
ANNUAL FINANCIAL REPORT HARDEMAN COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



**ANNUAL FINANCIAL REPORT
HARDEMAN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2014**

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

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

HARDEMAN COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Hardeman County, Tennessee
For the Year Ended June 30, 2014

Scope

We have audited the basic financial statements of Hardeman County as of and for the year ended June 30, 2014.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The Solid Waste Disposal Fund had a deficit in unrestricted net position.
- ◆ Expenditures exceeded appropriations.
- ◆ The Ambulance Service Office did not implement adequate controls to protect its information resources.

OFFICE OF HIGHWAY SUPERINTENDENT

- ◆ The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation.

OFFICE OF TRUSTEE

- ◆ Duties were not segregated adequately.

OFFICE OF COUNTY CLERK

- ◆ Users processed transactions utilizing the same username.

OFFICE OF SHERIFF

- ◆ Accounting records were not properly maintained and reconciled on a timely basis.

INTRODUCTORY SECTION

Hardeman County Officials

June 30, 2014

Officials

Willie Spencer, County Mayor
David Sipes, Highway Superintendent
Warner Ross, II, Director of Schools
Mary Powell, Trustee
Josh Pulse, Assessor of Property
Jerry Armstrong, County Clerk
Linda Fulghum, Circuit, General Sessions, and Juvenile Courts Clerk
Janice Bodiford, Clerk and Master
Lily Barnes, Register of Deeds
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
Donald McTizic	Major Wilburn
Viscen Morrow	David Young
Aubrey Phillips	

Board of Highway Supervisors

Tony Ross, Chairman
John Mitchell
Kenny Pulse

Board of Education

Bobby Henderson, Chairman	Rickey Griggs
Jennifer Aylor	Terry King
Beverly Bodiford	Jerry McCord
Patricia Carter	Richard Nelms
Jerry Crisp	

Audit Committee

Viscen Morrow, Chairman
Evelyn Robertson
Jerry Watkins

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

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 3.8 percent, 4.8 percent, and one percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report 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 solely on the report of the

other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Hardeman County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note I.D.8. in the financial statements, which describes prior-period adjustments to the beginning balances of the primary government's and the discretely presented Hardeman County School Department's governmental activities net position totaling (\$2,815,000) and \$2,815,000, respectively. These adjustments were necessary because in the prior year, bond principal and interest requirements were shown as payable

from contributions of the School Department; however, the requirements are actually being paid by the primary government. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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 schedules of funding progress – pension plans and other postemployment benefits plan on pages 81 - 83 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.

Supplementary and Other Information

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

The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, and 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing

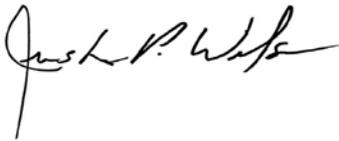
standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, and miscellaneous schedules are fairly stated, in all material respects, in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2014, on our consideration of Hardeman County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hardeman County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 30, 2014

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Hardeman County, Tennessee
Statement of Net Position
June 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Hardeman	Emergency
				School Department	Communica- tions District
<u>ASSETS</u>					
Cash	\$ 77,845	\$ 340	\$ 78,185	\$ 16	\$ 836,153
Equity in Pooled Cash and Investments	3,254,340	2,241,912	5,496,252	7,024,837	0
Accounts Receivable	1,881,647	516,062	2,397,709	62,313	7,126
Allowance for Uncollectibles	(992,532)	(175,461)	(1,167,993)	0	0
Due from Other Governments	669,703	0	669,703	1,513,797	0
Due from Other Funds	0	163	163	0	0
Due from Component Units	127,611	0	127,611	0	0
Property Taxes Receivable	4,089,519	0	4,089,519	5,842,170	0
Allowance for Uncollectible Property Taxes	(187,838)	0	(187,838)	(268,339)	0
Prepaid Items	0	0	0	0	18,881
Accrued Interest Receivable	0	0	0	0	509
Capital Assets:					
Assets Not Depreciated:					
Land	1,467,092	219,838	1,686,930	358,116	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	3,525,395	1,604,215	5,129,610	13,236,554	39,252
Infrastructure	13,443,931	0	13,443,931	0	0
Other Capital Assets	2,450,548	164,700	2,615,248	2,355,358	284,295
Total Assets	<u>\$ 29,807,261</u>	<u>\$ 4,571,769</u>	<u>\$ 34,379,030</u>	<u>\$ 30,124,822</u>	<u>\$ 1,186,216</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Deferred Charge on Refunding	\$ 100,632	\$ 0	\$ 100,632	\$ 0	\$ 0
Total Deferred Outflows of Resources	<u>\$ 100,632</u>	<u>\$ 0</u>	<u>\$ 100,632</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 135,830	\$ 39,815	\$ 175,645	\$ 47,273	\$ 1,665
Payroll Deductions Payable	6,538	537	7,075	23,285	0
Accrued Interest Payable	60,152	0	60,152	0	0
Due to Other Funds	163	0	163	0	0
Due to Primary Government	0	0	0	127,611	0
Capital Leases Payable - Current	9,389	0	9,389	0	0
Noncurrent Liabilities:					
Due Within One Year	739,315	38,385	777,700	96,251	6,160
Due in More Than One Year (net of unamortized premium on debt)	7,270,528	2,559,986	9,830,514	865,685	0
Total Liabilities	<u>\$ 8,221,915</u>	<u>\$ 2,638,723</u>	<u>\$ 10,860,638</u>	<u>\$ 1,160,105</u>	<u>\$ 7,825</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 3,782,494	\$ 0	\$ 3,782,494	\$ 5,403,563	\$ 0
Total Deferred Inflows of Resources	<u>\$ 3,782,494</u>	<u>\$ 0</u>	<u>\$ 3,782,494</u>	<u>\$ 5,403,563</u>	<u>\$ 0</u>

(Continued)

Exhibit A

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

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Hardeman County School Department	Emergency Communica- tions District
<u>NET POSITION</u>					
Net Investment in Capital Assets	\$ 20,564,863	\$ 1,988,753	\$ 22,553,616	\$ 15,950,028	\$ 323,547
Restricted for:					
General Government	31,001	0	31,001	0	0
Finance	9,810	0	9,810	0	0
Administration of Justice	52,353	0	52,353	0	0
Public Safety	410,086	0	410,086	0	0
Public Health and Welfare	8,140	0	8,140	0	0
Highways/Public Works	127,183	0	127,183	0	0
Debt Service	869,691	0	869,691	0	0
Education	0	0	0	362,312	0
Operation of Non-instructional Services	0	0	0	543,067	0
Unrestricted	(4,169,643)	(55,707)	(4,225,350)	6,705,747	854,844
Total Net Position	<u>\$ 17,903,484</u>	<u>\$ 1,933,046</u>	<u>\$ 19,836,530</u>	<u>\$ 23,561,154</u>	<u>\$ 1,178,391</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, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	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	
Primary Government:										
Governmental Activities:										
General Government	\$ 2,057,118	\$ 249,586	\$ 29,599	\$ 89,853	\$ (1,688,080)	\$ 0	\$ (1,688,080)	\$ 0	\$ 0	0
Finance	762,307	634,693	0	0	(127,614)	0	(127,614)	0	0	0
Administration of Justice	1,827,294	622,758	4,500	0	(1,200,036)	0	(1,200,036)	0	0	0
Public Safety	4,128,985	988,040	0	82,709	(3,058,236)	0	(3,058,236)	0	0	0
Public Health and Welfare	2,945,688	1,652,347	468,010	0	(825,331)	0	(825,331)	0	0	0
Social, Cultural, and Recreational Services	124,219	0	0	0	(124,219)	0	(124,219)	0	0	0
Agriculture and Natural Resources	113,888	0	0	0	(113,888)	0	(113,888)	0	0	0
Highways/Public Works	2,820,255	0	2,226,080	250,522	(343,653)	0	(343,653)	0	0	0
Interest on Long-term Debt	261,127	0	3,274	0	(257,853)	0	(257,853)	0	0	0
Total Governmental Activities	\$ 15,040,881	\$ 4,147,424	\$ 2,731,463	\$ 423,084	\$ (7,738,910)	\$ 0	\$ (7,738,910)	\$ 0	\$ 0	0
Business-type Activities:										
Solid Waste Disposal	\$ 901,672	\$ 1,474,720	\$ 0	\$ 0	\$ 0	\$ 573,048	\$ 573,048	\$ 0	\$ 0	0
Total Business-type Activities	\$ 901,672	\$ 1,474,720	\$ 0	\$ 0	\$ 0	\$ 573,048	\$ 573,048	\$ 0	\$ 0	0
Total Primary Government	\$ 15,942,553	\$ 5,622,144	\$ 2,731,463	\$ 423,084	\$ (7,738,910)	\$ 573,048	\$ (7,165,862)	\$ 0	\$ 0	0
Component Units:										
Hardeman County	\$ 36,619,582	\$ 445,024	\$ 5,113,774	\$ 0	\$ 0	\$ 0	\$ (31,060,784)	\$ 0	\$ 0	0
School Department	313,940	153,491	202,124	0	0	0	0	0	0	41,675
Emergency Communications District										
Total Component Units	\$ 36,933,522	\$ 598,515	\$ 5,315,898	\$ 0	\$ 0	\$ 0	\$ (31,060,784)	\$ 0	\$ 0	41,675

(Continued)

Exhibit B

Hardeman County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Total Governmental Activities	Business-type Activities	Hardeman County School Department	Emergency Communications District
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 3,901,195	\$ 0	\$ 5,675,072	\$ 0
Local Option Sales Taxes					268,487	0	2,234,150	0
Wheel Tax					1,553,442	0	0	0
Litigation Tax					181,813	0	0	0
Business Tax					189,381	0	0	0
Wholesale Beer Tax					150,732	0	0	0
Other Local Taxes					13,113	0	2,999	0
Grants and Contributions Not Restricted for Specific Programs					2,097,992	11,801	23,253,111	0
Unrestricted Investment Income					69,361	7,989	7,112	6,704
Miscellaneous					64,187	1,795	166,929	0
Total General Revenues					\$ 8,489,703	\$ 21,585	\$ 31,339,373	\$ 6,704
Change in Net Position					\$ 750,793	\$ 594,633	\$ 278,589	\$ 48,379
Net Position, July 1, 2013					19,967,691	1,338,413	20,467,565	1,130,012
Prior-period Adjustments					(2,815,000)	0	2,815,000	0
Net Position, June 30, 2014					\$ 17,903,484	\$ 1,933,046	\$ 23,561,154	\$ 1,178,391

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

Hardeman County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other	Governmental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 77,845	\$ 77,845
Equity in Pooled Cash and Investments	1,340,570	875,634	827,898	210,238	3,254,340	3,254,340
Accounts Receivable	1,881,425	0	0	222	1,881,647	1,881,647
Allowance for Uncollectibles	(992,532)	0	0	0	(992,532)	(992,532)
Due from Other Governments	303,151	366,552	0	0	669,703	669,703
Due from Other Funds	1,168	0	0	0	1,168	1,168
Property Taxes Receivable	4,089,519	0	0	0	4,089,519	4,089,519
Allowance for Uncollectible Property Taxes	(187,838)	0	0	0	(187,838)	(187,838)
Total Assets	\$ 6,435,463	\$ 1,242,186	\$ 827,898	\$ 288,305	\$ 8,793,852	\$ 8,793,852
<u>LIABILITIES</u>						
Accounts Payable	\$ 104,478	\$ 31,275	\$ 0	\$ 77	\$ 135,830	\$ 135,830
Payroll Deductions Payable	6,300	238	0	0	6,538	6,538
Due to Other Funds	163	0	0	1,168	1,331	1,331
Accrued Interest Payable	467	0	0	0	467	467
Capital Leases Payable - Current	9,389	0	0	0	9,389	9,389
Total Liabilities	\$ 120,797	\$ 31,513	\$ 0	\$ 1,245	\$ 153,555	\$ 153,555
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 3,782,494	\$ 0	\$ 0	\$ 0	\$ 3,782,494	\$ 3,782,494
Deferred Delinquent Property Taxes	100,437	0	0	0	100,437	100,437
Other Deferred/Unavailable Revenue	773,992	167,639	0	0	941,631	941,631
Total Deferred Inflows of Resources	\$ 4,656,923	\$ 167,639	\$ 0	\$ 0	\$ 4,824,562	\$ 4,824,562

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other	Governmental Funds	
Restricted:						
Restricted for General Government	\$ 31,001	\$ 0	\$ 0	\$ 0	\$ 0	\$ 31,001
Restricted for Finance	9,810	0	0	0	0	9,810
Restricted for Administration of Justice	52,353	0	0	0	0	52,353
Restricted for Public Safety	333,828	0	0	76,258	0	410,086
Restricted for Public Health and Welfare	8,140	0	0	0	0	8,140
Restricted for Debt Service	0	0	827,898	0	0	827,898
Committed:						
Committed for Finance	0	0	0	76,899	0	76,899
Committed for Public Health and Welfare	10,456	0	0	0	0	10,456
Committed for Highways/Public Works	0	1,043,034	0	0	0	1,043,034
Committed for Capital Projects	0	0	0	133,903	0	133,903
Unassigned	1,212,155	0	0	0	0	1,212,155
Total Fund Balances	\$ 1,657,743	\$ 1,043,034	\$ 827,898	\$ 287,060	\$ 0	\$ 3,815,735
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,435,463	\$ 1,242,186	\$ 827,898	\$ 288,305	\$ 0	\$ 8,793,852

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 Position
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 3,815,735	
(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: buildings and improvements net of accumulated depreciation		3,525,395	
Add: infrastructure net of accumulated depreciation		13,443,931	
Add: other capital assets net of accumulated depreciation		<u>2,450,548</u>	20,886,966
(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	\$	(276,098)	
Less: other loan payable		(127,611)	
Less: capital lease payable		(35,005)	
Less: bonds payable		(6,881,000)	
Add: debt to be contributed by the School Department		127,611	
Add: deferred amount on refunding		100,632	
Less: other deferred revenue - premium on debt		(51,394)	
Less: compensated absences payable		(638,735)	
Less: accrued interest on bonds, notes, and capital lease		(60,152)	
Add: accrued interest on capital lease paid late at fund level		<u>467</u>	(7,841,285)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>1,042,068</u>
Net position of governmental activities (Exhibit A)			<u>\$ 17,903,484</u>

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

Hardeman County, Tennessee
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other	Governmental Funds	
<u>Revenues</u>						
Local Taxes	\$ 5,011,912	\$ 775,642	\$ 0	\$ 777,800	\$ 6,565,354	
Licenses and Permits	40,182	0	0	0	40,182	
Fines, Forfeitures, and Penalties	149,808	0	0	33,269	183,077	
Charges for Current Services	1,680,801	21	0	298,801	1,979,623	
Other Local Revenues	229,538	4,671	0	0	234,209	
Fees Received from County Officials	882,425	0	0	0	882,425	
State of Tennessee	2,150,819	2,187,794	0	0	4,338,613	
Federal Government	257,626	369,878	0	0	627,504	
Other Governments and Citizens Groups	245,965	0	716,028	0	961,993	
Total Revenues	\$ 10,649,076	\$ 3,338,006	\$ 716,028	\$ 1,109,870	\$ 15,812,980	
<u>Expenditures</u>						
Current:						
General Government	\$ 874,190	\$ 0	\$ 0	\$ 0	\$ 874,190	
Finance	290,492	0	0	291,680	582,172	
Administration of Justice	607,003	0	0	4,500	611,503	
Public Safety	3,182,330	0	0	38,442	3,220,772	
Public Health and Welfare	2,437,885	0	0	0	2,437,885	
Social, Cultural, and Recreational Services	87,464	0	0	0	87,464	
Agriculture and Natural Resources	113,888	0	0	0	113,888	
Other Operations	2,710,441	0	0	0	2,710,441	
Highways	0	3,290,293	0	0	3,290,293	
Debt Service:						
Principal on Debt	56,578	26,269	526,179	0	609,026	
Interest on Debt	1,866	1,812	246,363	0	250,041	
Other Debt Service	0	0	788	0	788	

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 0 \$	0 \$	0 \$	0 \$	972,442 \$	972,442
Total Expenditures	\$ 10,362,137 \$	3,318,374 \$	773,330 \$	1,307,064 \$	15,760,905	15,760,905
Excess (Deficiency) of Revenues Over Expenditures	\$ 286,939 \$	19,632 \$	(57,302) \$	(197,194) \$	52,075	52,075
<u>Other Financing Sources (Uses)</u>						
Capital Leases Issued	\$ 54,098 \$	0 \$	0 \$	0 \$	54,098	54,098
Insurance Recovery	19,635	15,069	0	0	34,704	34,704
Transfers In	0	0	5,436	15,000	20,436	20,436
Transfers Out	(20,436)	0	0	0	(20,436)	(20,436)
Total Other Financing Sources (Uses)	\$ 53,297 \$	15,069 \$	5,436 \$	15,000 \$	88,802	88,802
Net Change in Fund Balances	\$ 340,236 \$	34,701 \$	(51,866) \$	(182,194) \$	140,877	140,877
Fund Balance, July 1, 2013	1,317,507	1,008,333	879,764	469,254	3,674,858	3,674,858
Fund Balance, June 30, 2014	\$ 1,657,743 \$	1,043,034 \$	827,898 \$	287,060 \$	3,815,735	3,815,735

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, 2014

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)		\$ 140,877
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 2,086,513	
Less: current-year depreciation expense	<u>(1,843,649)</u>	242,864
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.</p>		
Less: proceeds received from the disposal of capital assets		(60,914)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2014	\$ 1,042,068	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(1,021,755)</u>	20,313
<p>(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 position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.</p>		
Add: principal payments on bonds	\$ 485,000	
Add: principal payments on notes	61,053	
Add: principal payments on capital leases	62,973	
Less: capital lease proceeds	(54,098)	
Less: contributions from School Department for capital lease	(6,395)	
Less: change in deferred amount on refunding debt	(18,710)	
Add: change in premium on debt issuances	<u>3,274</u>	533,097
<p>(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Change in accrued interest payable	\$ (11,086)	
Change in compensated absences payable	<u>(114,358)</u>	(125,444)
Change in net position of governmental activities (Exhibit B)		<u>\$ 750,793</u>

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

Exhibit C-5

Hardeman County, Tennessee
 Statement of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund
 For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 5,011,912	\$ 0	\$ 5,011,912	\$ 4,515,280	\$ 4,515,280	\$ 496,632
Licenses and Permits	40,182	0	40,182	26,500	46,915	(6,733)
Fines, Forfeitures, and Penalties	149,808	0	149,808	160,100	160,100	(10,292)
Charges for Current Services	1,680,801	0	1,680,801	1,530,900	1,530,900	149,901
Other Local Revenues	229,538	0	229,538	190,000	190,000	39,538
Fees Received from County Officials	882,425	0	882,425	1,325,000	1,044,748	(162,323)
State of Tennessee	2,150,819	0	2,150,819	2,575,799	2,613,989	(463,170)
Federal Government	257,626	0	257,626	141,253	508,507	(250,881)
Other Governments and Citizens Groups	245,965	0	245,965	255,000	255,000	(9,035)
Total Revenues	\$ 10,649,076	\$ 0	\$ 10,649,076	\$ 10,719,832	\$ 10,865,439	\$ (216,363)
<u>Expenditures</u>						
General Government						
County Commission	\$ 12,025	\$ 0	\$ 12,025	\$ 10,800	\$ 12,275	\$ 250
Board of Equalization	0	0	0	1,000	1,000	1,000
Beer Board	175	0	175	1,000	1,000	825
Budget and Finance Committee	3,640	0	3,640	2,450	3,675	35
Other Boards and Committees	3,325	0	3,325	4,500	4,500	1,175
County Mayor/Executive	221,800	0	221,800	229,884	229,884	8,084
County Attorney	10,721	0	10,721	18,371	18,371	7,650
Election Commission	171,355	0	171,355	190,863	190,862	19,507
Register of Deeds	137,618	0	137,618	151,918	151,918	14,300
Development	76,151	0	76,151	67,421	87,836	11,685
County Buildings	188,242	0	188,242	186,039	197,039	8,797
Other General Administration	40,691	0	40,691	30,000	40,693	2
Preservation of Records	8,447	0	8,447	6,500	8,900	453

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance</u>						
Accounting and Budgeting	\$ 18,000	\$ 0	\$ 18,000	\$ 18,000	\$ 18,000	\$ 0
Purchasing	3,600	0	3,600	3,600	3,600	0
Property Assessor's Office	191,361	0	191,361	212,939	212,939	21,578
Reappraisal Program	29,789	0	29,789	33,985	33,985	4,196
County Trustee's Office	16,621	0	16,621	155,875	45,623	29,002
County Clerk's Office	31,121	0	31,121	209,576	39,576	8,455
<u>Administration of Justice</u>						
Circuit Court	273,332	0	273,332	288,444	298,019	24,687
General Sessions Court	116,208	0	116,208	117,503	117,503	1,295
Drug Court	3,309	0	3,309	4,500	4,500	1,191
Chancery Court	162,713	0	162,713	161,717	168,161	5,448
Juvenile Court	38,639	0	38,639	45,726	45,726	7,087
Victims Assistance Programs	12,802	0	12,802	10,000	15,000	2,198
<u>Public Safety</u>						
Sheriff's Department	1,615,017	0	1,615,017	1,751,319	1,746,973	131,956
Workhouse	1,375,232	0	1,375,232	1,350,020	1,407,020	31,788
Juvenile Services	36,017	0	36,017	36,099	36,099	82
Fire Prevention and Control	99,100	0	99,100	108,000	108,000	8,900
Civil Defense	13,913	0	13,913	78,418	78,418	64,505
County Coroner/Medical Examiner	43,051	0	43,051	50,000	50,000	6,949
<u>Public Health and Welfare</u>						
Local Health Center	74,387	0	74,387	81,120	81,120	6,733
Rabies and Animal Control	48,019	0	48,019	46,050	55,223	7,204
Ambulance/Emergency Medical Services	1,662,690	0	1,662,690	1,581,607	1,638,207	(24,483)
Dental Health Program	159,947	0	159,947	294,887	294,887	134,940
Alcohol and Drug Programs	5,000	0	5,000	5,000	5,000	0

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Health and Welfare (Cont.)</u>						
Other Local Health Services	\$ 2,816	\$ 0	\$ 2,816	\$ 2,816	\$ 2,816	\$ 0
Regional Mental Health Center	5,000	0	5,000	5,000	5,000	0
Sanitation Education/Information	35,218	0	35,218	38,855	38,855	3,637
Waste Pickup	271,627	0	271,627	272,288	272,288	661
Convenience Centers	164,309	0	164,309	167,425	172,825	8,516
Other Public Health and Welfare	8,872	0	8,872	0	35,790	26,918
<u>Social, Cultural, and Recreational Services</u>						
Libraries	87,464	0	87,464	88,464	88,464	1,000
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	80,998	0	80,998	84,842	84,842	3,844
Forest Service	0	0	0	2,000	2,000	2,000
Soil Conservation	32,890	0	32,890	33,866	33,866	976
<u>Other Operations</u>						
Industrial Development	57,504	0	57,504	57,805	57,805	301
Housing and Urban Development	63,981	0	63,981	58,170	58,710	(5,271)
Other Economic and Community Development	193,547	0	193,547	22,943	389,657	196,110
Airport	267,058	(46,428)	220,630	670,619	688,619	467,989
Veterans' Services	8,702	0	8,702	9,196	9,896	1,194
Contributions to Other Agencies	23,351	0	23,351	24,850	24,850	1,499
Employee Benefits	1,733,174	0	1,733,174	1,853,228	1,853,228	120,054
Miscellaneous	363,124	0	363,124	376,579	376,179	13,055
Principal on Debt						
General Government	56,578	0	56,578	0	56,578	0
<u>Interest on Debt</u>						
General Government	1,866	0	1,866	0	1,866	0
Total Expenditures	\$ 10,362,137	\$ (46,428)	\$ 10,315,709	\$ 11,314,077	\$ 11,705,666	\$ 1,389,957

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 286,939	\$ 46,428	\$ 333,367	\$ (594,245)	\$ (840,227)	\$ 1,173,594
<u>Other Financing Sources (Uses)</u>						
Capital Leases Issued	\$ 54,098	\$ 0	\$ 54,098	\$ 0	\$ 54,098	\$ 0
Insurance Recovery	19,635	0	19,635	25,000	25,000	(5,365)
Transfers Out	(20,436)	0	(20,436)	(5,500)	(20,500)	64
Total Other Financing Sources	\$ 53,297	\$ 0	\$ 53,297	\$ 19,500	\$ 58,598	\$ (5,301)
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 340,236	\$ 46,428	\$ 386,664	\$ (574,745)	\$ (781,629)	\$ 1,168,293
	1,317,507	(46,428)	1,271,079	987,847	987,847	283,232
Fund Balance, June 30, 2014	\$ 1,657,743	\$ 0	\$ 1,657,743	\$ 413,102	\$ 206,218	\$ 1,451,525

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

Exhibit C-6

Hardeman County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 775,642	\$ 825,000	\$ 825,000	\$ (49,358)
Charges for Current Services	21	100	100	(79)
Other Local Revenues	4,671	11,500	11,500	(6,829)
State of Tennessee	2,187,794	2,782,000	2,782,000	(594,206)
Federal Government	369,878	86,000	251,000	118,878
Total Revenues	<u>\$ 3,338,006</u>	<u>\$ 3,704,600</u>	<u>\$ 3,869,600</u>	<u>\$ (531,594)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 202,450	\$ 221,104	\$ 223,104	\$ 20,654
Highway and Bridge Maintenance	919,647	1,133,650	1,133,650	214,003
Operation and Maintenance of Equipment	569,653	612,200	627,200	57,547
Asphalt Plant Operations	766,981	859,500	1,007,500	240,519
Other Charges	63,438	94,100	94,100	30,662
Employee Benefits	413,974	464,200	464,200	50,226
Capital Outlay	354,150	692,000	677,959	323,809
<u>Principal on Debt</u>				
Highways and Streets	26,269	12,835	26,270	1
<u>Interest on Debt</u>				
Highways and Streets	1,812	1,206	1,812	0
Total Expenditures	<u>\$ 3,318,374</u>	<u>\$ 4,090,795</u>	<u>\$ 4,255,795</u>	<u>\$ 937,421</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 19,632</u>	<u>\$ (386,195)</u>	<u>\$ (386,195)</u>	<u>\$ 405,827</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 15,069	\$ 3,000	\$ 3,000	\$ 12,069
Total Other Financing Sources	<u>\$ 15,069</u>	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 12,069</u>
Net Change in Fund Balance	\$ 34,701	\$ (383,195)	\$ (383,195)	\$ 417,896
Fund Balance, July 1, 2013	<u>1,008,333</u>	<u>1,121,541</u>	<u>1,121,541</u>	<u>(113,208)</u>
Fund Balance, June 30, 2014	<u>\$ 1,043,034</u>	<u>\$ 738,346</u>	<u>\$ 738,346</u>	<u>\$ 304,688</u>

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

Exhibit D-1

Hardeman County, Tennessee
Statement of Net Position
Proprietary Fund
June 30, 2014

	Business-type Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 340
Equity in Pooled Cash and Investments	2,241,912
Accounts Receivable	516,062
Allowance for Uncollectibles	(175,461)
Due from Other Funds	163
Total Current Assets	<u>\$ 2,583,016</u>
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	\$ 219,838
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	1,604,215
Machinery and Equipment	164,700
Total Noncurrent Assets	<u>\$ 1,988,753</u>
Total Assets	<u>\$ 4,571,769</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 39,815
Payroll Deductions Payable	537
Compensated Absences Payable	34,895
Accrued Liability for Landfill Closure/Postclosure Care Costs	3,490
Total Current Liabilities	<u>\$ 78,737</u>
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	\$ 2,559,986
Total Noncurrent Liabilities	<u>\$ 2,559,986</u>
Total Liabilities	<u>\$ 2,638,723</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 1,988,753
Unrestricted	(55,707)
Net Position	<u>\$ 1,933,046</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 Position
Proprietary Fund
For the Year Ended June 30, 2014

	Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>Operating Revenues</u>	
Solid Waste Disposal Fee	\$ 1,474,720
Total Operating Revenues	<u>\$ 1,474,720</u>
<u>Operating Expenses</u>	
County Official/Administrative Officer	\$ 34,256
Laborers	137,362
Clerical Personnel	32,830
Part-time Personnel	22,372
Other Per Diem and Fees	13,996
Social Security	18,199
State Retirement	52,284
Employee and Dependent Insurance	12,791
Disability Insurance	306
Unemployment Compensation	3,273
Employer Medicare	7,911
Communication	20,224
Consultant	52,383
Maintenance and Repair Services - Buildings	8,065
Maintenance and Repair Services - Equipment	85,049
Maintenance and Repair Services - Vehicles	2,360
Postal Charges	714
Travel	605
Disposal Fees	16,183
Custodial Supplies	942
Food Supplies	923
Gasoline	43,940
Lubricants	1,636

(Continued)

Exhibit D-2

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

	Business-type Activities - Major Enterprise Fund <hr/> Solid Waste Disposal Fund <hr/>
<u>Operating Expenses (Cont.)</u>	
Office Supplies	\$ 4,214
Uniforms	2,236
Utilities	35,766
Gravel and Chert	3,600
Other Supplies and Materials	4,746
Liability Insurance	12,735
Refunds	1,802
Depreciation	151,516
Surcharge	13,137
Landfill Closure/Postclosure Care Costs	50,133
Other Charges	22,899
Solid Waste Equipment	10,039
Other Capital Outlay	20,245
Total Operating Expenses	<hr/> \$ 901,672
Operating Income	<hr/> \$ 573,048
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 7,989
Miscellaneous Refunds	1,795
Solid Waste Grants	11,801
Total Nonoperating Revenues (Expenses)	<hr/> \$ 21,585
Change in Net Position	\$ 594,633
Net Position, July 1, 2013	<hr/> 1,338,413
Net Position, June 30, 2014	<hr/> <hr/> \$ 1,933,046

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, 2014

	Business-type Activities - Major Enterprise Fund
	<u>Solid Waste Disposal Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 1,156,731
Payments for Waste Disposal and Maintenance	(681,178)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 475,553</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Solid Waste Grants	\$ 11,801
Miscellaneous Refunds	1,795
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 13,596</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	\$ (28,500)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (28,500)</u>
<u>Cash Flows from Investing Activities</u>	
Investment Income	\$ 7,989
Net Cash Provided By (Used In) Investing Activities	<u>\$ 7,989</u>
Increase (Decrease) in Cash	\$ 468,638
Cash, July 1, 2013	<u>1,773,614</u>
Cash, June 30, 2014	<u><u>\$ 2,242,252</u></u>

(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	\$ 573,048
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	151,516
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	(317,989)
Decrease in Cash Shortage	163
(Increase) in Due from Other Funds	(163)
Increase in Accounts Payable	12,265
Increase in Payroll Deductions Payable	246
Increase in Compensated Absences Payable	6,334
Increase in Accrued Liability for Landfill Closure/Postclosure Costs	<u>50,133</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 475,553</u>
<u>Reconciliation of Cash With Statement of Net Position</u>	
Cash Per Net Position	\$ 340
Equity in Pooled Cash and Investments Per Net Position	<u>2,241,912</u>
Cash, June 30, 2014	<u>\$ 2,242,252</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, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,231,207
Due from Other Governments	<u>273,163</u>
Total Assets	<u>\$ 1,504,370</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 273,163
Due to Litigants, Heirs, and Others	<u>1,231,207</u>
Total Liabilities	<u>\$ 1,504,370</u>

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

HARDEMAN COUNTY, TENNESSEE
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HARDEMAN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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, 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 Position 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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2014.

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, deferred outflow of resources, liabilities, deferred inflow of resources, 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 Fund – The General Capital Projects Fund accounts 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 fund:

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

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

Special Revenue Funds – These funds account for 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.

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.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

For purposes of the Statement of Cash Flows, cash includes cash on hand and cash on deposit with the county trustee.

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

The county trustee maintains a cash and internal investment pool that is used by all funds 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 position 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

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 2.42 percent of total taxes levied.

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 a deferred inflow of resources 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 as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and business-type columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more 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. **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or refunded debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. **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.

6. **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 Position. Debt premiums and discounts are deferred and amortized

over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner 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.

7. Net Position and Fund Balance

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment in capital assets.

The government-wide Statement of Net Position reports \$1,508,264 in restricted net position, of which \$326,677 is restricted by enabling legislation.

As of June 30, 2014, Hardeman County had \$6,997,611 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 position with no corresponding increase in the county's capital assets.

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.

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 Commission has by

resolution authorized the county's Budget Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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.

8. Prior-period Adjustments

The beginning balances of the primary government's and the discretely presented Hardeman County School Department's governmental activities net position were restated by (\$2,815,000) and \$2,815,000, respectively. These adjustments were necessary because in the prior year, bond principal and interest requirements were shown as payable from contributions of the School Department; however, the requirements are actually being paid by the primary government.

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 Position

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 Position.

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 Position.

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 position 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 position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the General Capital Projects Fund, which adopts 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 Position Deficit

The Solid Waste Disposal Fund had a deficit in unrestricted net position of \$55,707 at June 30, 2014. This deficit resulted from the recognition of a liability totaling \$2,563,476 for costs associated with closing the county's landfill and monitoring the landfill for 30 years after closure.

C. Cash Shortages – Current and Prior Years

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. The bookkeeper was sentenced on August 5, 2010, for theft of property and ordered to pay restitution. The cash shortage was liquidated on March 14, 2014.

On September 8, 2014, the director of the Solid Waste Office filed a fraud reporting form with our office advising of a potential cash shortage. The state Comptroller's Division of Investigations is currently reviewing this matter and their findings, if any, will be reported in subsequent communications.

D. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Ambulance/Emergency Medical Services and Housing and Urban Development major appropriation categories (the legal level of control) of the General Fund by \$24,483 and \$5,271, respectively. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position 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, 2014, Hardeman County had the following investments carried at fair value. 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.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
State Treasurer's Investment Pool	109	N/A	\$ 1,906,420

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, 2014, 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, 2014, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 1,467,092	\$ 0	\$ 0	\$ 1,467,092
Construction in Progress	728,930	0	(728,930)	0
Total Capital Assets Not Depreciated	\$ 2,196,022	\$ 0	\$ (728,930)	\$ 1,467,092
Capital Assets Depreciated:				
Buildings and Improvements	\$ 8,878,638	\$ 0	\$ 0	\$ 8,878,638
Infrastructure	20,321,409	1,689,390	0	22,010,799
Other Capital Assets	5,951,378	1,126,053	(269,795)	6,807,636
Total Capital Assets Depreciated	\$ 35,151,425	\$ 2,815,443	\$ (269,795)	\$ 37,697,073

Governmental Activities (Cont.):

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,125,006	\$ 228,237	\$ 0	\$ 5,353,243
Infrastructure	7,446,081	1,120,787	0	8,566,868
Other Capital Assets	4,071,344	494,625	(208,881)	4,357,088
Total Accumulated Depreciation	<u>\$ 16,642,431</u>	<u>\$ 1,843,649</u>	<u>\$ (208,881)</u>	<u>\$ 18,277,199</u>
Total Capital Assets Depreciated, Net	<u>\$ 18,508,994</u>	<u>\$ 971,794</u>	<u>\$ (60,914)</u>	<u>\$ 19,419,874</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,705,016</u>	<u>\$ 971,794</u>	<u>\$ (789,844)</u>	<u>\$ 20,886,966</u>

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

Governmental Activities:

General Government	\$ 35,627
Finance	2,145
Administration of Justice	21,394
Public Safety	105,130
Public Health and Welfare	140,630
Social, Cultural, and Recreational Services	9,551
Other Operations	197,651
Highways/Public Works	<u>1,331,521</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,843,649</u>

Business-type Activities:

	Balance 7-1-13	Increases	Balance 6-30-14
Capital Assets Not Depreciated:			
Land	\$ 219,838	\$ 0	\$ 219,838
Total Capital Assets Not Depreciated	<u>\$ 219,838</u>	<u>\$ 0</u>	<u>\$ 219,838</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 2,482,217	\$ 0	\$ 2,482,217
Machinery and Equipment	733,112	28,500	761,612
Total Capital Assets Depreciated	<u>\$ 3,215,329</u>	<u>\$ 28,500</u>	<u>\$ 3,243,829</u>
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 788,398	\$ 89,604	\$ 878,002
Machinery and Equipment	535,000	61,912	596,912
Total Accumulated Depreciation	<u>\$ 1,323,398</u>	<u>\$ 151,516</u>	<u>\$ 1,474,914</u>
Total Capital Assets Depreciated, Net	<u>\$ 1,891,931</u>	<u>\$ (123,016)</u>	<u>\$ 1,768,915</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,111,769</u>	<u>\$ (123,016)</u>	<u>\$ 1,988,753</u>

There were no decreases in capital assets to report during the year ended June 30, 2014. Depreciation expense was charged to functions of the business-type activities as follows:

Business-type Activities:

Solid Waste Disposal	<u>\$ 151,516</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 151,516</u>

Discretely Presented Hardeman County School Department

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 358,116	\$ 0	\$ 0	\$ 358,116
Construction in Progress	830,257	0	(830,257)	0
Total Capital Assets Not Depreciated	<u>\$ 1,188,373</u>	<u>\$ 0</u>	<u>\$ (830,257)</u>	<u>\$ 358,116</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 28,804,513	\$ 2,782,519	\$ 0	\$ 31,587,032
Other Capital Assets	7,026,464	995,884	(29,931)	7,992,417
Total Capital Assets Depreciated	<u>\$ 35,830,977</u>	<u>\$ 3,778,403</u>	<u>\$ (29,931)</u>	<u>\$ 39,579,449</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 17,451,863	\$ 898,615	\$ 0	\$ 18,350,478
Other Capital Assets	5,200,017	466,973	(29,931)	5,637,059
Total Accumulated Depreciation	<u>\$ 22,651,880</u>	<u>\$ 1,365,588</u>	<u>\$ (29,931)</u>	<u>\$ 23,987,537</u>
Total Capital Assets Depreciated, Net	<u>\$ 13,179,097</u>	<u>\$ 2,412,815</u>	<u>\$ 0</u>	<u>\$ 15,591,912</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,367,470</u>	<u>\$ 2,412,815</u>	<u>\$ (830,257)</u>	<u>\$ 15,950,028</u>

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

Governmental Activities:

Instruction	\$ 697,157
Support Services	604,896
Operation of Non-instructional Services	<u>63,535</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,365,588</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 1,168
Solid Waste Disposal	General	163

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

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Primary Government: General Debt Service	Component Unit: School Department: General Purpose School	\$ 127,611

The due to the primary government is the balance of the other loan issued by the county for the School Department. The School Department has agreed to contribute the funds necessary to retire this debt obligation.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2014, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Debt Service Fund	Nonmajor Governmental Fund
General Fund	\$ 5,436	\$ 15,000

Discretely Presented Hardeman County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Fund
Nonmajor governmental fund	\$ 47,107	\$ 0
General Purpose School Fund	0	6,916
Total	\$ 47,107	\$ 6,916

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 Lease

On April 17, 2014, Hardeman County entered into a two-year lease-purchase agreement for sheriff vehicles. The terms of the agreement require total lease payments of \$54,098 plus interest of six 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.

The assets acquired through the capital lease are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Vehicles	\$ 54,098
Less: Accumulated Depreciation	<u>(2,647)</u>
Total Book Value	<u><u>\$ 51,451</u></u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2015	\$ 19,093
2016	<u>19,093</u>
Total Minimum Lease Payments	\$ 38,186
Less: Amount Representing Interest	<u>(3,181)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 35,005</u></u>

E. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loan

Hardeman County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. 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, capital outlay notes, and the other loan are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and the other loan outstanding were issued for original terms of up to 40 years for bonds, up to 12 years for notes, and up to four years for the other loan. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and the other loan included in long-term debt as of June 30, 2014, will be retired from the Highway/Public Works and General Debt Service funds.

General obligation bonds, capital outlay notes, other loan, and capital lease outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds	2 to 5	%	4-1-30	\$ 3,004,000	\$ 2,686,000
General Obligation Bonds - Refunding	3.98		4-1-24	6,370,000	4,195,000
Capital Outlay Notes	2.99 to 4.45		6-1-20	520,000	276,098
Other Loan	0		7-1-16	127,611	127,611
Capital Lease	6		4-17-16	54,098	35,005

During the 2011-2012 year, Hardeman County entered into an agreement with the Tennessee Energy Efficient Schools Council to receive funding from the Energy Efficient Schools Initiative program. Under this agreement, the program made \$500,000 available for loan to Hardeman County to fund a project to increase energy efficiency in the Hardeman County school system. As of June 30, 2014, Hardeman County had drawn \$127,611 of the available \$500,000 loan. The loan is interest free.

The annual requirements to amortize all general obligation bonds, notes, and the other loan outstanding as of June 30, 2014, including interest payments, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 501,000	\$ 231,048	\$ 732,048
2016	505,000	214,044	719,044
2017	530,000	196,716	726,716
2018	545,000	178,593	723,593
2019	560,000	159,871	719,871
2020-2024	3,115,000	494,230	3,609,230
2025-2029	925,000	111,450	1,036,450
2030	200,000	6,000	206,000
Total	<u>\$ 6,881,000</u>	<u>\$ 1,591,952</u>	<u>\$ 8,472,952</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 67,053	\$ 11,476	\$ 78,529
2016	54,045	8,887	62,932
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	<u>\$ 276,098</u>	<u>\$ 37,941</u>	<u>\$ 314,039</u>

Year Ending June 30	Other Loan Principal
2015	\$ 53,568
2016	71,424
2017	<u>2,619</u>
Total	<u>\$ 127,611</u>

There is \$827,898 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, notes, the other loan, and the capital lease, totaled \$269, based on the 2010 federal census.

The School Department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-14</u>
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Other Loan Payable

Contributions from the General Purpose School Fund

Energy Efficient School Initiative \$ 127,611

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>	<u>Other Loan</u>
Balance, July 1, 2013	\$ 7,366,000	\$ 337,151	\$ 127,611
Reductions	(485,000)	(61,053)	0
Balance, June 30, 2014	<u>\$ 6,881,000</u>	<u>\$ 276,098</u>	<u>\$ 127,611</u>
Balance Due Within One Year	<u>\$ 501,000</u>	<u>\$ 67,053</u>	<u>\$ 53,568</u>

	<u>Capital Leases</u>	<u>Compensated Absences</u>
Balance, July 1, 2013	\$ 43,880	\$ 524,377
Additions	54,098	235,189
Reductions	(62,973)	(120,831)
Balance, June 30, 2014	<u>\$ 35,005</u>	<u>\$ 638,735</u>
Balance Due Within One Year	<u>\$ 16,993</u>	<u>\$ 100,701</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 7,958,449
Less: Balance Due Within One Year	(739,315)
Add: Unamortized Premium on Debt	<u>51,394</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 7,270,528</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 Obligations

Long-term obligations activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2014, was as follows:

Business-type Activities:

	Landfill Closure/ Postclosure Care Costs	Compensated Absences
Balance, July 1, 2013	\$ 2,513,343	\$ 28,561
Additions	50,133	7,556
Reductions	0	(1,222)
Balance, June 30, 2014	<u>\$ 2,563,476</u>	<u>\$ 34,895</u>
Balance Due Within One Year	<u>\$ 3,490</u>	<u>\$ 34,895</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 2,598,371
Less: Balance Due Within One Year	<u>(38,385)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 2,559,986</u>

Discretely Presented Hardeman County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Hardeman County School Department for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2013	\$ 213,515	\$ 823,544
Additions	86,675	223,849
Reductions	(164,267)	(221,380)
Balance, June 30, 2014	<u>\$ 135,923</u>	<u>\$ 826,013</u>
Balance Due Within One Year	<u>\$ 96,251</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 961,936
Less: Balance Due Within One Year	<u>(96,251)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 865,685</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Hardeman County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2014, were \$134,830 and \$3,954, 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, 2014, was as follows:

	Balance 7-1-13	Issued	Paid	Balance 6-30-14
Tax Anticipation Note	\$ 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. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67 replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70 relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

C. Subsequent Events

On August 31, 2014, Willie Spencer left the Office of County Mayor and was succeeded by Jimmy Sain.

On September 3, 2014, the county's General Debt Service Fund issued a \$600,000 tax anticipation note to the General Fund for temporary operating funds.

D. 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, 2014, future principal and interest requirements were \$17,425,000 and \$15,645,368, respectively.

The county and School Department are involved in several pending lawsuits. The attorneys for the county and School Department estimate that any potential claims not covered by insurance resulting from such litigation would not materially affect the financial statements.

E. Landfill Closure/Postclosure Care Costs

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

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,563,476 reported as landfill closure and postclosure care liability at June 30, 2014, represents the cumulative amount reported to date based on the use of 91 percent of the estimated capacity of the extension landfill site (\$1,131,389) and for the original landfill site closed in 1999 (\$1,432,087) and represents estimates of the cost to perform all closure and postclosure care in 2014. The county will recognize the remaining estimated costs of closure and postclosure care of \$111,896 on the operating landfill as the remaining estimated capacity is filled. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

The Bolivar/Hardeman County Library is jointly owned by Hardeman County and the City of Bolivar and is operated by an appointed board. The board comprises seven members, four of whom are appointed by the Hardeman County Mayor. The remaining three members are appointed by the Bolivar City Mayor. Hardeman County has control over budgeting and financing the joint venture only to the extent of representation by the four board members appointed. Hardeman County contributed \$80,314 to the operations of the library during the year ended June 30, 2014.

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

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

Administrative Offices:

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

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

G. Retirement Commitments

Plan Description

Information for this footnote for the year ended June 30, 2014, 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, 2013.

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, 2013, was 8.9 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, 2013, the county's annual pension cost of \$761,596 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement 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, 2011, was one year. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$ 761,596	100%	\$0
6-30-12	1,083,512	100	0
6-30-11	1,010,874	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 100 percent funded. The actuarial accrued liability for benefits was \$23.69 million, and the actuarial value of assets was \$23.69 million, resulting in an unfunded actuarial accrued liability (UAAL) of zero. The covered payroll (annual payroll of active employees covered by the plan) was

\$8.28 million, and the ratio of the UAAL to the covered payroll was zero 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.

SCHOOL TEACHERS

Plan Description

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the 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, 2013, was 8.88 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, 2013, 2012, and 2011 were \$1,501,116, \$1,636,424, and \$1,508,646, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Discretely Presented Hardeman County School Department

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 employer in the plan develops a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides 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, 2014, the discretely presented Hardeman County School Department contributed \$221,380 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 223,000
Interest on the NOPEBO	32,942
Adjustment to the ARC	(32,093)
Annual OPEB cost	<hr/> \$ 223,849
Less: Amount of contribution	(221,380)
Increase/decrease in NOPEBO	<hr/> \$ 2,469
Net OPEB obligation, 7-1-13	<hr/> 823,544
	<hr/>
Net OPEB obligation, 6-30-14	<hr/> <hr/> \$ 826,013

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Education Group	\$ 373,835	54 %	\$ 646,074
6-30-13	"	377,411	53	823,544
6-30-14	"	223,849	99	826,013

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	Local Education Group Plan
	<hr/>
Actuarial valuation date	7-1-13
Actuarial accrued liability (AAL)	\$ 2,340,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,340,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 18,972,703
UAAL as a % of covered payroll	12%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about

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

Actuarial Methods and Assumptions

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

In the July 1, 2013, actuarial valuation for the Local Education 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 7.5 percent for fiscal year 2014. The trend will decrease to seven percent in fiscal year 2015 and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. 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 July 1, 2007.

I. Purchasing Laws

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

Purchasing procedures for all departments, agencies, and offices of Hardeman County are established by Chapter 90, Private Acts of 1989, as amended. Purchasing procedures for the Highway Department are also governed by provisions of the Uniform Road Law, Section 54-7-113, *Tennessee Code Annotated (TCA)*. Purchasing procedures for the School Department are also governed by provisions of purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*. Chapter 90, Private Acts of 1989, as amended, designates the county mayor as the county purchasing agent and authorizes the mayor to make purchases for all agencies, offices, and departments of the county, except for purchases that cost less than \$10,000, which may be made directly by the highway superintendent and director of schools. These statutes also require the issuance of purchase orders and the solicitation of bids through newspaper advertisements for all purchases exceeding \$10,000 for the 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 is accounted for as a single enterprise fund as prescribed by the state. Enterprise funds are a type of proprietary fund, and as such, are reported in accordance with generally accepted accounting principles for proprietary funds as defined by the Governmental Accounting Standards Board (GASB). Proprietary fund types are reported using the economic resources measurement focus and the accrual basis of accounting. The aim of this measurement focus is to report all inflows, outflows, and balances affecting or reflecting the entities net position. The accrual basis of accounting recognizes income as it is earned and expenses as they are incurred, whether or not cash is received or paid out at the time.

Operating revenues in proprietary funds are those revenues generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. The state has defined grants and reimbursements from the Tennessee Emergency Communications Board to be nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

3. **Assets, Liabilities, and Net Position**

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 and Credit Risk**

Accounts receivable represents amounts due from telephone companies less applicable commissions.

c. **Capital Assets**

Capital assets are recorded at historical cost. Maintenance repairs and minor renewals are expensed as incurred. Interest costs incurred on financing during the construction or installation period of capital assets are capitalized as part of the cost of the assets. Any purchase of equipment, either for office or system use, purchased at a price in excess of \$5,000 and with an expected life span of five years or greater shall be considered a capital asset and carried on the books as such.

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 11-20 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 11-20 years of

service. A liability is reflected in the financial statements for \$6,160.

The district allows employees to accrue eight hours per month sick leave. These days can be accrued; however, they 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. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The district does not have any items that qualify for reporting in this category as of June 30, 2014.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The district does not have any items that qualify for reporting in this category as of June 30, 2014.

f. Net Position Flow Assumption

Sometimes the district will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the district's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

g. Net Position

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

h. Impact of Recently Issued Accounting Pronouncements

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement is effective for financial periods beginning after December 15, 2012. As of June 30, 2014, the district has no items affected by the changes.

B. Stewardship, Compliance, and Accountability

Budgetary Compliance

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, and the state pooled investment fund. 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, 2014, \$820,562 of the district's bank

balance was covered by federal depository insurance, and \$26,770 was covered by the Tennessee Bank Collateral Pool.

2. Capital Assets

Changes in capital assets for the year ended June 30, 2014, were as follows:

	Balance 7-1-13	Increases	Balance 6-30-14
Capital Assets			
Depreciated:			
Office Building	\$ 72,671	\$ 9,328	\$ 81,999
Furniture and Fixtures	66,009	0	66,009
Office Equipment	9,721	0	9,721
Communications			
Equipment	515,488	12,410	527,898
Vehicles	14,838	0	14,838
Total Capital Assets			
Depreciated	<u>\$ 678,727</u>	<u>\$ 21,738</u>	<u>\$ 700,465</u>
Less Accumulated			
Depreciation For:			
Office Building	\$ 38,770	\$ 3,977	\$ 42,747
Furniture and Fixtures	40,952	4,963	45,915
Office Equipment	8,704	561	9,265
Communications			
Equipment	186,141	84,441	270,582
Vehicles	5,441	2,968	8,409
Total Accumulated			
Depreciation	<u>\$ 280,008</u>	<u>\$ 96,910</u>	<u>\$ 376,918</u>
Total Capital			
Assets, Net	<u>\$ 398,719</u>	<u>\$ (75,172)</u>	<u>\$ 323,547</u>

3. Operating Lease

The district entered into a 63-month lease on September 9, 2013, for a copy machine. The lease requires a monthly payment of \$90, and the current lease expense is \$970. Future minimum lease payments are as follows:

Year Ended June 30	Payment
2015	\$ 1,080
2016	1,080
2017	1,080
2018	1,080
2019	450

D. Other Information

1. 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 Tennessee Emergency Communications Board collects monthly service fees from wireless cellular phone subscribers and voice over internet protocol services and remits a set percentage to the district.

2. Retirement Plan

Plan Description

Information for this footnote for the year ended June 30, 2014, 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, 2013.

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 their earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2013, was 15.19 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, 2013, the district's annual pension cost of \$11,233 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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 three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) 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 equities over a ten-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, 2011, was nine years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-13	\$ 11,233	100 %	\$ 0
6-30-12	10,810	100	0
6-30-11	11,067	100	0

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 86.51 percent funded. The actuarial accrued liability for benefits was \$.18 million, and the actuarial value of assets was \$.16 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.02 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.07 million, and the ratio of the UAAL to the covered payroll was 34.52 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.

3. Risk Management

The district is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2014, 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 has been no significant reduction in the amount of coverage provided.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Hardeman County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Hardeman County School Department
June 30, 2014

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) Frozen 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)
7-1-11	\$ 23,695	\$ 23,695	\$ 0	100 %	\$ 8,283	0 %
7-1-09	19,053	19,053	0	100	8,036	0
7-1-07	17,373	17,373	0	100	7,617	0

Information for this exhibit for the year ended June 30, 2014, was not available from the state Treasurer's Office in time for inclusion in this report; therefore, the information presented above is for the fiscal year ended June 30, 2013.

Exhibit F-2

Hardeman County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Hardeman County School Department
June 30, 2014

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Projected Unit Credit (b)	Actuarial Accrued Liability (AAL)		Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
				Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)				
Local Education Group	7-1-10	\$ 0	\$ 2,947	\$ 2,947	2,947	2,947	0 %	\$ 21,381	14 %
"	7-1-11	0	3,586	3,586	3,586	3,586	0	20,905	17
"	7-1-13	0	2,340	2,340	2,340	2,340	0	18,973	12

HARDEMAN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2014

NONE

**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 Fund

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.

Hardeman County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	Drug Control	Constitutional Officers - Fees	Total	General Capital Projects		
\$	0 \$	77,845 \$	77,845 \$	0 \$		77,845
	76,335	0	76,335	133,903		210,238
	0	222	222	0		222
\$	76,335 \$	78,067 \$	154,402 \$	133,903 \$		288,305
<u>ASSETS</u>						
Cash						
Equity in Pooled Cash and Investments						
Accounts Receivable						
Total Assets						
<u>LIABILITIES</u>						
Accounts Payable	77 \$	0 \$	77 \$	0 \$		77
Due to Other Funds	0	1,168	1,168	0		1,168
Total Liabilities	77 \$	1,168 \$	1,245 \$	0 \$		1,245
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	76,258 \$	0 \$	76,258 \$	0 \$		76,258
Committed:						
Committed for Finance	0	76,899	76,899	0		76,899
Committed for Capital Projects	0	0	0	133,903		133,903
Total Fund Balances	76,258 \$	76,899 \$	153,157 \$	133,903 \$		287,060
Total Liabilities and Fund Balances	76,335 \$	78,067 \$	154,402 \$	133,903 \$		288,305

Hardeman County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2014

	Special Revenue Funds				Capital Projects Fund		Total Nonmajor Governmental Funds
	Drug Control	Constitutional Officers - Fees	Total		General Capital Projects		
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 777,800	\$ 777,800	777,800
Fines, Forfeitures, and Penalties	33,269	0	33,269	0	0	33,269	33,269
Charges for Current Services	0	298,801	298,801	0	0	298,801	298,801
Total Revenues	\$ 33,269	\$ 298,801	\$ 332,070	\$ 0	\$ 777,800	\$ 1,109,870	1,109,870
<u>Expenditures</u>							
Current:							
Finance	\$ 0	\$ 291,680	\$ 291,680	\$ 0	\$ 0	\$ 291,680	291,680
Administration of Justice	0	4,500	4,500	0	0	4,500	4,500
Public Safety	38,442	0	38,442	0	0	38,442	38,442
Capital Projects	0	0	0	0	972,442	972,442	972,442
Total Expenditures	\$ 38,442	\$ 296,180	\$ 334,622	\$ 0	\$ 972,442	\$ 1,307,064	1,307,064
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,173)	\$ 2,621	\$ (2,552)	\$ (194,642)	\$ (197,194)	\$ (197,194)	(197,194)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,000	\$ 15,000	15,000
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,000	\$ 15,000	15,000
Net Change in Fund Balances	\$ (5,173)	\$ 2,621	\$ (2,552)	\$ (179,642)	\$ (182,194)	\$ (182,194)	(182,194)
Fund Balance, July 1, 2013	81,431	74,278	155,709	313,545	469,254	469,254	469,254
Fund Balance, June 30, 2014	\$ 76,258	\$ 76,899	\$ 153,157	\$ 133,903	\$ 287,060	\$ 287,060	287,060

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 33,269	\$ 36,500	\$ 36,500	\$ (3,231)
State of Tennessee	0	1,828	1,828	(1,828)
Total Revenues	<u>\$ 33,269</u>	<u>\$ 38,328</u>	<u>\$ 38,328</u>	<u>\$ (5,059)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 38,442	\$ 80,000	\$ 80,000	\$ 41,558
Total Expenditures	<u>\$ 38,442</u>	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 41,558</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (5,173)</u>	<u>\$ (41,672)</u>	<u>\$ (41,672)</u>	<u>\$ 36,499</u>
Net Change in Fund Balance	\$ (5,173)	\$ (41,672)	\$ (41,672)	\$ 36,499
Fund Balance, July 1, 2013	<u>81,431</u>	<u>81,600</u>	<u>81,600</u>	<u>(169)</u>
Fund Balance, June 30, 2014	<u>\$ 76,258</u>	<u>\$ 39,928</u>	<u>\$ 39,928</u>	<u>\$ 36,330</u>

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 3,700	\$ 3,700	\$ (3,700)
Other Governments and Citizens Groups	716,028	0	716,028	0
Total Revenues	<u>\$ 716,028</u>	<u>\$ 3,700</u>	<u>\$ 719,728</u>	<u>\$ (3,700)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 44,784	\$ 44,784	\$ 44,784	\$ 0
Education	481,395	475,000	481,395	0
<u>Interest on Debt</u>				
General Government	12,518	13,049	13,049	531
Education	233,845	233,770	233,846	1
<u>Other Debt Service</u>				
General Government	0	1,500	1,500	1,500
Education	788	500	1,000	212
Total Expenditures	<u>\$ 773,330</u>	<u>\$ 768,603</u>	<u>\$ 775,574</u>	<u>\$ 2,244</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (57,302)</u>	<u>\$ (764,903)</u>	<u>\$ (55,846)</u>	<u>\$ (1,456)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 5,436	\$ 718,000	\$ 8,443	\$ (3,007)
Total Other Financing Sources	<u>\$ 5,436</u>	<u>\$ 718,000</u>	<u>\$ 8,443</u>	<u>\$ (3,007)</u>
Net Change in Fund Balance	\$ (51,866)	\$ (46,903)	\$ (47,403)	\$ (4,463)
Fund Balance, July 1, 2013	<u>879,764</u>	<u>879,764</u>	<u>879,764</u>	<u>0</u>
Fund Balance, June 30, 2014	<u>\$ 827,898</u>	<u>\$ 832,861</u>	<u>\$ 832,361</u>	<u>\$ (4,463)</u>

Fiduciary Funds

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

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

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk; circuit, 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, 2014

	<u>Agency Funds</u>		
	Cities -	Constitu-	
	Sales	tional	
	Tax	Officers -	Total
		Agency	
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,231,207	\$ 1,231,207
Due from Other Governments	273,163	0	273,163
	<hr/>		
Total Assets	\$ 273,163	\$ 1,231,207	\$ 1,504,370
<hr/>			
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 273,163	\$ 0	\$ 273,163
Due to Litigants, Heirs, and Others	0	1,231,207	1,231,207
	<hr/>		
Total Liabilities	\$ 273,163	\$ 1,231,207	\$ 1,504,370
<hr/>			

Exhibit I-2

Hardeman County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,578,690	\$ 1,578,690	\$ 0
Due from Other Governments	274,414	273,163	274,414	273,163
Total Assets	\$ 274,414	\$ 1,851,853	\$ 1,853,104	\$ 273,163
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 274,414	\$ 1,851,853	\$ 1,853,104	\$ 273,163
Total Liabilities	\$ 274,414	\$ 1,851,853	\$ 1,853,104	\$ 273,163
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 924,600	\$ 6,630,903	\$ 6,324,296	\$ 1,231,207
Total Assets	\$ 924,600	\$ 6,630,903	\$ 6,324,296	\$ 1,231,207
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 924,600	\$ 6,630,903	\$ 6,324,296	\$ 1,231,207
Total Liabilities	\$ 924,600	\$ 6,630,903	\$ 6,324,296	\$ 1,231,207
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 924,600	\$ 6,630,903	\$ 6,324,296	\$ 1,231,207
Equity in Pooled Cash and Investments	0	1,578,690	1,578,690	0
Due from Other Governments	274,414	273,163	274,414	273,163
Total Assets	\$ 1,199,014	\$ 8,482,756	\$ 8,177,400	\$ 1,504,370
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 274,414	\$ 1,851,853	\$ 1,853,104	\$ 273,163
Due to Litigants, Heirs, and Others	924,600	6,630,903	6,324,296	1,231,207
Total Liabilities	\$ 1,199,014	\$ 8,482,756	\$ 8,177,400	\$ 1,504,370

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.

Hardeman County, Tennessee
Statement of Activities
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 22,864,375	\$ 0	\$ 2,138,540	\$ (20,725,835)
Support Services	9,645,166	103,542	787,132	(8,754,492)
Operation of Non-instructional Services	4,110,041	341,482	2,188,102	(1,580,457)
Total Governmental Activities	\$ 36,619,582	\$ 445,024	\$ 5,113,774	\$ (31,060,784)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 5,675,072
Local Option Sales Taxes				2,234,150
Other Local Taxes				2,999
Grants and Contributions Not Restricted for Specific Programs				23,253,111
Unrestricted Investment Income				7,112
Miscellaneous				166,929
Total General Revenues				\$ 31,339,373
Change in Net Position				\$ 278,589
Net Position, July 1, 2013				20,467,565
Prior-period Adjustment				2,815,000
Net Position, June 30, 2014				\$ 23,561,154

Exhibit J-2

Hardeman County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Hardeman County School Department
June 30, 2014

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 16	\$ 16
Equity in Pooled Cash and Investments	6,382,894	641,943	7,024,837
Accounts Receivable	34,942	27,371	62,313
Due from Other Governments	836,079	677,718	1,513,797
Property Taxes Receivable	5,842,170	0	5,842,170
Allowance for Uncollectible Property Taxes	(268,339)	0	(268,339)
Total Assets	<u>\$ 12,827,746</u>	<u>\$ 1,347,048</u>	<u>\$ 14,174,794</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 4,169	\$ 43,104	\$ 47,273
Payroll Deductions Payable	22,829	456	23,285
Total Liabilities	<u>\$ 26,998</u>	<u>\$ 43,560</u>	<u>\$ 70,558</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 5,403,563	\$ 0	\$ 5,403,563
Deferred Delinquent Property Taxes	139,423	0	139,423
Other Deferred/Unavailable Revenue	182,245	0	182,245
Total Deferred Inflows of Resources	<u>\$ 5,725,231</u>	<u>\$ 0</u>	<u>\$ 5,725,231</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 362,312	\$ 0	\$ 362,312
Restricted for Operation of Non-instructional Services	0	553,488	553,488
Assigned:			
Assigned for Education	85,576	750,000	835,576
Unassigned	6,627,629	0	6,627,629
Total Fund Balances	<u>\$ 7,075,517</u>	<u>\$ 1,303,488</u>	<u>\$ 8,379,005</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,827,746</u>	<u>\$ 1,347,048</u>	<u>\$ 14,174,794</u>

Exhibit J-3

Hardeman County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
Discretely Presented Hardeman County School Department
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	8,379,005
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	358,116	
Add: buildings and improvements net of accumulated depreciation		13,236,554	
Add: other capital assets net of accumulated depreciation		<u>2,355,358</u>	15,950,028
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: contributions due on primary government debt for the other loan	\$	(127,611)	
Less: other postemployment benefits liability		(826,013)	
Less: compensated absences payable		<u>(135,923)</u>	(1,089,547)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>321,668</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>23,561,154</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, 2014

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 7,965,079	\$ 0	\$ 7,965,079
Licenses and Permits	2,185	0	2,185
Charges for Current Services	32,916	379,612	412,528
Other Local Revenues	241,301	8,696	249,997
State of Tennessee	22,541,297	125,609	22,666,906
Federal Government	81,824	5,572,510	5,654,334
Total Revenues	<u>\$ 30,864,602</u>	<u>\$ 6,086,427</u>	<u>\$ 36,951,029</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 17,386,579	\$ 2,693,951	\$ 20,080,530
Support Services	11,182,348	800,182	11,982,530
Operation of Non-instructional Services	1,037,617	2,566,657	3,604,274
Capital Outlay	1,996,016	0	1,996,016
Debt Service:			
Other Debt Service	716,028	0	716,028
Total Expenditures	<u>\$ 32,318,588</u>	<u>\$ 6,060,790</u>	<u>\$ 38,379,378</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,453,986)</u>	<u>\$ 25,637</u>	<u>\$ (1,428,349)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 95,720	\$ 0	\$ 95,720
Transfers In	47,107	6,916	54,023
Transfers Out	(6,916)	(47,107)	(54,023)
Total Other Financing Sources (Uses)	<u>\$ 135,911</u>	<u>\$ (40,191)</u>	<u>\$ 95,720</u>
Net Change in Fund Balances	\$ (1,318,075)	\$ (14,554)	\$ (1,332,629)
Fund Balance, July 1, 2013	8,393,592	1,318,042	9,711,634
Fund Balance, June 30, 2014	<u>\$ 7,075,517</u>	<u>\$ 1,303,488</u>	<u>\$ 8,379,005</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, 2014

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ (1,332,629)
(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	\$ 2,948,146	
Less: current-year depreciation expense	<u>(1,365,588)</u>	1,582,558
(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, 2014	\$ 321,668	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(374,526)</u>	(52,858)
(3) The contributions of long-term debt (e.g., other loans, leases) by the primary government provides current financial resources to governmental funds, while the contributions by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Add: principal contributions on capital lease to primary government		6,395
(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	\$ (2,469)	
Change in compensated absences payable	<u>77,592</u>	<u>75,123</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 278,589</u>

Exhibit J-6

Hardeman County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Hardeman County School Department
June 30, 2014

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>ASSETS</u>			
Cash	\$ 0	\$ 16	\$ 16
Equity in Pooled Cash and Investments	46,622	595,321	641,943
Accounts Receivable	27,298	73	27,371
Due from Other Governments	677,718	0	677,718
Total Assets	<u>\$ 751,638</u>	<u>\$ 595,410</u>	<u>\$ 1,347,048</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,182	\$ 41,922	\$ 43,104
Payroll Deductions Payable	456	0	456
Total Liabilities	<u>\$ 1,638</u>	<u>\$ 41,922</u>	<u>\$ 43,560</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Operation of Non-instructional Services	\$ 0	\$ 553,488	\$ 553,488
Assigned:			
Assigned for Education	750,000	0	750,000
Total Fund Balances	<u>\$ 750,000</u>	<u>\$ 553,488</u>	<u>\$ 1,303,488</u>
Total Liabilities and Fund Balances	<u>\$ 751,638</u>	<u>\$ 595,410</u>	<u>\$ 1,347,048</u>

Exhibit J-7

Hardeman County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2014

	<u>Special Revenue Funds</u>		Total
	School	Central	Nonmajor
	Federal	Cafeteria	Governmental
	Projects		Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 379,612	\$ 379,612
Other Local Revenues	0	8,696	8,696
State of Tennessee	0	125,609	125,609
Federal Government	3,534,330	2,038,180	5,572,510
Total Revenues	<u>\$ 3,534,330</u>	<u>\$ 2,552,097</u>	<u>\$ 6,086,427</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,693,951	\$ 0	\$ 2,693,951
Support Services	800,182	0	800,182
Operation of Non-instructional Services	0	2,566,657	2,566,657
Total Expenditures	<u>\$ 3,494,133</u>	<u>\$ 2,566,657</u>	<u>\$ 6,060,790</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 40,197</u>	<u>\$ (14,560)</u>	<u>\$ 25,637</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 6,916	\$ 0	\$ 6,916
Transfers Out	(47,107)	0	(47,107)
Total Other Financing Sources (Uses)	<u>\$ (40,191)</u>	<u>\$ 0</u>	<u>\$ (40,191)</u>
Net Change in Fund Balances	\$ 6	\$ (14,560)	\$ (14,554)
Fund Balance, July 1, 2013	749,994	568,048	1,318,042
Fund Balance, June 30, 2014	<u>\$ 750,000</u>	<u>\$ 553,488</u>	<u>\$ 1,303,488</u>

Exhibit J-8

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hardeman County School Department
General Purpose School Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 7,965,079	\$ 0	\$ 0	\$ 7,965,079	\$ 7,575,780	\$ 7,787,815	\$ 177,264
Licenses and Permits	2,185	0	0	2,185	2,452	2,452	(267)
Charges for Current Services	32,916	0	0	32,916	71,333	71,333	(38,417)
Other Local Revenues	241,301	0	0	241,301	226,050	226,050	15,251
State of Tennessee	22,541,297	0	0	22,541,297	22,408,798	22,550,582	(9,285)
Federal Government	81,824	0	0	81,824	20,000	20,000	61,824
Total Revenues	\$ 30,864,602	\$ 0	\$ 0	\$ 30,864,602	\$ 30,304,413	\$ 30,658,232	\$ 206,370
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 13,862,812	\$ (23,749)	\$ 53,898	\$ 13,892,961	\$ 13,998,152	\$ 14,025,152	\$ 132,191
Alternative Instruction Program	242,336	0	0	242,336	227,540	251,567	9,231
Special Education Program	2,018,543	0	895	2,019,438	2,160,425	2,160,425	140,987
Vocational Education Program	1,262,888	0	0	1,262,888	1,371,462	1,371,462	108,574
<u>Support Services</u>							
Attendance	166,469	0	0	166,469	144,441	176,941	10,472
Health Services	311,599	(208)	0	311,391	320,220	320,220	8,829
Other Student Support	959,183	0	0	959,183	976,056	976,056	16,873
Regular Instruction Program	1,301,256	(1,470)	0	1,299,786	1,353,598	1,378,598	78,812
Alternative Instruction Program	28,981	0	0	28,981	32,715	32,715	3,734
Special Education Program	644,438	0	0	644,438	626,317	660,462	16,024
Vocational Education Program	52,699	0	0	52,699	50,105	55,174	2,475
Other Programs	138,784	0	0	138,784	0	138,784	0
Board of Education	553,372	0	950	554,322	575,612	575,612	21,290
Director of Schools	337,592	(108)	1,922	339,406	320,248	370,523	31,117
Office of the Principal	1,524,032	0	0	1,524,032	1,614,742	1,617,742	93,710
Fiscal Services	154,779	0	0	154,779	159,430	160,930	6,151
Human Services/Personnel	59,172	0	0	59,172	57,158	59,771	599
Operation of Plant	1,827,011	0	0	1,827,011	1,742,725	1,828,945	1,934
Maintenance of Plant	831,774	(2,965)	300	829,109	827,382	851,802	22,693

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 2,063,742	\$ (74,391)	\$ 3,382	\$ 1,992,733	\$ 2,162,140	\$ 2,162,140	\$ 169,407
Central and Other	227,465	(22,205)	70	205,330	208,765	213,333	8,003
<u>Operation of Non-Instructional Services</u>							
Food Service	582	0	0	582	0	584	2
Early Childhood Education	1,037,035	(26,020)	24,159	1,035,174	1,036,576	1,036,577	1,403
<u>Capital Outlay</u>							
Regular Capital Outlay	1,996,016	(1,937,266)	0	58,750	0	100,000	41,250
<u>Principal on Debt</u>							
Education	0	0	0	0	499,628	18,232	18,232
Interest on Debt	0	0	0	0	233,957	0	0
Other Debt Service							
Education	716,028	0	0	716,028	0	716,040	12
Total Expenditures	\$ 32,318,588	\$ (2,088,382)	\$ 85,576	\$ 30,315,782	\$ 30,699,394	\$ 31,259,787	\$ 944,005
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ (1,453,986)	\$ 2,088,382	\$ (85,576)	\$ 548,820	\$ (394,981)	\$ (601,555)	\$ 1,150,375
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 95,720	\$ 0	\$ 0	\$ 95,720	\$ 0	\$ 34,250	\$ 61,470
Transfers In	47,107	0	0	47,107	50,000	50,000	(2,893)
Transfers Out	(6,916)	0	0	(6,916)	(7,200)	(7,200)	284
Total Other Financing Sources	\$ 135,911	\$ 0	\$ 0	\$ 135,911	\$ 42,800	\$ 77,050	\$ 58,861
Net Change in Fund Balance	\$ (1,318,075)	\$ 2,088,382	\$ (85,576)	\$ 684,731	\$ (352,181)	\$ (524,505)	\$ 1,209,236
Fund Balance, July 1, 2013	8,393,592	(2,088,382)	0	6,305,210	659,928	659,928	5,645,282
Fund Balance, June 30, 2014	\$ 7,075,517	\$ 0	\$ (85,576)	\$ 6,989,941	\$ 307,747	\$ 135,423	\$ 6,854,518

Exhibit J-9

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Hardeman County School Department
School Federal Projects Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 3,534,330	\$ 3,568,872	\$ 3,828,660	\$ (294,330)
Total Revenues	\$ 3,534,330	\$ 3,568,872	\$ 3,828,660	\$ (294,330)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,024,299	\$ 2,040,271	\$ 2,115,975	\$ 91,676
Special Education Program	630,009	711,523	764,138	134,129
Vocational Education Program	39,643	39,537	39,647	4
<u>Support Services</u>				
Attendance	0	20,000	0	0
Other Student Support	27,034	31,472	30,428	3,394
Regular Instruction Program	358,380	383,994	393,300	34,920
Special Education Program	207,675	173,452	236,858	29,183
Vocational Education Program	1,927	2,171	1,927	0
Transportation	205,166	125,747	205,176	10
Total Expenditures	\$ 3,494,133	\$ 3,528,167	\$ 3,787,449	\$ 293,316
Excess (Deficiency) of Revenues Over Expenditures	\$ 40,197	\$ 40,705	\$ 41,211	\$ (1,014)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 6,916	\$ 6,926	\$ 6,926	\$ (10)
Transfers Out	(47,107)	(47,632)	(48,133)	1,026
Total Other Financing Sources	\$ (40,191)	\$ (40,706)	\$ (41,207)	\$ 1,016
Net Change in Fund Balance	\$ 6	\$ (1)	\$ 4	\$ 2
Fund Balance, July 1, 2013	749,994	772,210	772,210	(22,216)
Fund Balance, June 30, 2014	\$ 750,000	\$ 772,209	\$ 772,214	\$ (22,214)

Exhibit J-10

Hardeman County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Hardeman County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 379,612	\$ 397,383	\$ 397,383	\$ (17,771)
Other Local Revenues	8,696	7,000	7,000	1,696
State of Tennessee	125,609	22,000	125,000	609
Federal Government	2,038,180	2,103,435	2,137,190	(99,010)
Total Revenues	<u>\$ 2,552,097</u>	<u>\$ 2,529,818</u>	<u>\$ 2,666,573</u>	<u>\$ (114,476)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 2,566,657	\$ 2,501,732	\$ 2,638,487	\$ 71,830
Total Expenditures	<u>\$ 2,566,657</u>	<u>\$ 2,501,732</u>	<u>\$ 2,638,487</u>	<u>\$ 71,830</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (14,560)</u>	<u>\$ 28,086</u>	<u>\$ 28,086</u>	<u>\$ (42,646)</u>
Net Change in Fund Balance	\$ (14,560)	\$ 28,086	\$ 28,086	\$ (42,646)
Fund Balance, July 1, 2013	<u>568,048</u>	<u>198,513</u>	<u>198,513</u>	<u>369,535</u>
Fund Balance, June 30, 2014	<u>\$ 553,488</u>	<u>\$ 226,599</u>	<u>\$ 226,599</u>	<u>\$ 326,889</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Hardeman County, Tennessee
Schedule of Changes in Long-term Notes, Other Loan, Capital Leases, and Bonds
For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-14
<u>NOTES PAYABLE</u>								
<u>Payable through Highway/Public Works Fund</u>								
Backhoe	\$ 80,000	2.99 %	8-20-12	8-20-15	\$ 67,165	\$ 0	\$ 26,269	\$ 40,896
Total Payable through Highway/Public Works Fund					\$ 67,165	\$ 0	\$ 26,269	\$ 40,896
<u>Payable through General Debt Service Fund</u>								
Convenience Centers	50,000	4.35	5-19-04	5-18-16	\$ 14,986	\$ 0	\$ 4,784	\$ 10,202
Airport Hangars	390,000	4.45	12-27-07	6-1-20	255,000	0	30,000	225,000
Total Payable through General Debt Service Fund					\$ 269,986	\$ 0	\$ 34,784	\$ 235,202
Total Notes Payable					\$ 337,151	\$ 0	\$ 61,053	\$ 276,098
<u>OTHER LOAN PAYABLE</u>								
<u>Contributions Due by School Department from the General Purpose School Fund to the General Debt Service Fund</u>								
Energy Efficient School Initiative	(1)	0	4-20-12	7-1-16	\$ 127,611	\$ 0	\$ 0	\$ 127,611
Total Other Loan Payable					\$ 127,611	\$ 0	\$ 0	\$ 127,611
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Fund</u>								
Sheriff Department Vehicles	112,464	4.99	12-21-11	12-21-13	\$ 28,096	\$ 0	\$ 28,096	\$ 0
Sheriff Department Vehicle	28,186	4.99	6-22-12	6-22-14	9,389	0	9,389	0
Sheriff Department Vehicles	54,098	6	4-17-14	4-17-16	0	54,098	19,093	35,005
Total Payable through General Fund					\$ 37,485	\$ 54,098	\$ 56,578	\$ 35,005
<u>Contributions Due by School Department from the General Purpose School Fund to the General Debt Service Fund</u>								
Modular Building Lease	36,239	4.6497	12-28-10	12-28-13	\$ 6,395	\$ 0	\$ 6,395	\$ 0
Total Contributions Due by School Department from the General Purpose School Fund to the General Debt Service Fund					\$ 6,395	\$ 0	\$ 6,395	\$ 0
Total Capital Leases Payable					\$ 43,880	\$ 54,098	\$ 62,973	\$ 35,005

(Continued)

Exhibit K-1

Hardeman County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loan, Capital Leases, and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or	
							Matured During Period	Outstanding 6-30-14
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Hardeman County Industrial, Fm.H.A.	\$ 189,000	5 %	1-1-1975	1-1-15	\$ 21,000	0 \$	10,000 \$	11,000
School Refunding Series 2005	6,370,000	3.98	12-6-05	4-1-24	4,530,000	0	335,000	4,195,000
General Obligation School Bonds, Series 2013	2,815,000	2 to 3	6-12-13	4-1-30	2,815,000	0	140,000	2,675,000
Total Bonds Payable					\$ 7,366,000	0 \$	485,000 \$	6,881,000

(1) Total amount approved was \$500,000, of which \$372,389 remains available for draws as of June 30, 2014.

Exhibit K-2

Hardeman County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 67,053	\$ 11,476	\$ 78,529
2016	54,045	8,887	62,932
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	<u>\$ 276,098</u>	<u>\$ 37,941</u>	<u>\$ 314,039</u>

Year Ending June 30	Other Loan		
	Principal	Interest	Total
2015	\$ 53,568	\$ 0	\$ 53,568
2016	71,424	0	71,424
2017	2,619	0	2,619
Total	<u>\$ 127,611</u>	<u>\$ 0</u>	<u>\$ 127,611</u>

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2015	\$ 16,993	\$ 2,100	\$ 19,093
2016	18,012	1,081	19,093
Total	<u>\$ 35,005</u>	<u>\$ 3,181</u>	<u>\$ 38,186</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 501,000	\$ 231,048	\$ 732,048
2016	505,000	214,044	719,044
2017	530,000	196,716	726,716
2018	545,000	178,593	723,593
2019	560,000	159,871	719,871
2020	575,000	140,554	715,554
2021	605,000	120,638	725,638
2022	625,000	99,728	724,728
2023	650,000	78,119	728,119
2024	660,000	55,191	715,191
2025	180,000	31,950	211,950
2026	180,000	27,450	207,450
2027	185,000	22,950	207,950
2028	190,000	17,400	207,400
2029	190,000	11,700	201,700
2030	200,000	6,000	206,000
Total	<u>\$ 6,881,000</u>	<u>\$ 1,591,952</u>	<u>\$ 8,472,952</u>

Exhibit K-3

Hardeman County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Hardeman County School Department
For the Year Ended June 30, 2014

<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
"	General Capital Projects	Operations	15,000
Total Transfers Primary Government			<u>\$ 20,436</u>
<u>DISCRETELY PRESENTED HARDEMAN</u>			
<u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 47,107
General Purpose School	School Federal Projects	Save the Children program cost share	6,916
Total Transfers Discretely Presented Hardeman County School Department			<u>\$ 54,023</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, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA, and Chapter 90, Private Acts of 1989	\$ 79,404 (1)	\$ 50,000	Auto-Owners Mutual Insurance Company
Highway Superintendent	Section 8-24-102, TCA	78,799	100,000	"
Director of Schools	State Board of Education and County Board of Education	108,005 (2)	150,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, TCA	65,632	1,172,400	Auto-Owners Mutual Insurance Company
Assessor of Property	Section 8-24-102, TCA	65,632	50,000	"
County Clerk	Section 8-24-102, TCA	65,632	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA	65,632	65,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	65,632 (3)	65,000	Western Surety Company
Register of Deeds	Section 8-24-102, TCA	65,632	50,000	Auto-Owners Mutual Insurance Company
Sheriff	Section 8-24-102, TCA	72,795 (4)	25,000	"
Employee Dishonesty Coverage:				
County General Employees			150,000	Tennessee Risk Management Trust
Highway Superintendent's Office			150,000	"
Office of Director of Schools:				
Central Office Staff			150,000	"

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

Exhibit K-5

Hardeman County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2014

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,650,125	\$ 0	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	139,948	0	0	0	0
Trustee's Collections - Bankruptcy	8,396	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	94,449	0	0	0	0
Interest and Penalty	27,737	0	0	0	0
Payments in-Lieu-of Taxes - Other	219,967	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	268,487	0	0	0	0
Hotel/Motel Tax	11,494	0	0	0	0
Wheel Tax	0	0	0	775,642	0
Litigation Tax - General	102,999	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	78,814	0	0	0	0
Business Tax	189,381	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	67,836	0	0	0	0
Wholesale Beer Tax	150,732	0	0	0	0
Interstate Telecommunications Tax	1,547	0	0	0	0
Total Local Taxes	\$ 5,011,912	\$ 0	\$ 0	\$ 775,642	\$ 0
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 3,276	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	7,021	0	0	0	0
<u>Permits</u>					
Beer Permits	1,235	0	0	0	0

(Continued)

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

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers Fees	Highway / Public Works	
<u>Licenses and Permits (Cont.)</u>					
<u>Permits (Cont.)</u>					
Building Permits	7,150 \$	0 \$	0 \$	0 \$	0
Other Permits	21,500	0	0	0	0
Total Licenses and Permits	40,182 \$	0 \$	0 \$	0 \$	0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	17,657 \$	0 \$	0 \$	0 \$	0
Officers Costs	8,408	0	0	0	0
Drug Control Fines	7,729	9,611	0	0	0
Jail Fees	1,986	0	0	0	0
DUI Treatment Fines	1,854	0	0	0	0
Data Entry Fee - Circuit Court	1,298	0	0	0	0
Courtroom Security Fee	229	0	0	0	0
Victims Assistance Assessments	2,774	0	0	0	0
<u>Criminal Court</u>					
DUI Treatment Fines	238	0	0	0	0
<u>General Sessions Court</u>					
Fines	26,578	0	0	0	0
Officers Costs	33,226	0	0	0	0
Game and Fish Fines	449	0	0	0	0
Drug Control Fines	2,960	2,381	0	0	0
Drug Court Fees	3,331	0	0	0	0
Jail Fees	6,003	0	0	0	0
DUI Treatment Fines	5,099	0	0	0	0
Data Entry Fee - General Sessions Court	9,907	0	0	0	0

(Continued)

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

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>General Sessions Court (Cont.)</u>					
Courtroom Security Fee	1,300 \$	0 \$	0 \$	0 \$	0
Victims Assistance Assessments Juvenile Court	9,986	0	0	0	0
Fines	238	0	0	0	0
Officers Costs	256	0	0	0	0
Jail Fees	10	0	0	0	0
Data Entry Fee - Juvenile Court	1,632	0	0	0	0
Victims Assistance Assessments Chancery Court	42	0	0	0	0
Officers Costs	1,778	0	0	0	0
Data Entry Fee - Chancery Court	4,840	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	21,277	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 149,808 \$	33,269 \$	0 \$	0 \$	0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Patient Charges	1,611,096 \$	0 \$	0 \$	0 \$	0
Work Release Charges for Board Fees	1,908	0	0	0	0
Copy Fees	43	0	0	21	0
Greenbelt Late Application Fee	350	0	0	0	0
Telephone Commissions	51,987	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	298,801	0	0
Data Processing Fee - Register	7,180	0	0	0	0

(Continued)

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

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Data Processing Fee - Sheriff	3,969 \$	0 \$	0 \$	0 \$	0
Data Processing Fee - County Clerk	4,268	0	0	0	0
Total Charges for Current Services	1,680,801 \$	0 \$	298,801 \$	21 \$	0
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	69,361 \$	0 \$	0 \$	0 \$	0
Lease/Rentals	8,780	0	0	0	0
Commissary Sales	43,550	0	0	0	0
Sale of Maps	541	0	0	0	0
Miscellaneous Refunds	76,857	0	0	4,671	0
<u>Nonrecurring Items</u>					
Sale of Property	21,107	0	0	0	0
Contributions and Gifts	50	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	9,292	0	0	0	0
Total Other Local Revenues	229,538 \$	0 \$	0 \$	4,671 \$	0
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
County Clerk	77,217 \$	0 \$	0 \$	0 \$	0
Trustee	252,692	0	0	0	0
<u>Fees in-Lieu-of Salary</u>					
Circuit Court Clerk	78,125	0	0	0	0
General Sessions Court Clerk	213,433	0	0	0	0

(Continued)

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

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>Fees Received from County Officials (Cont.)</u>					
<u>Fees in-Lieu-of Salary (Cont.)</u>					
Clerk and Master	\$ 131,927	\$ 0	\$ 0	\$ 0	\$ 0
Juvenile Court Clerk	28,551	0	0	0	0
Register	81,654	0	0	0	0
Sheriff	18,826	0	0	0	0
Total Fees Received from County Officials	\$ 882,425	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 4,500	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	14,435	0	0	0	0
Health and Welfare Grants					
Health Department Programs	150,823	0	0	0	0
Other Health and Welfare Grants	3,730	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	1,443	0
State Aid Program	0	0	0	249,079	0
Litter Program	35,041	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	51,696	0	0	0	0
Beer Tax	17,806	0	0	0	0
Vehicle Certificate of Title Fees	500	0	0	0	0
Alcoholic Beverage Tax	66,297	0	0	0	0
State Revenue Sharing - T.V.A.	814,757	0	0	0	0
Contracted Prisoner Boarding	846,523	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	1,919,246	0

(Continued)

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

	Special Revenue Funds				Debt Service Fund
	General	Drug Control	Constitutional Officers - Fees	Highway / Public Works	
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Petroleum Special Tax	\$ 0 \$	0 \$	0 \$	18,026 \$	0
Registrar's Salary Supplement	15,164	0	0	0	0
Other State Grants	89,853	0	0	0	0
Other State Revenues	39,694	0	0	0	0
Total State of Tennessee	\$ 2,150,819 \$	0 \$	0 \$	2,187,794 \$	0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Community Development	\$ 193,645 \$	0 \$	0 \$	0 \$	0
Disaster Relief	0	0	0	82,709	0
Other Federal through State	0	0	0	287,169	0
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	63,981	0	0	0	0
Total Federal Government	\$ 257,626 \$	0 \$	0 \$	369,878 \$	0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 54,597 \$	0 \$	0 \$	0 \$	716,028
Contracted Services	150,000	0	0	0	0
<u>Other</u>					
Other	41,368	0	0	0	0
Total Other Governments and Citizens Groups	\$ 245,965 \$	0 \$	0 \$	0 \$	716,028
Total	\$ 10,649,076 \$	33,269 \$	298,801 \$	3,338,006 \$	716,028

(Continued)

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

	Capital Projects Fund	General Capital Projects	Total
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	0	0	3,650,125
Trustee's Collections - Prior Year	0	0	139,948
Trustee's Collections - Bankruptcy	0	0	8,396
Circuit/Clerk & Master Collections - Prior Years	0	0	94,449
Interest and Penalty	0	0	27,737
Payments in-Lieu-of Taxes - Other	0	0	219,967
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0	0	268,487
Hotel/Motel Tax	0	0	11,494
Wheel Tax	777,800	0	1,553,442
Litigation Tax - General	0	0	102,999
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	78,814
Business Tax	0	0	189,381
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	0	67,836
Wholesale Beer Tax	0	0	150,732
Interstate Telecommunications Tax	0	0	1,547
Total Local Taxes	777,800	0	6,565,354
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Animal Registration	0	0	3,276
Cable TV Franchise	0	0	7,021
<u>Permits</u>			
Beer Permits	0	0	1,235

(Continued)

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

	Capital Projects Fund	General Capital Projects	Total
<u>Licenses and Permits (Cont.)</u>			
<u>Permits (Cont.)</u>			
Building Permits	0 \$	7,150	
Other Permits	0	21,500	
Total Licenses and Permits	<u>0 \$</u>	<u>28,650</u>	<u>40,182</u>
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	0 \$	17,657	
Officers Costs	0	8,408	
Drug Control Fines	0	17,340	
Jail Fees	0	1,986	
DUI Treatment Fines	0	1,854	
Data Entry Fee - Circuit Court	0	1,298	
Courtroom Security Fee	0	229	
Victims Assistance Assessments	0	2,774	
<u>Criminal Court</u>			
DUI Treatment Fines	0	238	
<u>General Sessions Court</u>			
Fines	0	26,578	
Officers Costs	0	33,226	
Game and Fish Fines	0	449	
Drug Control Fines	0	5,341	
Drug Court Fees	0	3,331	
Jail Fees	0	6,003	
DUI Treatment Fines	0	5,099	
Data Entry Fee - General Sessions Court	0	9,907	

(Continued)

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

	Capital Projects Fund	General Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>General Sessions Court (Cont.)</u>			
Courtroom Security Fee	0 \$		1,300
Victims Assistance Assessments	0		9,986
<u>Juvenile Court</u>			
Fines			238
Officers Costs			256
Jail Fees			10
Data Entry Fee - Juvenile Court			1,632
Victims Assistance Assessments			42
<u>Chancery Court</u>			
Officers Costs			1,778
Data Entry Fee - Chancery Court			4,840
<u>Other Fines, Forfeitures, and Penalties</u>			
Proceeds from Confiscated Property			21,277
Total Fines, Forfeitures, and Penalties	0 \$	0 \$	183,077
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Patient Charges	0 \$		1,611,096
Work Release Charges for Board	0		1,908
<u>Fees</u>			
Copy Fees			64
Greenbelt Late Application Fee			350
Telephone Commissions			51,987
Constitutional Officers' Fees and Commissions			298,801
Data Processing Fee - Register			7,180

(Continued)

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

	Capital Projects Fund	General Capital Projects	Total
<u>Charges for Current Services (Cont.)</u>			
<u>Fees (Cont.)</u>			
Data Processing Fee - Sheriff	0 \$		3,969
Data Processing Fee - County Clerk	0		4,268
Total Charges for Current Services	<u>0 \$</u>		<u>1,979,623</u>
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	0 \$		69,361
Lease/Rentals	0		8,780
Commissary Sales	0		43,550
Sale of Maps	0		541
Miscellaneous Refunds	0		81,528
<u>Nonrecurring Items</u>			
Sale of Property	0		21,107
Contributions and Gifts	0		50
<u>Other Local Revenues</u>			
Other Local Revenues	0		9,292
Total Other Local Revenues	<u>0 \$</u>		<u>234,209</u>
<u>Fees Received from County Officials</u>			
<u>Excess Fees</u>			
County Clerk	0 \$		77,217
Trustee	0		252,692
<u>Fees in-Lieu-of Salary</u>			
Circuit Court Clerk	0		78,125
General Sessions Court Clerk	0		213,433

(Continued)

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

	Capital Projects Fund	General Capital Projects	Total
<u>Fees Received from County Officials (Cont.)</u>			
<u>Fees in-Lieu-of Salary (Cont.)</u>			
Clerk and Master	0 \$	131,927	
Juvenile Court Clerk	0	28,551	
Register	0	81,654	
Sheriff	0	18,826	
Total Fees Received from County Officials	0 \$	260,958	
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	0 \$	4,500	
Airport Maintenance Program	0	14,435	
Health and Welfare Grants			
Health Department Programs	0	150,823	
Other Health and Welfare Grants	0	3,730	
<u>Public Works Grants</u>			
Bridge Program	0	1,443	
State Aid Program	0	249,079	
Litter Program	0	35,041	
<u>Other State Revenues</u>			
Income Tax	0	51,696	
Beer Tax	0	17,806	
Vehicle Certificate of Title Fees	0	500	
Alcoholic Beverage Tax	0	66,297	
State Revenue Sharing - T. V.A.	0	814,757	
Contracted Prisoner Boarding	0	846,523	
Gasoline and Motor Fuel Tax	0	1,919,246	

(Continued)

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

	Capital Projects Fund	General Capital Projects	Total
<u>State of Tennessee (Cont.)</u>			
<u>Other State Revenues (Cont.)</u>			
Petroleum Special Tax	0 \$		18,026
Registrar's Salary Supplement	0		15,164
Other State Grants	0		89,853
Other State Revenues	0		39,694
Total State of Tennessee	<u>0 \$</u>		<u>4,338,613</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
Community Development	0 \$		193,645
Disaster Relief	0		82,709
Other Federal through State	0		287,169
Direct Federal Revenue			
Other Direct Federal Revenue	0		63,981
Total Federal Government	<u>0 \$</u>		<u>627,504</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	0 \$		770,625
Contracted Services	0		150,000
<u>Other</u>			
Other	0		41,368
Total Other Governments and Citizens Groups	<u>0 \$</u>		<u>961,993</u>
Total	<u>0 \$</u>	<u>777,800 \$</u>	<u>15,812,980</u>

Hardeman County, Tennessee
 Schedule of Detailed Revenues -
All Governmental Fund Types
 Discretely Presented Hardeman County School Department
 For the Year Ended June 30, 2014

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 5,183,974	\$ 0	\$ 0	\$ 0	\$ 5,183,974
Trustee's Collections - Prior Year	257,728	0	0	0	257,728
Trustee's Collections - Bankruptcy	13,699	0	0	0	13,699
Circuit/Clerk & Master Collections - Prior Years	159,170	0	0	0	159,170
Interest and Penalty	44,061	0	0	0	44,061
Payments in-Lieu-of Taxes - Other	71,299	0	0	0	71,299
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,232,149	0	0	0	2,232,149
Other County Local Option Taxes	217	0	0	0	217
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	2,782	0	0	0	2,782
Total Local Taxes	\$ 7,965,079	\$ 0	\$ 0	\$ 0	\$ 7,965,079
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	2,185	0	0	0	2,185
Total Licenses and Permits	\$ 2,185	\$ 0	\$ 0	\$ 0	\$ 2,185
<u>Charges for Current Services</u>					
<u>Fees</u>					
Vending Machine Collections	210	0	0	0	210
<u>Education Charges</u>					
Lunch Payments - Children	0	0	157,646	0	157,646
Lunch Payments - Adults	0	0	47,562	0	47,562

(Continued)

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria		
<u>Charges for Current Services (Cont.)</u>					
<u>Education Charges (Cont.)</u>					
Income from Breakfast	0 \$	0 \$	50,368 \$		50,368
A la carte Sales	0	0	85,906		85,906
Receipts from Individual Schools	8,855	0	0		8,855
<u>Other Charges for Services</u>					
Other Charges for Services	23,851	0	38,130		61,981
Total Charges for Current Services	<u>32,916 \$</u>	<u>0 \$</u>	<u>379,612 \$</u>		<u>412,528</u>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	2,635 \$	0 \$	4,477 \$		7,112
Lease/Rentals	32,496	0	0		32,496
Refund of Telecommunication & Internet Fees (E-Rate)	41,357	0	0		41,357
Retirees' Insurance Payments	25,190	0	0		25,190
Miscellaneous Refunds	134,900	0	4,219		139,119
<u>Nonrecurring Items</u>					
Sale of Equipment	250	0	0		250
Contributions and Gifts	2,103	0	0		2,103
<u>Other Local Revenues</u>					
Other Local Revenues	2,370	0	0		2,370
Total Other Local Revenues	<u>241,301 \$</u>	<u>0 \$</u>	<u>8,696 \$</u>		<u>249,997</u>
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-behalf Contributions for OPEB	138,784 \$	0 \$	0 \$		138,784

(Continued)

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

	General Purpose School	Special Revenue Funds				Total
		School Federal Projects	Central Cafeteria			
<u>State of Tennessee (Cont.)</u>						
<u>State Education Funds</u>						
Basic Education Program	\$ 20,697,000	\$ 0	\$ 0	\$ 0	\$ 20,697,000	
Early Childhood Education	1,043,047	0	0	0	1,043,047	
School Food Service	0	0	23,331	0	23,331	
Driver Education	5,850	0	0	0	5,850	
Other State Education Funds	126,769	0	0	0	126,769	
Career Ladder Program	137,362	0	0	0	137,362	
Career Ladder - Extended Contract	40,870	0	0	0	40,870	
<u>Other State Revenues</u>						
Other State Grants	29,616	0	102,278	0	131,894	
Other State Revenues	321,999	0	0	0	321,999	
Total State of Tennessee	\$ 22,541,297	\$ 0	\$ 125,609	\$ 22,666,906		
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,319,501	\$ 1,319,501		
USDA - Commodities	0	0	136,755	136,755		
Breakfast	0	0	557,523	557,523		
USDA - Other	0	0	24,401	24,401		
Vocational Education - Basic Grants to States	0	59,854	0	59,854		
Title I Grants to Local Education Agencies	0	1,508,776	0	1,508,776		
Special Education - Grants to States	81,824	939,486	0	1,021,310		
Special Education Preschool Grants	0	105,526	0	105,526		
Safe and Drug-free Schools - State Grants	0	339,998	0	339,998		
Rural Education	0	70,277	0	70,277		

(Continued)

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

	Special Revenue Funds				Total
	General Purpose School	School Federal Projects	Central Cafeteria		
Federal Government (Cont.)					
Federal Through State (Cont.)					
Eisenhower Professional Development State Grants	\$ 0	215,326	0	0	215,326
Race-to-the-Top - ARRA	0	92,428	0	0	92,428
Other Federal through State	0	202,659	0	0	202,659
Total Federal Government	\$ 81,824	\$ 3,534,330	\$ 2,038,180	\$	5,654,334
Total	\$ 30,864,602	\$ 3,534,330	\$ 2,552,097	\$	36,951,029

Exhibit K-7

Hardeman County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2014

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$ 12,025	
Total County Commission		\$ 12,025

Beer Board

Board and Committee Members Fees	\$ 175	
Total Beer Board		175

Budget and Finance Committee

Board and Committee Members Fees	\$ 3,640	
Total Budget and Finance Committee		3,640

Other Boards and Committees

Board and Committee Members Fees	\$ 3,325	
Total Other Boards and Committees		3,325

County Mayor/Executive

County Official/Administrative Officer	\$ 75,804	
Secretary(ies)	52,678	
Part-time Personnel	9,554	
Communication	2,945	
Maintenance and Repair Services - Office Equipment	1,137	
Postal Charges	3,097	
Travel	6,693	
Office Supplies	3,521	
Other Supplies and Materials	524	
Other Charges	64,423	
Office Equipment	1,424	
Total County Mayor/Executive		221,800

County Attorney

County Official/Administrative Officer	\$ 10,621	
Legal Services	100	
Total County Attorney		10,721

Election Commission

County Official/Administrative Officer	\$ 59,068
Clerical Personnel	20,210
Overtime Pay	519
Other Salaries and Wages	5,069
Board and Committee Members Fees	3,850
Election Workers	20,831
Communication	2,319
Dues and Memberships	175
Legal Notices, Recording, and Court Costs	2,600
Maintenance and Repair Services - Office Equipment	570
Postal Charges	829
Printing, Stationery, and Forms	3,655

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Rentals	\$ 15,856	
Travel	8,178	
Other Contracted Services	14,384	
Custodial Supplies	295	
Office Supplies	2,620	
Utilities	4,741	
Office Equipment	1,565	
Other Capital Outlay	4,021	
Total Election Commission		\$ 171,355

Register of Deeds

County Official/Administrative Officer	\$ 65,632	
Deputy(ies)	45,435	
Part-time Personnel	4,774	
Educational Incentive - Other County Employees	3,000	
Communication	3,984	
Data Processing Services	6,587	
Dues and Memberships	125	
Maintenance Agreements	1,167	
Postal Charges	234	
Travel	1,931	
Office Supplies	4,669	
Data Processing Equipment	80	
Total Register of Deeds		137,618

Development

County Official/Administrative Officer	\$ 17,564	
Clerical Personnel	12,733	
Part-time Personnel	4,132	
Communication	1,968	
Contracts with Government Agencies	14,800	
Rentals	1,039	
Travel	1,557	
Permits	20,415	
Office Supplies	900	
Other Charges	460	
Office Equipment	583	
Total Development		76,151

County Buildings

Supervisor/Director	\$ 34,278
Custodial Personnel	47,986
Communication	2,869
Maintenance and Repair Services - Buildings	35,962
Maintenance and Repair Services - Equipment	6,268
Maintenance and Repair Services - Vehicles	385
Other Contracted Services	8,088

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Custodial Supplies	\$ 5,119	
Gasoline	1,640	
Office Supplies	77	
Uniforms	1,213	
Utilities	43,814	
Other Supplies and Materials	468	
Building Improvements	<u>75</u>	
Total County Buildings		\$ 188,242

Other General Administration

Land	\$ <u>40,691</u>	
Total Other General Administration		40,691

Preservation of Records

Board and Committee Members Fees	\$ 665	
Maintenance and Repair Services - Buildings	165	
Utilities	4,860	
Other Charges	<u>2,757</u>	
Total Preservation of Records		8,447

Finance

Accounting and Budgeting

Other Contracted Services	\$ <u>18,000</u>	
Total Accounting and Budgeting		18,000

Purchasing

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

Property Assessor's Office

County Official/Administrative Officer	\$ 65,632	
Deputy(ies)	48,557	
Clerical Personnel	33,188	
Educational Incentive - Other County Employees	4,500	
Communication	1,961	
Data Processing Services	15,169	
Dues and Memberships	1,700	
Postal Charges	342	
Travel	1,942	
Other Contracted Services	13,417	
Office Supplies	1,192	
Other Supplies and Materials	2,221	
Office Equipment	<u>1,540</u>	
Total Property Assessor's Office		191,361

Reappraisal Program

Other Salaries and Wages	\$ 18,901	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program (Cont.)

Advertising	\$	70	
Data Processing Services		3,825	
Postal Charges		927	
Travel		6,066	
Total Reappraisal Program			\$ 29,789

County Trustee's Office

Educational Incentive - Other County Employees	\$	290	
Communication		5,056	
Postal Charges		8,189	
Office Supplies		3,086	
Total County Trustee's Office			16,621

County Clerk's Office

Educational Incentive - Other County Employees	\$	3,430	
Communication		4,235	
Maintenance and Repair Services - Office Equipment		13,774	
Postal Charges		6,000	
Office Supplies		3,682	
Total County Clerk's Office			31,121

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	65,632	
Deputy(ies)		50,070	
Clerical Personnel		101,532	
Part-time Personnel		15,239	
Educational Incentive - Other County Employees		6,000	
Jury and Witness Expense		9,060	
Other Per Diem and Fees		409	
Maintenance and Repair Services - Office Equipment		756	
Postal Charges		4,390	
Travel		123	
Office Supplies		9,988	
Other Charges		375	
Office Equipment		9,758	
Total Circuit Court			273,332

General Sessions Court

Judge(s)	\$	105,629	
Secretary(ies)		6,624	
Part-time Personnel		3,300	
Dues and Memberships		315	
Travel		340	
Total General Sessions Court			116,208

(Continued)

Exhibit K-7

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

General Fund (Cont.)Administration of Justice (Cont.)Drug Court

Remittance of Revenue Collected	\$ 3,309	
Total Drug Court		\$ 3,309

Chancery Court

County Official/Administrative Officer	\$ 65,632	
Deputy(ies)	66,884	
Educational Incentive - Other County Employees	4,500	
Communication	2,935	
Data Processing Services	714	
Legal Notices, Recording, and Court Costs	2,415	
Maintenance and Repair Services - Office Equipment	828	
Postal Charges	6,792	
Travel	1,359	
Office Supplies	4,070	
Other Charges	140	
Office Equipment	6,444	
Total Chancery Court		162,713

Juvenile Court

Other Salaries and Wages	\$ 27,726	
Communication	1,233	
Contracts with Government Agencies	4,900	
Travel	3,167	
Drug Treatment	1,379	
Office Supplies	234	
Total Juvenile Court		38,639

Victims Assistance Programs

Other Per Diem and Fees	\$ 12,802	
Total Victims Assistance Programs		12,802

Public SafetySheriff's Department

County Official/Administrative Officer	\$ 72,195
Assistant(s)	45,675
Deputy(ies)	593,185
Investigator(s)	106,769
Salary Supplements	14,400
Dispatchers/Radio Operators	286,928
Secretary(ies)	76,754
Part-time Personnel	11,261
Overtime Pay	46,878
In-Service Training	14,479
Communication	39,818
Dues and Memberships	2,000
Maintenance and Repair Services - Vehicles	45,059
Postal Charges	1,615

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Travel	\$ 4,713	
Gasoline	116,177	
Office Supplies	7,612	
Uniforms	11,925	
Other Supplies and Materials	3,769	
Medical Claims	784	
Other Charges	14,794	
Communication Equipment	2,883	
Law Enforcement Equipment	18,016	
Motor Vehicles	67,465	
Office Equipment	9,813	
Other Equipment	50	
Total Sheriff's Department		\$ 1,615,017

Workhouse

Guards	\$ 640,922	
Maintenance Personnel	30,450	
Part-time Personnel	13,994	
Overtime Pay	11,277	
Communication	2,758	
Maintenance and Repair Services - Buildings	19,104	
Maintenance and Repair Services - Equipment	17,304	
Medical and Dental Services	189,795	
Custodial Supplies	29,893	
Electricity	174,053	
Food Preparation Supplies	2,752	
Food Supplies	200,997	
Other Supplies and Materials	12,793	
In Service/Staff Development	3,072	
Other Charges	19,849	
Communication Equipment	3,719	
Office Equipment	2,500	
Total Workhouse		1,375,232

Juvenile Services

Supervisor/Director	\$ 32,699	
Postal Charges	252	
Office Supplies	200	
Office Equipment	2,866	
Total Juvenile Services		36,017

Fire Prevention and Control

Contracts with Government Agencies	\$ 99,100	
Total Fire Prevention and Control		99,100

Civil Defense

Supervisor/Director	\$ 2,816	
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(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Part-time Personnel	\$ 1,224	
Communication	7,451	
Maintenance and Repair Services - Vehicles	1,568	
Gasoline	659	
Other Charges	195	
Total Civil Defense		\$ 13,913

County Coroner/Medical Examiner

Other Contracted Services	\$ 43,051	
Total County Coroner/Medical Examiner		43,051

Public Health and Welfare

Local Health Center

Communication	\$ 6,077	
Contracts with Government Agencies	23,320	
Janitorial Services	14,400	
Maintenance and Repair Services - Buildings	10,647	
Postal Charges	383	
Custodial Supplies	1,677	
Drugs and Medical Supplies	167	
Office Supplies	656	
Utilities	13,538	
Other Supplies and Materials	3,522	
Total Local Health Center		74,387

Rabies and Animal Control

Part-time Personnel	\$ 18,637	
Communication	2,998	
Maintenance and Repair Services - Buildings	2,439	
Maintenance and Repair Services - Vehicles	2,929	
Travel	150	
Animal Food and Supplies	717	
Drugs and Medical Supplies	2,000	
Gasoline	6,281	
Uniforms	223	
Utilities	6,039	
Other Supplies and Materials	39	
Other Charges	1,567	
Motor Vehicles	4,000	
Total Rabies and Animal Control		48,019

Ambulance/Emergency Medical Services

Assistant(s)	\$ 35,147	
Supervisor/Director	45,675	
Clerical Personnel	21,160	
Attendants	631,991	
Part-time Personnel	90,410	

(Continued)

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.)

Educational Incentive - Other County Employees	\$ 3,000	
Overtime Pay	217,594	
In-Service Training	3,677	
Communication	20,623	
Contracts with Private Agencies	29,748	
Maintenance and Repair Services - Buildings	9,007	
Maintenance and Repair Services - Equipment	1,243	
Maintenance and Repair Services - Vehicles	67,924	
Postal Charges	10,613	
Travel	1,255	
Custodial Supplies	5,319	
Drugs and Medical Supplies	149,589	
Gasoline	107,524	
Office Supplies	7,381	
Tires and Tubes	5,295	
Uniforms	11,125	
Utilities	13,952	
Refunds	13,892	
Other Charges	2,825	
Motor Vehicles	152,193	
Other Equipment	934	
Other Capital Outlay	3,594	
Total Ambulance/Emergency Medical Services		\$ 1,662,690

Dental Health Program

Medical Personnel	\$ 70,226	
Paraprofessionals	23,124	
Clerical Personnel	30,402	
Social Security	7,886	
State Retirement	4,047	
Employee and Dependent Insurance	13,038	
Employer Medicare	1,844	
Travel	1,610	
Drugs and Medical Supplies	7,770	
Total Dental Health Program		159,947

Alcohol and Drug Programs

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

Other Local Health Services

Supervisor/Director	\$ 2,816	
Total Other Local Health Services		2,816

Regional Mental Health Center

Contributions	\$ 5,000	
Total Regional Mental Health Center		5,000

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information

Foremen	\$ 15,965	
Laborers	1,200	
Employee and Dependent Insurance	6,492	
Gasoline	288	
Instructional Supplies and Materials	7,419	
Other Supplies and Materials	3,486	
Other Charges	368	
Total Sanitation Education/Information		\$ 35,218

Waste Pickup

Contracts with Private Agencies	\$ 271,627	
Total Waste Pickup		271,627

Convenience Centers

Supervisor/Director	\$ 11,419	
Laborers	10,677	
Clerical Personnel	8,318	
Part-time Personnel	86,946	
Communication	6,458	
Maintenance and Repair Services - Equipment	2,889	
Postal Charges	1,012	
Rentals	5,400	
Travel	717	
Other Contracted Services	5,527	
Data Processing Supplies	10	
Gasoline	1,499	
Office Supplies	336	
Road Signs	460	
Uniforms	463	
Utilities	13,510	
Fencing	4,675	
Other Supplies and Materials	543	
Other Charges	3,450	
Total Convenience Centers		164,309

Other Public Health and Welfare

Consultants	\$ 1,847	
Travel	1,434	
Office Supplies	481	
Other Charges	5,110	
Total Other Public Health and Welfare		8,872

Social, Cultural, and Recreational Services

Libraries

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

(Continued)

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

General Fund (Cont.)

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 50,140	
Communication	2,316	
Dues and Memberships	275	
Rentals	19,104	
Travel	2,500	
Utilities	4,292	
Other Supplies and Materials	371	
Other Capital Outlay	<u>2,000</u>	
Total Agriculture Extension Service		\$ 80,998

Soil Conservation

Secretary(ies)	\$ 21,179	
Dues and Memberships	1,050	
Travel	1,791	
Other Contracted Services	8,487	
Other Supplies and Materials	<u>383</u>	
Total Soil Conservation		32,890

Other Operations

Industrial Development

Advertising	\$ 219	
Contracts with Other Public Agencies	24,775	
Contributions	<u>32,510</u>	
Total Industrial Development		57,504

Housing and Urban Development

Other Contracted Services	<u>\$ 63,981</u>	
Total Housing and Urban Development		63,981

Other Economic and Community Development

Other Contracted Services	<u>\$ 193,547</u>	
Total Other Economic and Community Development		193,547

Airport

Supervisor/Director	\$ 36,540	
Communication	8,026	
Maintenance and Repair Services - Buildings	7,086	
Maintenance and Repair Services - Equipment	7,082	
Maintenance and Repair Services - Vehicles	4,283	
Other Contracted Services	15,880	
Custodial Supplies	397	
Gasoline	71,649	
Office Supplies	497	
Utilities	12,492	
Other Charges	3,013	
Airport Improvement	<u>100,113</u>	
Total Airport		267,058

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Secretary(ies)	\$ 6,962	
Communication	1,177	
Postal Charges	46	
Travel	28	
Office Supplies	92	
Office Equipment	397	
Total Veterans' Services		\$ 8,702

Contributions to Other Agencies

Dues and Memberships	\$ 23,351	
Total Contributions to Other Agencies		23,351

Employee Benefits

Social Security	\$ 284,724	
State Retirement	352,033	
Employee and Dependent Insurance	846,781	
Disability Insurance	171,733	
Unemployment Compensation	11,314	
Employer Medicare	66,589	
Total Employee Benefits		1,733,174

Miscellaneous

Audit Services	\$ 8,176	
Contributions	17,500	
Data Processing Services	38,859	
Dues and Memberships	7,057	
Legal Notices, Recording, and Court Costs	3,053	
Other Supplies and Materials	5,954	
Liability Insurance	155,699	
Premiums on Corporate Surety Bonds	500	
Refunds	311	
Trustee's Commission	117,526	
Other Charges	8,489	
Total Miscellaneous		363,124

Principal on Debt

General Government

Principal on Capital Leases	\$ 56,578	
Total General Government		56,578

Interest on Debt

General Government

Interest on Capital Leases	\$ 1,866	
Total General Government		1,866

Total General Fund \$ 10,362,137

(Continued)

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

Drug Control FundPublic SafetyDrug Enforcement

Investigator(s)	\$	750	
In-Service Training		1,074	
Communication		31	
Confidential Drug Enforcement Payments		12,000	
Gasoline		1,977	
Instructional Supplies and Materials		5,983	
Office Supplies		458	
Trustee's Commission		342	
Other Charges		3,740	
Law Enforcement Equipment		3,628	
Other Equipment		8,459	
Total Drug Enforcement			\$ 38,442

Total Drug Control Fund \$ 38,442

Constitutional Officers - Fees FundFinanceCounty Trustee's Office

Constitutional Officers' Operating Expenses	\$	110,780	
Total County Trustee's Office			\$ 110,780

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	180,900	
Total County Clerk's Office			180,900

Administration of JusticeChancery Court

Constitutional Officers' Operating Expenses	\$	4,500	
Total Chancery Court			4,500

Total Constitutional Officers - Fees Fund 296,180

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$	78,799	
Secretary(ies)		61,656	
Board and Committee Members Fees		7,090	
Communication		8,360	
Data Processing Services		6,148	
Dues and Memberships		3,854	
Legal Services		3,427	
Legal Notices, Recording, and Court Costs		48	
Postal Charges		392	
Rentals		1,789	
Travel		315	
Other Contracted Services		1,772	

(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.)

Electricity	\$ 23,482	
Office Supplies	4,682	
Other Supplies and Materials	636	
Total Administration		\$ 202,450

Highway and Bridge Maintenance

Foremen	\$ 134,266	
Laborers	574,496	
Overtime Pay	14,769	
Other Salaries and Wages	12,663	
Other Contracted Services	3,325	
Asphalt - Liquid	71,683	
Crushed Stone	61,867	
General Construction Materials	1,589	
Pipe	14,854	
Road Signs	12,140	
Chemicals	17,000	
Other Supplies and Materials	995	
Total Highway and Bridge Maintenance		919,647

Operation and Maintenance of Equipment

Materials Supervisor	\$ 25,739	
Foremen	32,933	
Mechanic(s)	16,628	
Overtime Pay	2,252	
Other Salaries and Wages	1,083	
Equipment and Machinery Parts	170,817	
Garage Supplies	854	
Gasoline	247,608	
Lubricants	10,706	
Tires and Tubes	45,743	
Uniforms	14,561	
Other Supplies and Materials	729	
Total Operation and Maintenance of Equipment		569,653

Asphalt Plant Operations

Laborers	\$ 11,213	
Other Contracted Services	1,197	
Asphalt - Hot Mix	555,344	
Crushed Stone	115,056	
Equipment and Machinery Parts	4,956	
Utilities	78,318	
Other Supplies and Materials	897	
Total Asphalt Plant Operations		766,981

Other Charges

Liability Insurance	\$ 35,375	
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(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Other Charges (Cont.)

Trustee's Commission	\$ 27,155	
Liability Claims	480	
Other Charges	428	
Total Other Charges		\$ 63,438

Employee Benefits

Social Security	\$ 60,463	
State Retirement	70,857	
Employee and Dependent Insurance	189,845	
Disability Insurance	69,395	
Unemployment Compensation	8,136	
Employer Medicare	14,140	
Other Fringe Benefits	1,138	
Total Employee Benefits		413,974

Capital Outlay

Bridge Construction	\$ 183,843	
Building Improvements	4,998	
Communication Equipment	9,800	
Highway Construction	2,731	
Highway Equipment	104,560	
State Aid Projects	40,308	
Other Equipment	1,210	
Other Capital Outlay	6,700	
Total Capital Outlay		354,150

Principal on DebtHighways and Streets

Principal on Notes	\$ 26,269	
Total Highways and Streets		26,269

Interest on DebtHighways and Streets

Interest on Notes	\$ 1,812	
Total Highways and Streets		1,812

Total Highway/Public Works Fund \$ 3,318,374

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Bonds	\$ 10,000	
Principal on Notes	34,784	
Total General Government		\$ 44,784

Education

Principal on Bonds	\$ 475,000	
Principal on Capital Leases	6,395	
Total Education		481,395

(Continued)

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

General Debt Service Fund (Cont.)

Interest on Debt

General Government

Interest on Bonds	\$ 525	
Interest on Notes	11,993	
Total General Government		\$ 12,518

Education

Interest on Bonds	\$ 233,769	
Interest on Capital Leases	76	
Total Education		233,845

Other Debt Service

Education

Other Charges	\$ 788	
Total Education		788

Total General Debt Service Fund \$ 773,330

General Capital Projects Fund

Capital Projects

Administration of Justice Projects

Contributions	\$ 964,700	
Trustee's Commission	7,742	
Total Administration of Justice Projects		\$ 972,442

Total General Capital Projects Fund 972,442

Total Governmental Funds - Primary Government \$ 15,760,905

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, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 9,676,220	
Career Ladder Program	82,000	
Career Ladder Extended Contracts	25,290	
Homebound Teachers	3,395	
Educational Assistants	209,858	
Certified Substitute Teachers	57,991	
Non-certified Substitute Teachers	73,061	
Social Security	582,636	
State Retirement	882,344	
Medical Insurance	1,429,250	
Dental Insurance	43,979	
Employer Medicare	137,049	
Other Contracted Services	100,480	
Instructional Supplies and Materials	146,076	
Textbooks	257,908	
Other Supplies and Materials	17,305	
Other Charges	9,920	
Regular Instruction Equipment	128,050	
Total Regular Instruction Program		\$ 13,862,812

Alternative Instruction Program

Teachers	\$ 189,591	
Social Security	9,273	
State Retirement	14,544	
Medical Insurance	24,259	
Dental Insurance	327	
Employer Medicare	2,543	
Instructional Supplies and Materials	1,799	
Total Alternative Instruction Program		242,336

Special Education Program

Teachers	\$ 1,439,449	
Career Ladder Program	13,750	
Homebound Teachers	5,967	
Educational Assistants	79,070	
Certified Substitute Teachers	2,257	
Non-certified Substitute Teachers	3,658	
Social Security	89,032	
State Retirement	136,369	
Medical Insurance	219,161	
Dental Insurance	2,845	
Employer Medicare	20,838	
Instructional Supplies and Materials	384	
Other Supplies and Materials	1,058	
Special Education Equipment	4,705	
Total Special Education Program		2,018,543

(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.)

Vocational Education Program

Teachers	\$	920,752	
Career Ladder Program		8,000	
Career Ladder Extended Contracts		600	
Educational Assistants		5,784	
Certified Substitute Teachers		2,730	
Non-certified Substitute Teachers		11,612	
Social Security		55,102	
State Retirement		83,041	
Medical Insurance		131,251	
Dental Insurance		1,978	
Employer Medicare		12,905	
Maintenance and Repair Services - Equipment		1,690	
Instructional Supplies and Materials		20,684	
Other Supplies and Materials		595	
Other Charges		1,500	
Vocational Instruction Equipment		4,664	
Total Vocational Education Program			\$ 1,262,888

Support Services

Attendance

Supervisor/Director	\$	68,412	
Career Ladder Program		2,000	
Clerical Personnel		24,840	
Social Security		5,580	
State Retirement		8,464	
Medical Insurance		8,028	
Dental Insurance		138	
Employer Medicare		1,305	
Contracts with Private Agencies		45,734	
Travel		760	
Office Supplies		958	
Other Supplies and Materials		125	
In Service/Staff Development		125	
Total Attendance			166,469

Health Services

Medical Personnel	\$	212,397	
Social Security		11,967	
State Retirement		18,904	
Medical Insurance		44,196	
Dental Insurance		732	
Employer Medicare		2,799	
Travel		4,961	
Other Contracted Services		833	
Drugs and Medical Supplies		6,198	
Other Supplies and Materials		913	
Health Equipment		7,699	
Total Health Services			311,599

(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

Guidance Personnel	\$	531,049	
Social Workers		98,720	
Other Salaries and Wages		57,776	
Social Security		40,707	
State Retirement		61,065	
Medical Insurance		83,676	
Dental Insurance		1,155	
Employer Medicare		9,520	
Contracts with Government Agencies		14,200	
Evaluation and Testing		14,448	
Travel		9,485	
Other Supplies and Materials		22,112	
In Service/Staff Development		2,341	
Other Equipment		12,929	
Total Other Student Support			\$ 959,183

Regular Instruction Program

Supervisor/Director	\$	53,192	
Career Ladder Program		8,500	
Librarians		406,477	
Educational Assistants		48,474	
Other Salaries and Wages		397,060	
Social Security		51,784	
State Retirement		78,806	
Medical Insurance		109,954	
Dental Insurance		1,688	
Employer Medicare		12,493	
Maintenance and Repair Services - Equipment		76,902	
Travel		8,379	
Other Contracted Services		6,336	
Library Books/Media		33,041	
Other Supplies and Materials		626	
In Service/Staff Development		4,403	
Other Charges		2,981	
Other Equipment		160	
Total Regular Instruction Program			1,301,256

Alternative Instruction Program

Clerical Personnel	\$	24,889	
Social Security		1,521	
State Retirement		2,215	
Employer Medicare		356	
Total Alternative Instruction Program			28,981

Special Education Program

Supervisor/Director	\$	62,021	
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(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 Program	\$	1,750	
Psychological Personnel		114,060	
Social Security		10,522	
State Retirement		15,725	
Medical Insurance		13,580	
Dental Insurance		354	
Employer Medicare		2,472	
Travel		9,218	
Other Contracted Services		404,418	
Other Supplies and Materials		874	
In Service/Staff Development		2,350	
Other Equipment		7,094	
Total Special Education Program			\$ 644,438

Vocational Education Program

Supervisor/Director	\$	36,749	
Career Ladder Program		1,000	
Social Security		2,211	
State Retirement		3,352	
Medical Insurance		4,189	
Dental Insurance		69	
Employer Medicare		517	
Travel		4,612	
Total Vocational Education Program			52,699

Other Programs

On-behalf Payments to OPEB	\$	138,784	
Total Other Programs			138,784

Board of Education

Board and Committee Members Fees	\$	12,000	
Social Security		930	
State Retirement		267	
Medical Insurance		21,693	
Unemployment Compensation		18,768	
Employer Medicare		218	
Audit Services		23,100	
Dues and Memberships		13,817	
Legal Services		4,204	
Travel		10,895	
Other Contracted Services		2,500	
Liability Insurance		32,325	
Premiums on Corporate Surety Bonds		2,486	
Trustee's Commission		194,702	
Workers' Compensation Insurance		209,189	
In Service/Staff Development		5,823	
Other Charges		455	
Total Board of Education			553,372

(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.)

Director of Schools

County Official/Administrative Officer	\$	107,005	
Career Ladder Program		1,000	
Clerical Personnel		49,917	
Social Security		9,154	
State Retirement		14,035	
Medical Insurance		16,056	
Dental Insurance		322	
Employer Medicare		2,141	
Communication		47,106	
Dues and Memberships		506	
Maintenance and Repair Services - Equipment		312	
Postal Charges		3,713	
Travel		3,436	
Other Contracted Services		32,934	
Office Supplies		2,938	
Other Supplies and Materials		363	
In Service/Staff Development		527	
Other Charges		45,669	
Administration Equipment		458	
Total Director of Schools			\$ 337,592

Office of the Principal

Principals	\$	604,081	
Career Ladder Program		3,900	
Career Ladder Extended Contracts		2,765	
Assistant Principals		282,725	
Secretary(ies)		332,538	
Social Security		72,945	
State Retirement		108,502	
Medical Insurance		93,455	
Dental Insurance		1,593	
Employer Medicare		17,112	
Other Charges		4,416	
Total Office of the Principal			1,524,032

Fiscal Services

Supervisor/Director	\$	38,722	
Accountants/Bookkeepers		64,500	
Social Security		6,249	
State Retirement		9,187	
Medical Insurance		13,809	
Dental Insurance		115	
Employer Medicare		1,461	
Data Processing Services		11,405	
Dues and Memberships		240	
Travel		3,885	

(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.)

Fiscal Services (Cont.)

Other Contracted Services	\$	225	
Data Processing Supplies		1,154	
Office Supplies		1,963	
In Service/Staff Development		1,544	
Administration Equipment		320	
Total Fiscal Services			\$ 154,779

Human Services/Personnel

Supervisor/Director	\$	45,973	
Social Security		2,802	
State Retirement		4,092	
Dental Insurance		138	
Employer Medicare		655	
Dues and Memberships		12	
Travel		2,400	
Office Supplies		671	
In Service/Staff Development		810	
Administration Equipment		1,619	
Total Human Services/Personnel			59,172

Operation of Plant

Supervisor/Director	\$	40,831	
Custodial Personnel		163	
Social Security		2,399	
State Retirement		3,631	
Medical Insurance		4,014	
Dental Insurance		69	
Employer Medicare		561	
Janitorial Services		749,010	
Disposal Fees		17,560	
Electricity		640,533	
Natural Gas		162,436	
Water and Sewer		57,038	
Boiler Insurance		7,957	
Building and Contents Insurance		140,809	
Total Operation of Plant			1,827,011

Maintenance of Plant

Supervisor/Director	\$	84,179	
Maintenance Personnel		195,354	
In-Service Training		169	
Social Security		15,954	
State Retirement		21,136	
Medical Insurance		49,743	
Dental Insurance		713	
Employer Medicare		3,731	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Laundry Service	\$	4,265	
Maintenance and Repair Services - Buildings		313,990	
Maintenance and Repair Services - Equipment		46,283	
Maintenance and Repair Services - Vehicles		730	
Travel		3,138	
Other Contracted Services		18,635	
General Construction Materials		21,211	
Other Supplies and Materials		73	
In Service/Staff Development		1,025	
Other Charges		597	
Maintenance Equipment		50,848	
Total Maintenance of Plant			\$ 831,774

Transportation

Supervisor/Director	\$	36,749	
Mechanic(s)		118,543	
Bus Drivers		452,932	
Clerical Personnel		27,139	
In-Service Training		7,971	
Social Security		35,028	
State Retirement		46,311	
Medical Insurance		26,276	
Dental Insurance		529	
Employer Medicare		9,326	
Contracts with Parents		13,255	
Laundry Service		2,761	
Maintenance and Repair Services - Vehicles		38,568	
Medical and Dental Services		4,227	
Travel		2,209	
Diesel Fuel		310,045	
Garage Supplies		7,425	
Gasoline		49,467	
Lubricants		4,760	
Tires and Tubes		34,923	
Vehicle Parts		38,550	
Other Supplies and Materials		2,563	
Vehicle and Equipment Insurance		43,373	
In Service/Staff Development		174	
Other Charges		46,985	
Transportation Equipment		703,653	
Total Transportation			2,063,742

Central and Other

Supervisor/Director	\$	45,858
Computer Programmer(s)		96,957
Social Security		8,249

(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.)

State Retirement	\$	12,711	
Medical Insurance		21,752	
Dental Insurance		368	
Employer Medicare		1,929	
Maintenance and Repair Services - Equipment		1,681	
Travel		1,172	
Other Contracted Services		3,603	
Data Processing Supplies		6,246	
In Service/Staff Development		2,617	
Data Processing Equipment		24,322	
Total Central and Other			\$ 227,465

Operation of Non-instructional Services

Food Service

Career Ladder Program	\$	500	
Social Security		31	
State Retirement		44	
Employer Medicare		7	
Total Food Service			582

Early Childhood Education

Supervisor/Director	\$	131,959	
Teachers		415,520	
Clerical Personnel		16,240	
Educational Assistants		121,105	
Certified Substitute Teachers		4,115	
Non-certified Substitute Teachers		18,668	
Social Security		41,156	
State Retirement		60,853	
Medical Insurance		78,675	
Dental Insurance		1,315	
Employer Medicare		9,662	
Operating Lease Payments		7,119	
Travel		3,051	
Instructional Supplies and Materials		21,006	
Office Supplies		4,097	
Other Supplies and Materials		9,335	
In Service/Staff Development		8,571	
Other Charges		6,576	
Other Equipment		78,012	
Total Early Childhood Education			1,037,035

Capital Outlay

Regular Capital Outlay

Engineering Services	\$	9,000	
Building Improvements		1,461,046	

(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.)

Capital Outlay (Cont.)

Regular Capital Outlay (Cont.)

Food Service Equipment	\$ 89,488	
Heating and Air Conditioning Equipment	436,482	
Total Regular Capital Outlay		\$ 1,996,016

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 716,028	
Total Education		716,028

Total General Purpose School Fund \$ 32,318,588

School Federal Projects Fund

Instruction

Regular Instruction Program

Supervisor/Director	\$ 2,500	
Teachers	1,124,664	
Educational Assistants	90,430	
Part-time Personnel	15,087	
Bonus Payments	12,000	
Other Salaries and Wages	97,638	
Certified Substitute Teachers	6,650	
Non-certified Substitute Teachers	5,664	
Social Security	80,705	
State Retirement	117,579	
Medical Insurance	100,416	
Dental Insurance	1,394	
Employer Medicare	18,937	
Other Contracted Services	11,982	
Instructional Supplies and Materials	216,926	
Other Supplies and Materials	38,323	
In Service/Staff Development	239	
Regular Instruction Equipment	82,869	
Other Equipment	296	
Total Regular Instruction Program		\$ 2,024,299

Special Education Program

Educational Assistants	\$ 435,145	
Social Security	25,778	
State Retirement	36,875	
Medical Insurance	676	
Employer Medicare	6,230	
Evaluation and Testing	6,665	
Instructional Supplies and Materials	32,664	
Other Supplies and Materials	11,394	
Special Education Equipment	74,582	
Total Special Education Program		630,009

(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

Educational Assistants	\$	8,097	
Social Security		502	
State Retirement		721	
Employer Medicare		117	
Other Contracted Services		199	
Other Supplies and Materials		2,617	
Other Charges		220	
Vocational Instruction Equipment		27,170	
Total Vocational Education Program			\$ 39,643

Support Services

Other Student Support

Travel	\$	17,677	
Other Supplies and Materials		9,357	
Total Other Student Support			27,034

Regular Instruction Program

Supervisor/Director	\$	126,937	
Teachers		2,400	
Clerical Personnel		23,407	
Other Salaries and Wages		11,113	
In-Service Training		2,885	
Social Security		10,160	
State Retirement		14,811	
Medical Insurance		11,076	
Dental Insurance		225	
Employer Medicare		2,376	
Travel		15,308	
Other Contracted Services		1,600	
Other Supplies and Materials		35,362	
In Service/Staff Development		92,475	
Other Equipment		8,245	
Total Regular Instruction Program			358,380

Special Education Program

Assessment Personnel	\$	129,120	
Social Security		5,986	
State Retirement		9,272	
Medical Insurance		16,331	
Dental Insurance		216	
Employer Medicare		1,758	
Travel		18,160	
Other Contracted Services		12,000	
Other Supplies and Materials		1,578	
In Service/Staff Development		7,849	
Other Charges		1,299	
Other Equipment		4,106	
Total Special Education Program			207,675

(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.)

Vocational Education Program

Travel	\$ 1,927	
Total Vocational Education Program		\$ 1,927

Transportation

Bus Drivers	\$ 67,962	
Other Salaries and Wages	33,067	
Social Security	6,114	
State Retirement	8,624	
Employer Medicare	1,479	
Diesel Fuel	13,990	
Transportation Equipment	73,930	
Total Transportation		<u>205,166</u>

Total School Federal Projects Fund \$ 3,494,133

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$ 61,309	
Accountants/Bookkeepers	32,366	
Cafeteria Personnel	790,403	
Social Security	53,703	
State Retirement	73,821	
Medical Insurance	11,431	
Dental Insurance	230	
Employer Medicare	12,652	
Communication	3,463	
Data Processing Services	3,600	
Dues and Memberships	522	
Maintenance and Repair Services - Equipment	9,553	
Printing, Stationery, and Forms	710	
Travel	5,390	
Permits	800	
Other Contracted Services	17,892	
Electricity	29,336	
Food Supplies	1,112,823	
Natural Gas	9,486	
Office Supplies	2,441	
Uniforms	20,579	
Water and Sewer	2,939	
USDA - Commodities	136,755	
Other Supplies and Materials	99,223	
Refunds	146	
In Service/Staff Development	930	
Other Charges	811	
Food Service Equipment	73,343	
Total Food Service		<u>\$ 2,566,657</u>

Total Central Cafeteria Fund 2,566,657

Total Governmental Funds - Hardeman County School Department \$ 38,379,378

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, 2014

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,578,690
Total Cash Receipts	<u>\$ 1,578,690</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,562,903
Trustee's Commission	<u>15,787</u>
Total Cash Disbursements	<u>\$ 1,578,690</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2013	<u>0</u>
Cash Balance, June 30, 2014	<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***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2014, and the related notes to the financial statements, which collectively comprise Hardeman County's basic financial statements, and have issued our report thereon dated September 30, 2014. Our report includes a reference to other auditors who 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

In planning and performing our audit of the financial statements, we considered Hardeman County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Hardeman County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 a 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 deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 2014-004.

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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 2014-001, 2014-003, 2014-005, 2014-006, and 2014-007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hardeman County's financial statements are free from 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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002.

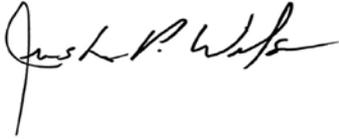
Hardeman County's Response to Findings

Hardeman County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Hardeman County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hardeman County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 30, 2014

JPW/yu



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 for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Hardeman County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Hardeman County's major federal programs for the year ended June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Hardeman County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Hardeman County's compliance.

Opinion on Each Major Federal Program

In our opinion, Hardeman County complied, in all material respects, with the types of compliance 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, 2014.

Report on Internal Control Over Compliance

Management of Hardeman County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hardeman County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we

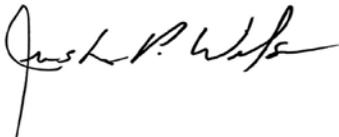
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2014, and the related notes to the financial statements, which collectively comprise Hardeman County's basic financial statements. We issued our report thereon dated September 30, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

September 30, 2014

JPW/yu

Hardeman County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2014

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	\$ 557,523
National School Lunch Program	10.555	N/A	1,319,501 (3)
Summer Food Service Program for Children	10.559	N/A	24,401
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	136,755 (3)
Fresh Fruit and Vegetable Program	10.582	N/A	<u>102,278</u>
Total U.S. Department of Agriculture			<u>\$ 2,140,458</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-10-22	<u>\$ 193,645</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 193,645</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)	<u>\$ 4,500</u>
Total U.S. Department of Justice			<u>\$ 4,500</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Airport Improvement Program	20.106	AERO-11-143	<u>\$ 79,183</u>
Total U.S. Department of Transportation			<u>\$ 79,183</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,084,859
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,021,310
Special Education - Preschool Grants	84.173	N/A	105,526
Career and Technical Education - Basic Grants to States	84.048	N/A	59,854
Twenty-first Century Community Learning Centers	84.287	N/A	339,998
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	134,353
Rural Education	84.358	(2)	70,277
Improving Teacher Quality State Grants	84.367	N/A	215,326
School Improvement Grants	84.377	N/A	423,916
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	(2)	<u>92,428</u>
Total U.S. Department of Education			<u>\$ 3,547,847</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	(2)	\$ 150,823
Total U.S. Department of Health and Human Services			\$ 150,823
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(2)	\$ 82,709
Hazard Mitigation Grant	97.039	(2)	287,169
Total U.S. Department of Homeland Security			\$ 369,878
Total Expenditures of Federal Awards			\$ 6,486,334
		Contract Number	
<u>State Grants</u>			
Computer Clubhouse Grant - State Department of Economic and Community Development	N/A	(2)	\$ 1,540
Coordinated School Health - State Department of Education	N/A	(2)	100,000
Early Childhood Education - State Department of Education	N/A	(2)	1,043,047
Connectenn - State Department of Education	N/A	(2)	11,237
ACT/Explore - State Department of Education	N/A	GG1133694	5,143
Statewide Student Management System - State Department of Education	N/A	(2)	10,389
Safe Schools - State Department of Education	N/A	(2)	29,616
Solid Waste Grant - State Department of Environment and Conservation	N/A	(2)	11,801
Governor's Highway Safety Grant - State Department of Transportation	N/A	(2)	9,130
Three-Star Grant - State Department of Economic and Community Development	N/A	(2)	3,730
Airport Maintenance Program - State Department of Transportation	N/A	AEROM12203	14,435
Litter Grant - State Department of Transportation	N/A	(2)	35,041
Total State Grants			\$ 1,275,109

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Total for CFDA No. 10.555 is \$1,456,256.

Hardeman County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2014

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, 2013, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-001	157	The Solid Waste Disposal Fund had a deficit in unrestricted net position

OFFICE OF TRUSTEE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-003	158	Duties were not segregated adequately

OFFICE OF SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-004	158	Accounting records were not properly maintained and reconciled on a timely basis

HARDEMAN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Hardeman County is unmodified.
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 unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, and Summer Food Service Program for Children (CFDA Nos. 10.553, 10.555, and 10.559); Title I Grants to Local Educational Agencies (CFDA No. 84.010); the Special Education Cluster: Special Education - Grants to States and Special Education - Preschool Grants (CFDA Nos. 84.027 and 84.173); and School Improvement Grants (CFDA No. 84.377) 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 trustee provided a written response on one finding, which is paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF COUNTY MAYOR

FINDING 2014-001

THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET POSITION

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

The Solid Waste Disposal Fund had a deficit in unrestricted net position of \$55,707 at June 30, 2014. This deficit resulted from the recognition of a liability of \$2,563,476 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 position.

FINDING 2014-002

EXPENDITURES EXCEEDED APPROPRIATIONS

(Noncompliance Under *Government Auditing Standards*)

We noted the following deficiencies in the budget operations of the office:

- A. Expenditures exceeded appropriations in two of 57 major appropriation categories (the legal level of control) of the General Fund as reflected in the following table:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Ambulance/Emergency Medical Services	\$ 24,483
Housing and Urban Development	5,271

- B. Salaries exceeded appropriations in four of 82 salary line items of the General Fund by amounts ranging from \$229 to \$14,866. The budget resolution approved by the County Commission states that the salary, wages, or enumeration of each official, employee, or agent of the county shall not

exceed appropriations that accompany this resolution. Therefore, the salaries that exceeded line-item appropriations were expenditures not approved by the County Commission.

Section 5-9-401, *Tennessee Code Annotated*, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.” These deficiencies exist because management failed to hold spending to the limits authorized by the County Commission, which resulted in unauthorized expenditures.

RECOMMENDATION

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

FINDING 2014-003

THE AMBULANCE SERVICE OFFICE DID NOT IMPLEMENT ADEQUATE CONTROLS TO PROTECT ITS INFORMATION RESOURCES

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

The office did not implement adequate controls to protect its information resources. This finding does not identify specific vulnerabilities that could allow someone to exploit the office’s information system or misuse county funds. Disclosing those vulnerabilities could present a potential security risk by providing the readers with information that might be confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated*. Sound business practices dictate that proper controls be implemented. Without these controls, unauthorized system activity could occur. This deficiency was corrected when it was brought to management’s attention in May 2014.

RECOMMENDATION

Management should continue to ensure that adequate controls over its information systems and the resources associated with those systems are implemented.

OFFICE OF HIGHWAY SUPERINTENDENT

FINDING 2014-004

THE HIGHWAY/PUBLIC WORKS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION

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

At June 30, 2014, certain general ledger account balances in the Highway/Public Works Fund were not materially correct, and audit adjustments totaling \$196,871 were required for the financial statements to be materially correct at year-end. Generally accepted accounting principles require the Highway Department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is the result of a lack of management oversight. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

OFFICE OF TRUSTEE

FINDING 2014-005

DUTIES WERE NOT SEGREGATED ADEQUATELY

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

Duties were not segregated adequately among the official and employees in the Office of Trustee. The official and employees responsible for maintaining the accounting records in this office 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. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The trustee should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – TRUSTEE

For the last several years, I have been asked to cut the office budget. I now have one full-time employee and two part-time employees. We all do many of the duties. I would like to be advised on what needs to be handled differently, and I will be glad to respond to correct this finding. I am willing to be in compliance.

AUDITOR'S COMMENT

On November 11, 2011, our office posted to our web-site, internal control guidance for trustee's offices to provide suggestions for implementing segregation of duties with various numbers of employees. Also, the assistant director for technical review in our office is available to discuss this guidance at the trustee's convenience.

OFFICE OF COUNTY CLERK

FINDING 2014-006

USERS PROCESSED TRANSACTIONS UTILIZING THE SAME USERNAME

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

Although each employee had been assigned a unique username for accessing the office's accounting software, a part-time employee processed transactions using the official's login. If inappropriate activity were to occur, the individual responsible for this activity would not be easily identified because of the 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. This deficiency was corrected when it was brought to management's attention in May 2014.

RECOMMENDATION

Each individual should continue to access the application using his or her unique username and password to ensure that transactions are properly identified to that user.

OFFICE OF SHERIFF

FINDING 2014-007

ACCOUNTING RECORDS WERE NOT PROPERLY MAINTAINED AND RECONCILED ON A TIMELY BASIS

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

Transactions were not posted to the cash journal and bank statements were not reconciled in a timely manner. During the year, we noted that the cash journal was generally posted only once a month for transactions representing the entire month. In addition, bank statements were only reconciled with the cash journal every two to three months, instead of

monthly. The cash journal is the primary financial record for the Sheriff's Department, and it should be maintained on a current basis. The monthly reconciliation of bank statements is a necessary procedure to ensure that all cash collections are recorded accurately on the accounting records. These deficiencies exist because management failed to ensure that accounting records were properly maintained and reconciled, and management failed to correct the finding noted in the prior-year audit report.

RECOMMENDATION

The office should maintain the cash journal on a current basis. Bank statements should be reconciled with the cash journal monthly.

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

There were no findings and questioned costs for federal awards.

BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice 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.

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.

**HARDEMAN COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2014**

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