 205,631 | |
| Other Supplies and Materials | 10,530 | |
| In Service/Staff Development | 7,497 | |
| Other Charges | 9,053 | |
| Communication Equipment | 2,892 | |
| Office Equipment | 2,333 | |
| Total Workhouse | | \$ 1,307,235 |

Juvenile Services

| | | |
|-------------------------|-----------|--------|
| Supervisor/Director | \$ 32,216 | |
| Postal Charges | 88 | |
| Office Supplies | 49 | |
| Office Equipment | 613 | |
| Total Juvenile Services | | 32,966 |

Fire Prevention and Control

| | | |
|------------------------------------|-----------|--------|
| Contracts with Government Agencies | \$ 74,500 | |
| Total Fire Prevention and Control | | 74,500 |

Civil Defense

| | |
|--|----------|
| Supervisor/Director | \$ 2,816 |
| Part-time Personnel | 1,020 |
| Communication | 2,746 |
| Dues and Memberships | 15 |
| Maintenance and Repair Services - Vehicles | 805 |
| Gasoline | 1,161 |
| Office Supplies | 100 |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

| | | |
|---------------------|--------|-----------|
| Other Charges | \$ 506 | |
| Other Equipment | 52,978 | |
| Total Civil Defense | | \$ 62,147 |

County Coroner/Medical Examiner

| | | |
|---------------------------------------|-----------|--------|
| Other Contracted Services | \$ 53,853 | |
| Total County Coroner/Medical Examiner | | 53,853 |

Public Health and Welfare

Local Health Center

| | | |
|---|----------|--------|
| Communication | \$ 7,809 | |
| Contracts with Government Agencies | 25,320 | |
| Janitorial Services | 14,400 | |
| Maintenance and Repair Services - Buildings | 10,400 | |
| Postal Charges | 243 | |
| Custodial Supplies | 1,491 | |
| Drugs and Medical Supplies | 133 | |
| Office Supplies | 1,292 | |
| Utilities | 17,137 | |
| Other Supplies and Materials | 2,039 | |
| Total Local Health Center | | 80,264 |

Rabies and Animal Control

| | | |
|---|----------|--------|
| County Official/Administrative Officer | \$ 9,854 | |
| Part-time Personnel | 11,550 | |
| Communication | 3,148 | |
| Maintenance and Repair Services - Buildings | 2,012 | |
| Maintenance and Repair Services - Vehicles | 2,967 | |
| Animal Food and Supplies | 690 | |
| Drugs and Medical Supplies | 1,128 | |
| Gasoline | 6,077 | |
| Uniforms | 571 | |
| Utilities | 4,607 | |
| Refunds | 400 | |
| Other Charges | 4,375 | |
| Total Rabies and Animal Control | | 47,379 |

Ambulance/Emergency Medical Services

| | | |
|---------------------|-----------|--|
| Assistant(s) | \$ 34,628 | |
| Supervisor/Director | 45,000 | |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

| | | |
|--|-----------|--------------|
| Clerical Personnel | \$ 20,847 | |
| Attendants | 689,179 | |
| Educational Incentive - Other County Employees | 2,980 | |
| Overtime Pay | 207,460 | |
| In-Service Training | 4,538 | |
| Advertising | 125 | |
| Communication | 17,705 | |
| Contracts with Private Agencies | 26,133 | |
| Maintenance and Repair Services - Buildings | 5,002 | |
| Maintenance and Repair Services - Equipment | 4,394 | |
| Maintenance and Repair Services - Vehicles | 48,269 | |
| Postal Charges | 8,803 | |
| Travel | 1,190 | |
| Custodial Supplies | 4,918 | |
| Drugs and Medical Supplies | 94,136 | |
| Gasoline | 98,662 | |
| Office Supplies | 5,835 | |
| Tires and Tubes | 7,148 | |
| Uniforms | 8,983 | |
| Utilities | 10,963 | |
| Refunds | 12,142 | |
| Other Charges | 3,691 | |
| Motor Vehicles | 9,247 | |
| Other Equipment | 953 | |
| Other Capital Outlay | 5,500 | |
| Total Ambulance/Emergency Medical Services | | \$ 1,378,431 |

Dental Health Program

| | | |
|----------------------------------|-----------|---------|
| Medical Personnel | \$ 94,517 | |
| Paraprofessionals | 21,758 | |
| Clerical Personnel | 25,832 | |
| State Retirement | 16,010 | |
| Employee and Dependent Insurance | 15,236 | |
| Travel | 969 | |
| Drugs and Medical Supplies | 18,556 | |
| Total Dental Health Program | | 192,878 |

Alcohol and Drug Programs

| | | |
|---------------------------------|----------|-------|
| Contributions | \$ 5,000 | |
| Total Alcohol and Drug Programs | | 5,000 |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Crippled Children Services

| | | |
|------------------------------------|--------|--------|
| Contracts with Government Agencies | \$ 890 | |
| Total Crippled Children Services | | \$ 890 |

Other Local Health Services

| | | |
|--------------------------------------|----------|-------|
| Supervisor/Director | \$ 2,816 | |
| Contracts with Other Public Agencies | 1,000 | |
| Contributions | 1,000 | |
| Total Other Local Health Services | | 4,816 |

Regional Mental Health Center

| | | |
|-------------------------------------|----------|-------|
| Contributions | \$ 5,000 | |
| Other Contracted Services | 2,500 | |
| Total Regional Mental Health Center | | 7,500 |

Other Local Welfare Services

| | | |
|------------------------------------|----------|-------|
| Other Contracted Services | \$ 1,250 | |
| Total Other Local Welfare Services | | 1,250 |

Sanitation Education/Information

| | | |
|--|-----------|--------|
| Foremen | \$ 14,957 | |
| Laborers | 3,244 | |
| Employee and Dependent Insurance | 5,070 | |
| Instructional Supplies and Materials | 6,605 | |
| Other Supplies and Materials | 992 | |
| Other Charges | 1,200 | |
| Total Sanitation Education/Information | | 32,068 |

Waste Pickup

| | | |
|---------------------------------|------------|---------|
| Contracts with Private Agencies | \$ 255,656 | |
| Total Waste Pickup | | 255,656 |

Convenience Centers

| | | |
|---|-----------|--|
| Supervisor/Director | \$ 11,250 | |
| Laborers | 10,520 | |
| Clerical Personnel | 9,052 | |
| Part-time Personnel | 115,190 | |
| Communication | 4,960 | |
| Maintenance and Repair Services - Equipment | 2,672 | |
| Travel | 887 | |
| Other Contracted Services | 6,038 | |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

| | | |
|------------------------------|----------|------------|
| Data Processing Supplies | \$ 2,834 | |
| Gasoline | 1,480 | |
| Office Supplies | 1,255 | |
| Road Signs | 834 | |
| Uniforms | 696 | |
| Utilities | 14,877 | |
| Gravel and Chert | 38 | |
| Fencing | 1,328 | |
| Other Supplies and Materials | 1,011 | |
| Other Charges | 1,936 | |
| Office Equipment | 12 | |
| Total Convenience Centers | | \$ 186,870 |

Social, Cultural, and Recreational Services

Libraries

| | | |
|---------------------------|----------|--------|
| Contributions | \$ 8,150 | |
| Other Contracted Services | 80,314 | |
| Total Libraries | | 88,464 |

Other Social, Cultural, and Recreational

| | | |
|--|----------|-------|
| Contributions | \$ 1,125 | |
| Total Other Social, Cultural, and Recreational | | 1,125 |

Agriculture and Natural Resources

Agriculture Extension Service

| | | |
|-------------------------------------|-----------|--------|
| Salary Supplements | \$ 51,270 | |
| Communication | 2,505 | |
| Dues and Memberships | 345 | |
| Rentals | 19,104 | |
| Travel | 2,500 | |
| Utilities | 3,694 | |
| Other Supplies and Materials | 978 | |
| Total Agriculture Extension Service | | 80,396 |

Forest Service

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

Soil Conservation

| | | |
|----------------|-----------|--|
| Secretary(ies) | \$ 20,866 | |
|----------------|-----------|--|

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Soil Conservation (Cont.)

| | | |
|------------------------------|----------|-----------|
| Dues and Memberships | \$ 1,100 | |
| Travel | 958 | |
| Other Contracted Services | 7,773 | |
| Other Supplies and Materials | 901 | |
| Total Soil Conservation | | \$ 31,598 |

Other Operations

Industrial Development

| | | |
|--------------------------------------|--------|--------|
| Advertising | \$ 244 | |
| Contracts with Other Public Agencies | 18,581 | |
| Contributions | 24,510 | |
| Dues and Memberships | 20 | |
| Total Industrial Development | | 43,355 |

Housing and Urban Development

| | | |
|-------------------------------------|-----------|--------|
| Other Contracted Services | \$ 31,582 | |
| Total Housing and Urban Development | | 31,582 |

Airport

| | | |
|---|-----------|---------|
| Supervisor/Director | \$ 16,500 | |
| Communication | 4,264 | |
| Maintenance and Repair Services - Buildings | 9,689 | |
| Maintenance and Repair Services - Equipment | 8,112 | |
| Other Contracted Services | 20,316 | |
| Custodial Supplies | 617 | |
| Gasoline | 30,582 | |
| Office Supplies | 591 | |
| Utilities | 10,881 | |
| Other Charges | 6,447 | |
| Airport Improvement | 117,546 | |
| Furniture and Fixtures | 3,761 | |
| Total Airport | | 229,306 |

Veterans' Services

| | | |
|--------------------------|----------|-------|
| Secretary(ies) | \$ 7,346 | |
| Communication | 487 | |
| Postal Charges | 151 | |
| Travel | 506 | |
| Total Veterans' Services | | 8,490 |

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

| | | |
|---------------------------------------|-----------|-----------|
| Contributions | \$ 1,250 | |
| Dues and Memberships | 20,926 | |
| Total Contributions to Other Agencies | \$ 22,176 | \$ 22,176 |

Employee Benefits

| | | |
|----------------------------------|------------|-----------|
| Social Security | \$ 286,053 | |
| State Retirement | 461,923 | |
| Employee and Dependent Insurance | 663,619 | |
| Disability Insurance | 122,167 | |
| Unemployment Compensation | 11,160 | |
| Employer Medicare | 66,951 | |
| On-Behalf Payments to OPEB | 119 | |
| Total Employee Benefits | 1,611,992 | 1,611,992 |

ARRA Grant # 1

| | | |
|---------------------------|-----------|--------|
| Law Enforcement Equipment | \$ 10,686 | |
| Total ARRA Grant # 1 | 10,686 | 10,686 |

Miscellaneous

| | | |
|---|----------|---------|
| Audit Services | \$ 8,176 | |
| Contributions | 17,500 | |
| Data Processing Services | 30,873 | |
| Dues and Memberships | 7,135 | |
| Legal Notices, Recording, and Court Costs | 8,454 | |
| Other Supplies and Materials | 1,643 | |
| Liability Insurance | 133,247 | |
| Premiums on Corporate Surety Bonds | 400 | |
| Trustee's Commission | 101,155 | |
| Other Charges | 83,171 | |
| Total Miscellaneous | 391,754 | 391,754 |

Principal on Debt

General Government

| | | |
|-----------------------------|-----------|--------|
| Principal on Capital Leases | \$ 67,466 | |
| Total General Government | 67,466 | 67,466 |

Interest on Debt

General Government

| | | |
|----------------------------|--------|-----|
| Interest on Capital Leases | \$ 596 | |
| Total General Government | 596 | 596 |

Total General Fund \$ 9,602,182

(Continued)

Exhibit K-7

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

Drug Control Fund

Public Safety

Drug Enforcement

| | | |
|--|--------------|------------------|
| Maintenance and Repair Services - Vehicles | \$ 5,755 | |
| Travel | 592 | |
| Gasoline | 943 | |
| Instructional Supplies and Materials | 7,383 | |
| Trustee's Commission | 296 | |
| Other Charges | 1,977 | |
| Law Enforcement Equipment | 30,259 | |
| Other Equipment | <u>1,402</u> | |
| Total Drug Enforcement | | <u>\$ 48,607</u> |

Total Drug Control Fund \$ 48,607

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

| | | |
|---|-------------------|------------|
| Constitutional Officers' Operating Expenses | <u>\$ 106,885</u> | |
| Total County Trustee's Office | | \$ 106,885 |

County Clerk's Office

| | | |
|---|-------------------|----------------|
| Constitutional Officers' Operating Expenses | <u>\$ 175,768</u> | |
| Total County Clerk's Office | | <u>175,768</u> |

Total Constitutional Officers - Fees Fund 282,653

Highway/Public Works Fund

Highways

Administration

| | |
|--|-----------|
| County Official/Administrative Officer | \$ 76,972 |
| Secretary(ies) | 63,828 |
| Educational Incentive - Other County Employees | 2,946 |
| Board and Committee Members Fees | 8,890 |
| Communication | 6,988 |
| Data Processing Services | 5,364 |
| Dues and Memberships | 3,854 |
| Legal Services | 3,427 |
| Legal Notices, Recording, and Court Costs | 463 |
| Maintenance and Repair Services - Office Equipment | 444 |
| Postal Charges | 782 |
| Rentals | 2,280 |
| Travel | 406 |

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

| | | |
|------------------------------|----------|------------|
| Other Contracted Services | \$ 1,414 | |
| Electricity | 22,094 | |
| Office Supplies | 3,102 | |
| Other Supplies and Materials | 967 | |
| Total Administration | | \$ 204,221 |

Highway and Bridge Maintenance

| | | |
|--------------------------------------|------------|---------|
| Foremen | \$ 137,488 | |
| Laborers | 552,959 | |
| Overtime Pay | 10,383 | |
| Other Salaries and Wages | 11,646 | |
| Rentals | 600 | |
| Other Contracted Services | 3,625 | |
| Asphalt - Liquid | 92,679 | |
| Crushed Stone | 69,789 | |
| General Construction Materials | 4,566 | |
| Pipe | 37,411 | |
| Road Signs | 16,353 | |
| Wood Products | 14,168 | |
| Chemicals | 9,805 | |
| Other Supplies and Materials | 914 | |
| Total Highway and Bridge Maintenance | | 962,386 |

Operation and Maintenance of Equipment

| | | |
|--|-----------|---------|
| Materials Supervisor | \$ 26,238 | |
| Foremen | 31,495 | |
| Mechanic(s) | 49,593 | |
| Overtime Pay | 2,775 | |
| Other Salaries and Wages | 2,003 | |
| Equipment and Machinery Parts | 141,604 | |
| Gasoline | 249,025 | |
| Lubricants | 11,076 | |
| Tires and Tubes | 31,965 | |
| Uniforms | 12,242 | |
| Other Supplies and Materials | 756 | |
| Total Operation and Maintenance of Equipment | | 558,772 |

Asphalt Plant Operations

| | |
|---------------|-----------|
| Laborers | \$ 10,419 |
| Communication | 772 |

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Asphalt Plant Operations (Cont.)

| | | |
|--------------------------------|----------|------------|
| Other Contracted Services | \$ 1,805 | |
| Asphalt - Hot Mix | 455,092 | |
| Crushed Stone | 68,257 | |
| Equipment and Machinery Parts | 23,310 | |
| Utilities | 74,772 | |
| Other Supplies and Materials | 2,466 | |
| Total Asphalt Plant Operations | | \$ 636,893 |

Other Charges

| | | |
|----------------------|-----------|--------|
| Liability Insurance | \$ 29,131 | |
| Trustee's Commission | 27,349 | |
| Total Other Charges | | 56,480 |

Employee Benefits

| | | |
|----------------------------------|-----------|---------|
| Social Security | \$ 61,199 | |
| State Retirement | 102,156 | |
| Employee and Dependent Insurance | 168,553 | |
| Disability Insurance | 62,646 | |
| Unemployment Compensation | 6,911 | |
| Employer Medicare | 14,313 | |
| Other Fringe Benefits | 1,128 | |
| Total Employee Benefits | | 416,906 |

Capital Outlay

| | | |
|-------------------------|-----------|----------------|
| Bridge Construction | \$ 24,280 | |
| Communication Equipment | 978 | |
| Highway Construction | 71,118 | |
| Highway Equipment | 56,600 | |
| State Aid Projects | 214,476 | |
| Other Capital Outlay | 18,278 | |
| Total Capital Outlay | | <u>385,730</u> |

Total Highway/Public Works Fund \$ 3,221,388

General Debt Service Fund

Principal on Debt

General Government

| | | |
|--------------------------|----------|-----------|
| Principal on Bonds | \$ 9,000 | |
| Principal on Notes | 29,394 | |
| Total General Government | | \$ 38,394 |

(Continued)

Exhibit K-7

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Education

| | | |
|--------------------|------------|------------|
| Principal on Bonds | \$ 310,000 | |
| Total Education | | \$ 310,000 |

Interest on Debt

General Government

| | | |
|--------------------------|----------|--------|
| Interest on Bonds | \$ 1,775 | |
| Interest on Notes | 15,059 | |
| Total General Government | | 16,834 |

Education

| | | |
|-------------------|------------|---------|
| Interest on Bonds | \$ 205,567 | |
| Total Education | | 205,567 |

Other Debt Service

General Government

| | | |
|--------------------------|--------|-----|
| Trustee's Commission | \$ 708 | |
| Total General Government | | 708 |

Education

| | | |
|-----------------|--------|-----|
| Other Charges | \$ 250 | |
| Total Education | | 250 |

| | | |
|---------------------------------|--|------------|
| Total General Debt Service Fund | | \$ 571,753 |
|---------------------------------|--|------------|

General Capital Projects Fund

Capital Projects

Administration of Justice Projects

| | | |
|--|------------|------------|
| Contributions | \$ 925,102 | |
| Trustee's Commission | 7,916 | |
| Total Administration of Justice Projects | | \$ 933,018 |

| | | |
|-------------------------------------|--|----------------|
| Total General Capital Projects Fund | | <u>933,018</u> |
|-------------------------------------|--|----------------|

Education Capital Projects Fund

Capital Projects

Education Capital Projects

| | | |
|----------------------------------|------------|------------|
| Contributions | \$ 104,361 | |
| Total Education Capital Projects | | \$ 104,361 |

| | | |
|---------------------------------------|--|----------------|
| Total Education Capital Projects Fund | | <u>104,361</u> |
|---------------------------------------|--|----------------|

| | | |
|---|--|----------------------|
| Total Governmental Funds - Primary Government | | <u>\$ 14,763,962</u> |
|---|--|----------------------|

Exhibit K-8

Hardeman County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2012

General Purpose School Fund

Instruction

Regular Instruction Program

| | | |
|---|--------------|---------------|
| Teachers | \$ 9,660,774 | |
| Career Ladder Program | 104,910 | |
| Career Ladder Extended Contracts | 40,382 | |
| Homebound Teachers | 4,484 | |
| Educational Assistants | 348,482 | |
| Other Salaries and Wages | 760 | |
| Certified Substitute Teachers | 34,065 | |
| Non-certified Substitute Teachers | 95,730 | |
| Social Security | 602,580 | |
| State Retirement | 924,108 | |
| Medical Insurance | 1,451,317 | |
| Dental Insurance | 79,189 | |
| Employer Medicare | 141,256 | |
| Maintenance and Repair Services - Equipment | 1,666 | |
| Other Contracted Services | 91,101 | |
| Instructional Supplies and Materials | 166,754 | |
| Textbooks | 322,361 | |
| In Service/Staff Development | 465 | |
| Other Charges | 8,334 | |
| Regular Instruction Equipment | 97,162 | |
| Other Equipment | 39,280 | |
| Total Regular Instruction Program | | \$ 14,215,160 |

Alternative Instruction Program

| | | |
|---------------------------------------|------------|---------|
| Teachers | \$ 231,167 | |
| Educational Assistants | 798 | |
| Certified Substitute Teachers | 520 | |
| Social Security | 12,295 | |
| State Retirement | 18,770 | |
| Medical Insurance | 24,702 | |
| Dental Insurance | 1,214 | |
| Employer Medicare | 3,239 | |
| Instructional Supplies and Materials | 1,451 | |
| Other Equipment | 2,508 | |
| Total Alternative Instruction Program | | 296,664 |

Special Education Program

| | |
|-----------------------|--------------|
| Teachers | \$ 1,514,087 |
| Career Ladder Program | 16,000 |

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

| | | |
|---|------------|--------------|
| Educational Assistants | \$ 178,292 | |
| Certified Substitute Teachers | 3,675 | |
| Non-certified Substitute Teachers | 12,385 | |
| Social Security | 101,049 | |
| State Retirement | 156,485 | |
| Medical Insurance | 206,407 | |
| Dental Insurance | 8,932 | |
| Employer Medicare | 23,827 | |
| Contracts with Private Agencies | 49,800 | |
| Maintenance and Repair Services - Equipment | 450 | |
| Instructional Supplies and Materials | 1,827 | |
| Other Supplies and Materials | 413 | |
| Special Education Equipment | 8,872 | |
| Total Special Education Program | | \$ 2,282,501 |

Vocational Education Program

| | | |
|---|------------|-----------|
| Teachers | \$ 908,795 | |
| Career Ladder Program | 10,385 | |
| Career Ladder Extended Contracts | 600 | |
| Educational Assistants | 5,559 | |
| Certified Substitute Teachers | 2,406 | |
| Non-certified Substitute Teachers | 15,362 | |
| Social Security | 55,563 | |
| State Retirement | 83,940 | |
| Medical Insurance | 127,111 | |
| Dental Insurance | 5,713 | |
| Employer Medicare | 12,996 | |
| Maintenance and Repair Services - Equipment | 1,818 | |
| Other Contracted Services | 300 | |
| Instructional Supplies and Materials | 22,220 | |
| Other Supplies and Materials | 787 | |
| Other Charges | 1,500 | |
| Vocational Instruction Equipment | 6,892 | |
| Total Vocational Education Program | | 1,261,947 |

Support Services

Attendance

| | |
|-----------------------|-----------|
| Supervisor/Director | \$ 67,411 |
| Career Ladder Program | 2,000 |

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

| | | | |
|----------------------------------|----|--------|------------|
| Career Ladder Extended Contracts | \$ | 4,000 | |
| Clerical Personnel | | 23,008 | |
| Social Security | | 5,859 | |
| State Retirement | | 9,391 | |
| Medical Insurance | | 7,484 | |
| Dental Insurance | | 356 | |
| Employer Medicare | | 1,370 | |
| Contracts with Private Agencies | | 10,554 | |
| Travel | | 25 | |
| Office Supplies | | 1,270 | |
| Other Supplies and Materials | | 100 | |
| Attendance Equipment | | 1,098 | |
| Total Attendance | | | \$ 133,926 |

Health Services

| | | | |
|------------------------------|----|---------|---------|
| Medical Personnel | \$ | 195,301 | |
| Social Security | | 11,101 | |
| State Retirement | | 23,319 | |
| Medical Insurance | | 43,909 | |
| Dental Insurance | | 2,197 | |
| Employer Medicare | | 2,596 | |
| Travel | | 4,921 | |
| Other Contracted Services | | 1,818 | |
| Drugs and Medical Supplies | | 6,085 | |
| Other Supplies and Materials | | 491 | |
| Health Equipment | | 4,000 | |
| Total Health Services | | | 295,738 |

Other Student Support

| | | | |
|--------------------------|----|---------|--|
| Career Ladder Program | \$ | 2,000 | |
| Guidance Personnel | | 514,323 | |
| Social Workers | | 86,615 | |
| Other Salaries and Wages | | 57,762 | |
| Social Security | | 37,929 | |
| State Retirement | | 57,811 | |
| Medical Insurance | | 67,158 | |
| Dental Insurance | | 3,450 | |
| Employer Medicare | | 9,286 | |
| Evaluation and Testing | | 12,046 | |

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

| | | |
|------------------------------|----------|------------|
| Travel | \$ 6,321 | |
| Other Contracted Services | 2,600 | |
| Other Supplies and Materials | 26,238 | |
| In Service/Staff Development | 2,631 | |
| Other Equipment | 7,675 | |
| Total Other Student Support | | \$ 893,845 |

Regular Instruction Program

| | | |
|---|------------|-----------|
| Supervisor/Director | \$ 118,620 | |
| Career Ladder Program | 12,000 | |
| Career Ladder Extended Contracts | 6,100 | |
| Librarians | 401,815 | |
| Educational Assistants | 59,358 | |
| Other Salaries and Wages | 486,909 | |
| Social Security | 62,454 | |
| State Retirement | 96,386 | |
| Medical Insurance | 113,285 | |
| Dental Insurance | 5,844 | |
| Employer Medicare | 15,088 | |
| Maintenance and Repair Services - Equipment | 26,328 | |
| Travel | 7,279 | |
| Other Contracted Services | 7,332 | |
| Library Books/Media | 32,331 | |
| Other Supplies and Materials | 268 | |
| In Service/Staff Development | 906 | |
| Other Equipment | 2,384 | |
| Total Regular Instruction Program | | 1,454,687 |

Alternative Instruction Program

| | | |
|---------------------------------------|-----------|--------|
| Clerical Personnel | \$ 24,952 | |
| Social Security | 1,525 | |
| State Retirement | 2,979 | |
| Employer Medicare | 357 | |
| Total Alternative Instruction Program | | 29,813 |

Special Education Program

| | |
|-------------------------|-----------|
| Supervisor/Director | \$ 67,411 |
| Career Ladder Program | 1,000 |
| Psychological Personnel | 107,815 |

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

| | | | |
|----------------------------------|----|---------|------------|
| Career Ladder Extended Contracts | \$ | 4,000 | |
| Assessment Personnel | | 138,789 | |
| Social Security | | 16,369 | |
| State Retirement | | 24,898 | |
| Medical Insurance | | 25,343 | |
| Dental Insurance | | 1,479 | |
| Employer Medicare | | 4,465 | |
| Travel | | 2,704 | |
| Other Supplies and Materials | | 470 | |
| In Service/Staff Development | | 3,397 | |
| Total Special Education Program | | | \$ 398,140 |

Vocational Education Program

| | | | |
|------------------------------------|----|--------|--------|
| Supervisor/Director | \$ | 35,919 | |
| Career Ladder Program | | 1,000 | |
| Career Ladder Extended Contracts | | 4,000 | |
| Social Security | | 2,399 | |
| State Retirement | | 3,703 | |
| Medical Insurance | | 4,755 | |
| Employer Medicare | | 561 | |
| Travel | | 747 | |
| Other Supplies and Materials | | 115 | |
| Other Charges | | 38 | |
| Total Vocational Education Program | | | 53,237 |

Other Programs

| | | | |
|----------------------------|----|---------|---------|
| On-Behalf Payments to OPEB | \$ | 127,008 | |
| Total Other Programs | | | 127,008 |

Board of Education

| | | | |
|----------------------------------|----|--------|--|
| Board and Committee Members Fees | \$ | 11,500 | |
| Social Security | | 883 | |
| State Retirement | | 327 | |
| Medical Insurance | | 20,092 | |
| Unemployment Compensation | | 52,032 | |
| Employer Medicare | | 207 | |
| Audit Services | | 23,100 | |
| Dues and Memberships | | 11,708 | |
| Legal Services | | 7,541 | |

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

| | | |
|------------------------------------|----------|------------|
| Travel | \$ 7,322 | |
| Other Contracted Services | 17,200 | |
| Liability Insurance | 29,123 | |
| Premiums on Corporate Surety Bonds | 2,240 | |
| Trustee's Commission | 193,489 | |
| Workers' Compensation Insurance | 166,535 | |
| In Service/Staff Development | 4,471 | |
| Other Charges | 307 | |
| Total Board of Education | | \$ 548,077 |

Director of Schools

| | | |
|--|------------|---------|
| County Official/Administrative Officer | \$ 114,582 | |
| Career Ladder Program | 1,000 | |
| Clerical Personnel | 62,308 | |
| Social Security | 10,196 | |
| State Retirement | 16,963 | |
| Medical Insurance | 14,574 | |
| Dental Insurance | 883 | |
| Employer Medicare | 2,497 | |
| Communication | 38,186 | |
| Dues and Memberships | 424 | |
| Postal Charges | 4,278 | |
| Travel | 2,889 | |
| Other Contracted Services | 35,549 | |
| Office Supplies | 3,895 | |
| Other Supplies and Materials | 704 | |
| In Service/Staff Development | 290 | |
| Other Charges | 29,903 | |
| Total Director of Schools | | 339,121 |

Office of the Principal

| | |
|----------------------------------|------------|
| Principals | \$ 582,669 |
| Career Ladder Program | 12,980 |
| Career Ladder Extended Contracts | 4,655 |
| Assistant Principals | 323,833 |
| Secretary(ies) | 347,721 |
| Social Security | 76,308 |
| State Retirement | 125,152 |
| Medical Insurance | 95,667 |

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

| | | |
|-------------------------------|----------|--------------|
| Dental Insurance | \$ 4,858 | |
| Employer Medicare | 17,846 | |
| Other Charges | 375 | |
| Total Office of the Principal | | \$ 1,592,064 |

Fiscal Services

| | | |
|------------------------------|-----------|---------|
| Supervisor/Director | \$ 36,000 | |
| Accountants/Bookkeepers | 80,561 | |
| Social Security | 5,929 | |
| State Retirement | 11,596 | |
| Medical Insurance | 12,661 | |
| Dental Insurance | 276 | |
| Employer Medicare | 1,694 | |
| Data Processing Services | 8,171 | |
| Dues and Memberships | 499 | |
| Travel | 1,227 | |
| Data Processing Supplies | 2,502 | |
| Office Supplies | 3,251 | |
| Other Supplies and Materials | 18 | |
| In Service/Staff Development | 1,444 | |
| Other Charges | 61 | |
| Administration Equipment | 8,249 | |
| Total Fiscal Services | | 174,139 |

Human Services/Personnel

| | | |
|--------------------------------|-----------|--------|
| Supervisor/Director | \$ 56,436 | |
| Social Security | 3,212 | |
| State Retirement | 6,464 | |
| Dental Insurance | 331 | |
| Employer Medicare | 810 | |
| Dues and Memberships | 100 | |
| Travel | 3,273 | |
| Office Supplies | 594 | |
| In Service/Staff Development | 415 | |
| Total Human Services/Personnel | | 71,635 |

Operation of Plant

| | |
|----------------------------------|-----------|
| Supervisor/Director | \$ 37,521 |
| Career Ladder Extended Contracts | 4,000 |

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

| | | |
|---------------------------------|----------------|--------------|
| Custodial Personnel | \$ 734 | |
| Social Security | 2,492 | |
| State Retirement | 3,969 | |
| Medical Insurance | 4,762 | |
| Dental Insurance | 166 | |
| Employer Medicare | 557 | |
| Janitorial Services | 710,043 | |
| Disposal Fees | 16,145 | |
| Electricity | 737,997 | |
| Natural Gas | 100,564 | |
| Water and Sewer | 86,602 | |
| Boiler Insurance | 7,169 | |
| Building and Contents Insurance | <u>126,452</u> | |
| Total Operation of Plant | | \$ 1,839,173 |

Maintenance of Plant

| | | |
|---|---------------|-----------|
| Supervisor/Director | \$ 70,256 | |
| Maintenance Personnel | 207,825 | |
| In-Service Training | 133 | |
| Social Security | 16,141 | |
| State Retirement | 32,212 | |
| Medical Insurance | 45,927 | |
| Dental Insurance | 1,731 | |
| Employer Medicare | 3,750 | |
| Laundry Service | 3,674 | |
| Maintenance and Repair Services - Buildings | 370,056 | |
| Maintenance and Repair Services - Equipment | 65,995 | |
| Maintenance and Repair Services - Vehicles | 8 | |
| Rentals | 22,158 | |
| Travel | 1,286 | |
| Other Contracted Services | 18,538 | |
| General Construction Materials | 43,250 | |
| Tires and Tubes | 30 | |
| Other Supplies and Materials | 2,603 | |
| In Service/Staff Development | 1,440 | |
| Other Charges | 6,134 | |
| Administration Equipment | 1,623 | |
| Heating and Air Conditioning Equipment | 122,077 | |
| Maintenance Equipment | <u>41,547</u> | |
| Total Maintenance of Plant | | 1,078,394 |

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

| | | | |
|--|----|---------|--------------|
| Supervisor/Director | \$ | 36,601 | |
| Mechanic(s) | | 130,648 | |
| Bus Drivers | | 450,165 | |
| Clerical Personnel | | 28,086 | |
| Other Salaries and Wages | | 63,145 | |
| In-Service Training | | 7,517 | |
| Social Security | | 41,184 | |
| State Retirement | | 73,940 | |
| Medical Insurance | | 27,454 | |
| Dental Insurance | | 1,463 | |
| Employer Medicare | | 10,349 | |
| Contracts with Parents | | 1,317 | |
| Laundry Service | | 4,194 | |
| Maintenance and Repair Services - Vehicles | | 37,556 | |
| Medical and Dental Services | | 4,358 | |
| Travel | | 2,062 | |
| Diesel Fuel | | 361,608 | |
| Garage Supplies | | 13,779 | |
| Gasoline | | 53,128 | |
| Lubricants | | 8,835 | |
| Tires and Tubes | | 30,871 | |
| Vehicle Parts | | 77,683 | |
| Other Supplies and Materials | | 4,230 | |
| Vehicle and Equipment Insurance | | 38,940 | |
| Other Charges | | 43,923 | |
| Transportation Equipment | | 416,961 | |
| Total Transportation | | | \$ 1,969,997 |

Central and Other

| | | |
|---|----|--------|
| Supervisor/Director | \$ | 46,579 |
| Computer Programmer(s) | | 88,296 |
| Clerical Personnel | | 20,812 |
| Social Security | | 9,172 |
| State Retirement | | 18,589 |
| Medical Insurance | | 19,638 |
| Dental Insurance | | 883 |
| Employer Medicare | | 2,145 |
| Maintenance and Repair Services - Equipment | | 1,007 |
| Travel | | 2,240 |

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other (Cont.)

| | | |
|------------------------------|----------|------------|
| Other Contracted Services | \$ 3,855 | |
| Data Processing Supplies | 1,648 | |
| In Service/Staff Development | 4,876 | |
| Other Charges | 2,578 | |
| Data Processing Equipment | 5,928 | |
| Total Central and Other | | \$ 228,246 |

Operation of Non-Instructional Services

Food Service

| | | |
|-----------------------|----------|-------|
| Career Ladder Program | \$ 1,000 | |
| Social Security | 62 | |
| State Retirement | 90 | |
| Employer Medicare | 14 | |
| Total Food Service | | 1,166 |

Community Services

| | | |
|--------------------------|-----------|--------|
| Supervisor/Director | \$ 40,794 | |
| Social Security | 2,490 | |
| State Retirement | 4,871 | |
| Medical Insurance | 5,064 | |
| Dental Insurance | 264 | |
| Employer Medicare | 582 | |
| Travel | 33 | |
| Office Supplies | 571 | |
| Other Charges | 578 | |
| Other Equipment | 191 | |
| Total Community Services | | 55,438 |

Early Childhood Education

| | |
|-----------------------------------|------------|
| Supervisor/Director | \$ 141,713 |
| Teachers | 399,101 |
| Educational Assistants | 132,360 |
| Certified Substitute Teachers | 16,522 |
| Non-certified Substitute Teachers | 12,258 |
| Social Security | 42,089 |
| State Retirement | 63,202 |
| Medical Insurance | 60,861 |
| Dental Insurance | 3,535 |
| Employer Medicare | 9,851 |

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

| | | |
|--------------------------------------|----------|--------------|
| Operating Lease Payments | \$ 7,119 | |
| Travel | 5,636 | |
| Instructional Supplies and Materials | 56,714 | |
| Office Supplies | 13,137 | |
| Other Supplies and Materials | 2,597 | |
| In Service/Staff Development | 8,229 | |
| Other Charges | 23,626 | |
| Other Equipment | 28,680 | |
| Total Early Childhood Education | | \$ 1,027,230 |

Capital Outlay

Regular Capital Outlay

| | | |
|------------------------------|----------|---------|
| Engineering Services | \$ 9,750 | |
| Building Improvements | 792,690 | |
| Total Regular Capital Outlay | | 802,440 |

Principal on Debt

Education

| | | |
|-----------------------------|-----------|--------|
| Principal on Capital Leases | \$ 11,794 | |
| Total Education | | 11,794 |

Interest on Debt

Education

| | | |
|----------------------------|----------|-------|
| Interest on Capital Leases | \$ 1,171 | |
| Total Education | | 1,171 |

Other Debt Service

Education

| | | |
|---|------------|---------|
| Debt Service Contribution to Primary Government | \$ 515,817 | |
| Total Education | | 515,817 |

Total General Purpose School Fund \$ 31,698,568

School Federal Projects Fund

Instruction

Regular Instruction Program

| | |
|------------------------|-----------|
| Supervisor/Director | \$ 2,500 |
| Teachers | 1,579,583 |
| Educational Assistants | 131,870 |

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

| | | |
|---|-----------|--------------|
| Part-time Personnel | \$ 14,196 | |
| Other Salaries and Wages | 211,236 | |
| Certified Substitute Teachers | 6,463 | |
| Non-certified Substitute Teachers | 5,681 | |
| Social Security | 118,404 | |
| State Retirement | 177,793 | |
| Medical Insurance | 93,550 | |
| Dental Insurance | 5,735 | |
| Employer Medicare | 27,706 | |
| Maintenance and Repair Services - Equipment | 715 | |
| Other Contracted Services | 11,865 | |
| Food Supplies | 2,187 | |
| Instructional Supplies and Materials | 153,568 | |
| Library Books/Media | 2,990 | |
| Other Supplies and Materials | 11,503 | |
| In Service/Staff Development | 439 | |
| Regular Instruction Equipment | 159,791 | |
| Other Equipment | 1,264 | |
| Total Regular Instruction Program | | \$ 2,719,039 |

Special Education Program

| | | |
|---|------------|---------|
| Educational Assistants | \$ 405,489 | |
| Social Security | 24,782 | |
| State Retirement | 45,374 | |
| Medical Insurance | 1,333 | |
| Employer Medicare | 5,796 | |
| Contracts with Private Agencies | 281,025 | |
| Evaluation and Testing | 411 | |
| Maintenance and Repair Services - Equipment | 576 | |
| Instructional Supplies and Materials | 82,591 | |
| Other Supplies and Materials | 3,333 | |
| Special Education Equipment | 30,276 | |
| Total Special Education Program | | 880,986 |

Vocational Education Program

| | | |
|------------------------|----------|--|
| Educational Assistants | \$ 8,895 | |
| Social Security | 551 | |
| State Retirement | 1,062 | |
| Employer Medicare | 129 | |

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

| | | | |
|------------------------------------|----|--------|-----------|
| Other Contracted Services | \$ | 350 | |
| Other Supplies and Materials | | 5,912 | |
| Other Charges | | 309 | |
| Vocational Instruction Equipment | | 30,510 | |
| Total Vocational Education Program | | | \$ 47,718 |

Support Services

Health Services

| | | | |
|-----------------------|----|--------|--------|
| Medical Personnel | \$ | 10,810 | |
| Social Security | | 670 | |
| State Retirement | | 716 | |
| Employer Medicare | | 157 | |
| Total Health Services | | | 12,353 |

Other Student Support

| | | | |
|-----------------------------|----|--------|--------|
| Guidance Personnel | \$ | 28,900 | |
| Social Workers | | 5,180 | |
| Social Security | | 1,952 | |
| State Retirement | | 2,850 | |
| Employer Medicare | | 494 | |
| Travel | | 18,362 | |
| Total Other Student Support | | | 57,738 |

Regular Instruction Program

| | | |
|------------------------------|----|---------|
| Supervisor/Director | \$ | 65,566 |
| Librarians | | 20,720 |
| Clerical Personnel | | 26,092 |
| Other Salaries and Wages | | 25,900 |
| Social Security | | 8,533 |
| State Retirement | | 13,268 |
| Medical Insurance | | 5,064 |
| Dental Insurance | | 276 |
| Employer Medicare | | 1,996 |
| Travel | | 1,019 |
| Other Contracted Services | | 1,418 |
| Library Books/Media | | 3 |
| Other Supplies and Materials | | 2,341 |
| In Service/Staff Development | | 103,579 |
| Other Charges | | 71,510 |

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

| | | |
|-----------------------------------|-----------|------------|
| Other Equipment | \$ 12,017 | |
| Total Regular Instruction Program | | \$ 359,302 |

Special Education Program

| | | |
|---------------------------------|-----------|--------|
| Travel | \$ 18,950 | |
| Other Supplies and Materials | 5,652 | |
| In Service/Staff Development | 10,253 | |
| Other Equipment | 3,750 | |
| Total Special Education Program | | 38,605 |

Vocational Education Program

| | | |
|------------------------------------|--------|-----|
| Travel | \$ 764 | |
| Total Vocational Education Program | | 764 |

Office of the Principal

| | | |
|-------------------------------|-----------|--------|
| Principals | \$ 35,763 | |
| Assistant Principals | 18,064 | |
| Social Security | 3,337 | |
| State Retirement | 4,871 | |
| Employer Medicare | 781 | |
| Total Office of the Principal | | 62,816 |

Transportation

| | | |
|----------------------|-----------|---------|
| Bus Drivers | \$ 92,333 | |
| Social Security | 5,718 | |
| State Retirement | 10,950 | |
| Employer Medicare | 1,339 | |
| Diesel Fuel | 12,810 | |
| Total Transportation | | 123,150 |

| | | |
|------------------------------------|--|--------------|
| Total School Federal Projects Fund | | \$ 4,302,471 |
|------------------------------------|--|--------------|

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

| | |
|-------------------------|-----------|
| Supervisor/Director | \$ 61,352 |
| Accountants/Bookkeepers | 30,653 |
| Cafeteria Personnel | 820,152 |
| Social Security | 55,597 |

(Continued)

Exhibit K-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

| | | |
|---|------------|---------------------|
| State Retirement | \$ 100,860 | |
| Medical Insurance | 11,067 | |
| Dental Insurance | 342 | |
| Employer Medicare | 13,080 | |
| Communication | 3,458 | |
| Data Processing Services | 325 | |
| Dues and Memberships | 564 | |
| Maintenance and Repair Services - Equipment | 20,389 | |
| Printing, Stationery, and Forms | 670 | |
| Travel | 3,561 | |
| Permits | 800 | |
| Other Contracted Services | 11,411 | |
| Electricity | 36,485 | |
| Food Supplies | 1,069,407 | |
| Natural Gas | 7,416 | |
| Office Supplies | 2,644 | |
| Uniforms | 4,238 | |
| Water and Sewer | 3,616 | |
| USDA - Commodities | 103,334 | |
| Other Supplies and Materials | 104,533 | |
| Refunds | 74 | |
| In Service/Staff Development | 2,041 | |
| Other Charges | 3,681 | |
| Food Service Equipment | 24,165 | |
| Total Food Service | | <u>\$ 2,495,915</u> |

Total Central Cafeteria Fund \$ 2,495,915

Total Governmental Funds - Hardeman County School Department \$ 38,496,954

Exhibit K-9

Hardeman County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2012

| | <u>Cities - Sales Tax Fund</u> |
|--------------------------------------|--|
| <u>Cash Receipts</u> | |
| Local Option Sales Tax | \$ 1,626,024 |
| Total Cash Receipts | <u>\$ 1,626,024</u> |
| <u>Cash Disbursements</u> | |
| Remittance of Revenues Collected | \$ 1,609,764 |
| Trustee's Commission | <u>16,260</u> |
| Total Cash Disbursements | <u>\$ 1,626,024</u> |
| Excess of Cash Receipts Over (Under) | |
| Cash Disbursements | \$ 0 |
| Cash Balance, July 1, 2011 | <u>0</u> |
| Cash Balance, June 30, 2012 | <u><u>\$ 0</u></u> |

SINGLE AUDIT SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT 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***

September 20, 2012

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardeman County, Tennessee, as of and for the year ended June 30, 2012, which collectively comprise Hardeman County's basic financial statements and have issued our report thereon dated September 20, 2012. 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 Hardeman County Emergency Communications District as described in our report on Hardeman County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified 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 deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 12.01.

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 Questioned Costs to be significant deficiencies: 12.06, 12.07, 12.10, 12.11, and 12.13.

Compliance and Other Matters

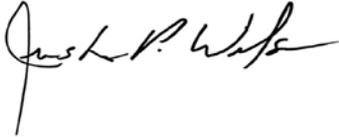
As part of obtaining reasonable assurance about whether Hardeman County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 12.02, 12.03, 12.04, 12.05, 12.08, 12.09, and 12.12.

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

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

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

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury

JPW/sb



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

REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

September 20, 2012

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Hardeman County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Hardeman County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Hardeman County's management. Our responsibility is to express an opinion on Hardeman County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and

material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hardeman County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Hardeman County's compliance with those requirements.

In our opinion, Hardeman County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements in the Renewable Energy Research and Development, Recovery Act (CFDA No. 81.087) major federal program, which is required to be reported in accordance with OMB Circular A-133 and is described in the accompanying Schedule of Findings and Questioned Costs as items 12.08 and 12.14.

Internal Control Over Compliance

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

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardeman County as of and for the year ended June 30, 2012, and have issued our report thereon dated September 20, 2012. Our audit

was performed for the purpose of forming our opinions on the financial statements as a whole. The 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

This report is intended solely for the information and use of management, the county mayor, highway superintendent, director of schools, County Commission, Board of Highway Supervisors, Board of Education, others within the entity, 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 long vertical stroke extending downwards from the end of the name.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Hardeman County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2012

| 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 Education: | | | |
| Child Nutrition Cluster: | | | |
| School Breakfast Program | 10.553 | N/A | \$ 541,990 |
| National School Lunch Program | 10.555 | N/A | 1,270,838 (4) |
| Summer Food Service Program for Children | 10.559 | N/A | 17,410 |
| Passed-through State Department of Agriculture: | | | |
| National School Lunch Program (Commodities - Noncash Assistance) | 10.555 | N/A | 103,334 (4) |
| Fresh Fruit and Vegetable Program | 10.582 | N/A | 51,714 |
| Total U.S. Department of Agriculture | | | <u>\$ 1,985,286</u> |
| U.S. Department of Justice: | | | |
| Passed-through State Commission on Children and Youth: | | | |
| Juvenile Justice and Delinquency Prevention - Allocation to States | 16.540 | (2) | \$ 9,000 |
| Passed-through State Department of Finance and Administration: | | | |
| Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government | 16.804 | (2) | 10,686 |
| Total U.S. Department of Justice | | | <u>\$ 19,686</u> |
| U.S. Department of Transportation: | | | |
| Passed-through State Department of Transportation: | | | |
| Airport Improvement Program | 20.106 | (3) | \$ 110,302 |
| State and Community Highway Safety | 20.600 | (2) | 987 |
| Total U.S. Department of Transportation | | | <u>\$ 111,289</u> |
| U.S. Department of Energy: | | | |
| Passed through State Department of Education: | | | |
| Renewable Energy Research and Development, Recovery Act | 81.087 | N/A | \$ 617,416 |
| Total U.S. Department of Energy | | | <u>\$ 617,416</u> |
| U.S. Department of Education: | | | |
| Passed-through State Department of Education: | | | |
| Title I Grants to Local Educational Agencies | 84.010 | N/A | \$ 1,118,893 |
| Special Education Cluster: | | | |
| Special Education - Grants to States | 84.027 | N/A | 1,181,095 |
| Special Education - Preschool Grants | 84.173 | N/A | 42,011 |
| Career and Technical Education - Basic Grants to States | 84.048 | N/A | 67,441 |
| Twenty-first Century Community Learning Centers | 84.287 | N/A | 342,000 |
| Educational Technology State Grants Cluster: | | | |
| Educational Technology State Grants | 84.318 | N/A | 4,853 |
| Educational Technology State Grants, Recovery Act | 84.386 | N/A | 1,245 |
| Rural Education | 84.358 | (2) | 77,601 |
| Improving Literacy through School Libraries | 84.364 | N/A | 12,020 |
| Improving Teacher Quality State Grants | 84.367 | N/A | 246,291 |
| State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act | 84.395 | (2) | 322,045 |
| State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act | 84.397 | (2) | 10,554 |
| Education Jobs Fund | 84.410 | (2) | 1,106,816 |
| Total U.S. Department of Education | | | <u>\$ 4,532,865</u> |

(Continued)

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

| Federal/Pass-through Agency/State Grantor Program Title | Federal CFDA Number | Pass-through Entity Identifying Number | Expenditures |
|---|---------------------------|---|---------------------|
| U.S. Department of Health and Human Services: | | | |
| Passed-through State Department of Health: | | | |
| Preventive Health and Health Services Block Grant | 93.991 | Z1243977 | \$ 199,504 |
| Total U.S. Department of Health and Human Services | | | <u>\$ 199,504</u> |
| U.S. Department of Homeland Security: | | | |
| Passed-through State Department of Military: | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | (2) | \$ 311,405 |
| Emergency Management Performance Grants | 97.042 | (2) | 7,449 |
| Homeland Security Grant Program | 97.067 | 5828 | 51,829 |
| Total U.S. Department of Homeland Security | | | <u>\$ 370,683</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 7,836,729</u> |
| Contract | | | |
| <u>Number</u> | | | |
| <u>State Grants</u> | | | |
| Airport Maintenance Program - State Department of Transportation | N/A | AEROM12203 | \$ 13,200 |
| Coordinated School Health - State Department of Education | N/A | (2) | 100,000 |
| Computer Clubhouse Grant - State Department of Economic and Community Development | N/A | GG1029477 | 102,437 |
| Litter Grant - State Department of Transportation | N/A | (2) | 32,497 |
| Early Childhood Education - State Department of Education | N/A | (2) | 1,028,017 |
| Connectenn - State Department of Education | N/A | (2) | 14,043 |
| ACT/Explore - State Department of Education | N/A | (2) | 4,532 |
| Arts Student Ticket Subsidy - State Department of Education | N/A | (2) | 375 |
| Energy Efficiency Grant - State Department of Education | N/A | (2) | 80,662 |
| Solid Waste Grant - State Department of Environment and Conservation | N/A | (2) | 32,547 |
| Safe Schools - State Department of Education | N/A | (2) | 23,100 |
| Total State Grants | | | <u>\$ 1,431,410</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) AERO-11-166: \$64,745; Z-08-20-0625: \$45,557.
- (4) Total for CFDA No. 10.555 is \$1,374,172.

Hardeman County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2012

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Hardeman County, Tennessee, for the year ended June 30, 2011, which have not been corrected.

OFFICE OF COUNTY MAYOR

| Finding Number | Page Number | Subject |
|----------------|-------------|--|
| 11.01 | 149 | Expenditures exceeded appropriations |
| 11.03 | 151 | The Solid Waste Disposal Fund had a deficit in unrestricted net assets |

OFFICE OF SHERIFF

| Finding Number | Page Number | Subject |
|----------------|-------------|--|
| 11.05 | 152 | Profits from commissary operations were not remitted to the county trustee monthly |

HARDEMAN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Hardeman County is unqualified.
2. The audit of the financial statements of Hardeman County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Hardeman County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555 and 10.559); Renewable Energy Research and Development, Recovery Act (CFDA No. 81.087); Twenty-first Century Community Learning Centers (CFDA No. 84.287); State Fiscal Stabilization Fund (SFSF) – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395); and Education Jobs Fund (CFDA No. 84.410) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Hardeman County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county mayor, director of schools, trustee, register, and sheriff provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 12.01 **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**

(Internal Control – Material Weakness Under *Government Auditing Standards*)

At June 30, 2012, various general ledger account balances of the Solid Waste Disposal 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 Hardeman 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

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The solid waste operation has experienced significant changes in the collection of funds during the fiscal year resulting in financial statements not being correct at the end of the year. The county better understands the adjustments mentioned, and appropriate processes have already been discussed and put in place.

FINDING 12.02 **COMPETITIVE BIDS WERE NOT SOLICITED FOR A FENCE EXPANSION PROJECT**

(Noncompliance Under *Government Auditing Standards*)

The county mayor did not solicit competitive bids for a fence expansion at the airport totaling \$64,745. Instead of soliciting bids, the office used the same company that had installed the fencing at the airport in 2008. This expansion purchase was made using federal grant funds under the Airport Improvement Program (CFDA No. 20.106) nonmajor

federal program and was an allowable program expenditure. The U.S. Office of Management and Budget (OMB) Circular A-133 requires local governments to follow applicable state and local laws and regulations for procurements made with grant funds. Purchasing procedures for the Hardeman County Mayor's Office are governed by Chapter 90, Private Acts of 1989, as amended, which requires the solicitation of bids through newspaper advertisements for all purchases exceeding \$10,000. The failure to solicit competitive bids could result in the county paying more than the most competitive price.

RECOMMENDATION

Competitive bids should be solicited for all purchases exceeding \$10,000 as required by Chapter 90, Private Acts of 1989, as amended.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The installation of the security fence around the airport has been a multi-year project, and the contract with the Tennessee Department of Transportation is also a multi-year contract. During the latest installation of fence, a decision was mistakenly made that this portion of the fence expansion work fell under the previous bid, which resulted in the same fence contractor installing another section of fence as well as an electronic gate. The Hardeman County Mayor's Office seeks to follow Chapter 90, Private Act of 1989, as amended, which requires publicly solicited bids for all purchases over \$10,000. This finding has already been discussed with the department responsible, and the appropriate training of Chapter 90, Private Acts of 1989, as amended, has been done.

FINDING 12.03 **THE COUNTY'S TRAVEL POLICY WAS NOT UPDATED CURRENTLY** (Noncompliance Under *Government Auditing Standards*)

The county travel policy provides that, "mileage, meals, and lodging reimbursements will automatically adjust in accordance with the state legislature's authorization for state employees." However, the county did not reimburse employees based on the current state rate. This deficiency is the result of management not adjusting their reimbursement rates when the state rates were updated.

RECOMMENDATION

The county's travel policy should be adjusted to coincide with adjustments made in the state's travel policy.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

At times, the county travel policy has lagged behind the state travel policy due to updates not being sent directly to the County Mayor's Office. In the future, we will be more attentive in searching the state website for updates and monitoring travel expense reports for accuracy.

FINDING 12.04 LEASE-PURCHASE AGREEMENTS WERE NOT IN COMPLIANCE WITH STATE STATUTES
(Noncompliance Under *Government Auditing Standards*)

On December 21, 2011, and June 22, 2012, the sheriff entered into lease-purchase agreements for four vehicles (\$112,464) and one vehicle (\$28,186), respectively. These lease agreements were signed by the sheriff instead of by the county mayor, and the lease-purchase agreement entered into on June 22, 2012, was not approved by the County Commission. Section 7-51-904, *Tennessee Code Annotated (TCA)*, requires such contracts, leases, or lease-purchase agreements to be approved by resolution of the County Commission. Also, the office did not file a Report on Debt Obligation with the state Comptroller's Office for each of these lease-purchase agreements. Section 9-21-151, *TCA*, requires that within 45 days following the issuance of debt, a county must provide to the state Comptroller's Office certain information, such as a description of the purchase for which the debt is issued, a description of the debt obligation, and an itemized description of the cost of issuance. These deficiencies were the result of a lack of management oversight.

RECOMMENDATION

After the approval of the County Commission, the county mayor should enter into debt obligations for the county. The office should file a Report on Debt Obligation with the state Comptroller's Office for each debt issuance.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The appropriate discussion and training have already taken place with the sheriff regarding the signing and approval process for lease-purchase agreements. The County Mayor's Office will ensure that a Report on Debt Obligation is filed with the state Comptroller's Office.

FINDING 12.05 EXPENDITURES EXCEEDED APPROPRIATIONS
(Noncompliance Under *Government Auditing Standards*)

General Fund expenditures exceeded appropriations approved by the County Commission in the County Coroner/Medical Examiner and Transfers Out major appropriation categories (the legal level of control) by \$4,389 and \$5,436, respectively. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance. Section 5-9-401, *Tennessee Code Annotated*, states that "All funds from whatever source derived, including, but not limited to taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies."

This deficiency exists because management failed to stay within the spending limits authorized by the County Commissions, which resulted in unauthorized expenditures, and management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

Expenditures for the County Coroner/Medical Examiner did exceed the appropriated amount as stated. The County Mayor's Office makes it a practice to pay only for expenditures that have been approved by the commission. This invoice didn't arrive in the County Mayor's Office until sometime in July 2012, and the invoice exceeded the amount that was budgeted for that line item. In the future, we will monitor expenditures more closely and ensure that sufficient appropriations are available to fund expenditures. The amount of \$5,436 that was transferred out of one major fund to another for debt retirement was approved by the commission in the beginning when the debt was issued, and we didn't think that commission approval would be needed for the transfer out as stated. Future transactions of this sort will be checked and verified for commission approval.

FINDING 12.06 **THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET ASSETS**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The Solid Waste Disposal Fund had a deficit of \$1,032,539, in unrestricted net assets at June 30, 2012. This deficit primarily resulted from the recognition of a liability of \$2,454,459 for future costs associated with closing the county's landfill and monitoring the landfill for 30 years after closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements. This deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – COUNTY MAYOR

The county recognizes the Solid Waste Disposal Fund has a deficit in unrestricted net assets, and we are slowly building the landfill fund balance to address this deficit.

**FINDING 12.07 USERNAMES AND PASSWORDS WERE SHARED BY
AMBULANCE SERVICE EMPLOYEES**
(Internal Control – Significant Deficiency Under *Government Auditing
Standards*)

Although each employee of the Ambulance Service had been assigned a unique username and password for accessing the office’s accounting software, this information was shared with other employees. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because employees had access to each other’s username and password and sometimes used a shared user account. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

Each employee should access the application using his or her unique username and password to ensure that transactions are properly identified to that employee. Usernames and passwords should remain confidential and not shared among employees.

OFFICE OF DIRECTOR OF SCHOOLS

**FINDING 12.08 COMPETITIVE BIDS WERE NOT SOLICITED FOR A
GEOTHERMAL PROJECT**
(Noncompliance Under *Government Auditing Standards* and
OMB Circular A-133)

The director of schools did not solicit competitive bids for a geothermal project at Bolivar Central with a total contract price of \$788,940. Instead of soliciting bids, the School Department used the same company that had done heating and air conditioning renovations at the school in 2002. This project was partially funded with federal grant funds under the Renewable Energy Research and Development Grant, Recovery Act (CFDA No. 81.087), major federal program, and was an allowable program expenditure. U.S. Office of Management and Budget OMB Circular A-133 requires local governments to follow applicable state and local laws and regulations for procurements made with grant funds. Chapter 90, Private Acts of 1989, as amended, which governs purchasing procedures for Hardeman County, requires the solicitation of bids through newspaper advertisements for all purchases exceeding \$10,000. This deficiency can be attributed to a lack of management oversight. The failure to solicit competitive bids could result in the department paying more than the competitive price.

RECOMMENDATION

Competitive bids should be solicited for all purchases exceeding \$10,000 as required by Chapter 90, Private Acts of 1989, as amended.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We did not bid the Bolivar Central project due to being told that since the product was a continuation of work that had been previously completed, we could use the same vendor and vendor product. In our meetings, it was discussed that only the vendor we used manufactured the type of unit used in the design. However, we, from this day forward, will bid each and every project that has a projected cost of \$10,000 or more.

FINDING 12.09 **THE OFFICE DID NOT FILE A REPORT ON DEBT OBLIGATION WITH THE STATE COMPTROLLER'S OFFICE**
(Noncompliance Under *Government Auditing Standards*)

The office did not file a Report on Debt Obligation with the state Comptroller's Office for a \$104,361 loan that was issued during the year. Section 9-21-151, *Tennessee Code Annotated*, requires that within 45 days following the issuance of debt, a county must provide to the state Comptroller's Office certain information, such as a description of the purchase for which the debt is issued, a description of the debt obligation, and an itemized description of the cost of issuance. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

The office should file a Report on Debt Obligation with the state Comptroller's Office for each debt issuance.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The Hardeman County Board of Education was aware of its obligation to file state Form No. CT-0253. However, due to the nature of the loan program, Energy Efficient Schools Initiative, the Hardeman County Board of Education's intent was to file such form after all funds had been drawn down not as each draw from the program was initiated. For all funds drawn as of June 30, 2012, the required Form CT-0253 has been completed. It will be presented at the next Hardeman County Commission meeting. Once the commission has approved it, such will be filed with the Comptroller of the Treasury. In addition, Form CT-0253 will be filed with the Hardeman County Commission as well as the Comptroller of the Treasury after each future draw.

OFFICE OF CIRCUIT COURT CLERK

FINDING 12.10 **USERNAMES AND PASSWORDS WERE SHARED BY EMPLOYEES**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had been assigned a unique username and password for accessing the office's accounting software, this information was shared with other employees. Employees also processed transactions using other users' logins. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because employees had access to each other's username and password. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight. These practices were discontinued in June 2012. Users now process all transactions using their unique usernames and passwords. Passwords are no longer shared.

RECOMMENDATION

Each employee should continue to access the application using his or her unique username and password to ensure that transactions are properly identified to that employee. Usernames and passwords should remain confidential and should not be shared by employees.

OFFICE OF SHERIFF

FINDING 12.11 **COMMISSARY TRANSACTIONS WERE NOT PROPERLY POSTED TO THE CASH JOURNAL**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Commissary transactions were not properly posted to the cash journal and were not reconciled with the subsidiary ledger. The commissary vendor provided software to maintain a subsidiary ledger and bank account records. The bookkeeper posted the deposits and paid checks reflected on the bank account records to the cash journal instead of posting the actual receipt and disbursement transactions of the commissary operation. Therefore, the cash journal did not reflect the correct transactions and the actual account balances of the commissary operation. The official cash journal is the primary cash control record of the office that summarizes financial operations, and the proper maintenance of the cash journal is necessary for the official to determine the financial position of the office. The failure to post actual receipts and disbursements to the cash journal, and reconcile with subsidiary ledgers and bank records, could allow errors to remain undiscovered and uncorrected. It should be noted that cash receipts, disbursements, and ending balances for the commissary operation were determined by substantive testing and alternative auditing procedures. This deficiency exists because management failed to ensure that accounting records were properly maintained and reconciled.

RECOMMENDATION

The office should properly maintain a cash journal that reflects all Sheriff Department activity and is reconciled with subsidiary records.

MANAGEMENT'S RESPONSE – SHERIFF

The commissary transactions will be posted in the cash journal effective September 1, 2012.

FINDING 12.12 **PROFITS FROM THE COMMISSARY OPERATIONS WERE NOT REMITTED TO THE COUNTY TRUSTEE MONTHLY** (Noncompliance Under *Government Auditing Standards*)

Profits from commissary operations were not remitted to the county trustee monthly. The state attorney general opined in November 1989 that profits earned from commissary operations are local revenues and should be administered as any other local revenue. Section 8-24-103, *Tennessee Code Annotated*, provides that all funds earned by the Sheriff's Department should be reported to the county trustee monthly. In April 2012, the department began remitting the commissary profits to the trustee monthly.

OFFICES OF TRUSTEE, REGISTER, AND SHERIFF

FINDING 12.13 **DUTIES WERE NOT SEGREGATED ADEQUATELY** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among the officials and employees in the Offices of Trustee, Register, and Sheriff. Officials and employees responsible for maintaining the accounting records in these offices were also involved in receipting, depositing, disbursing, and/or reconciling bank statements. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability in 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.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – TRUSTEE

The duties were not segregated adequately in the office; however, the issue has now been taken care of to the best of my knowledge.

MANAGEMENT’S RESPONSE – REGISTER

A plan has been implemented to effectively segregate duties in the office in an effort to maintain strong internal controls.

MANAGEMENT’S RESPONSE – SHERIFF

We have changed the way we pick up mail. One deputy will be responsible for retrieving the mail, another deputy will receipt any checks or money received, and a third deputy will make the entries to the cash journal.

BEST PRACTICES

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

ITEM 1. HARDEMAN COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

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

MANAGEMENT’S RESPONSE – COUNTY MAYOR

I agree that a central system of accounting, budgeting, and purchasing would be good to consider as long as it doesn’t significantly increase costs to local government.

ITEM 2. HARDEMAN COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE

Hardeman 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.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

I am still considering the benefits of this committee and learning more about the specifics of the committee's execution of its duties.

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

| Federal Agency | Finding Number | Federal CFDA Number | Criteria | Explanation | Amount Questioned |
|---|----------------|---------------------|----------------------------|---|-------------------|
| U.S. Department of Energy: Passed-through State Department of Education: Renewable Energy Research and Development, Recovery Act | 12.14 | 81.087 | Circular A-133, Part 3 (I) | Noncompliance, see Finding 12.08 - The Hardeman County School Department did not solicit competitive bids for purchases made with federal grant funds | \$ 0 |

**HARDEMAN COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2012**

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

Director of Schools – Corrective Action Plan for Current-Year's Findings

FINDINGS 12.08 and 12.14

Contact person: Warner Ross, II, Director of Schools

Corrective action planned: In the future, Hardeman County School Department will follow all bid processes as required by OMB Circular A-133, as well as Chapter 90, Private Acts of 1989.

Anticipated completion date: 2012-13 fiscal year