

**ANNUAL FINANCIAL REPORT
OF
HAYWOOD COUNTY, TENNESSEE
AND
HAYWOOD COUNTY SCHOOL DEPARTMENT**

SINGLE AUDIT REPORT



FOR THE YEAR ENDED JUNE 30, 2006

**Comptroller of the Treasury
Department of Audit
Division of County Audit
Nashville, Tennessee**

**ANNUAL FINANCIAL REPORT
HAYWOOD COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2006**

*DEPARTMENT OF AUDIT
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This financial report is available at www.comptroller.state.tn.us

HAYWOOD COUNTY, TENNESSEE

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Audit Highlights

Annual Financial Report
Haywood County, Tennessee
For the Year Ended June 30, 2006

Scope

We have audited the financial statements of each major fund and the aggregate remaining fund information of Haywood County as of and for the year ended June 30, 2006.

Results

Our report on Haywood County's financial statements expresses an adverse opinion because government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34.

Our audit resulted in seven findings and recommendations, which we have reviewed with Haywood County management. Detailed findings and recommendations are included in the Single Audit Report.

Findings

The following are summaries of the audit findings:

HAYWOOD COUNTY

- ◆ Government-wide financial statements were not presented in accordance with generally accepted accounting principles, resulting in an adverse opinion.

OFFICE OF COUNTY MAYOR

- ◆ The Solid Waste Disposal Fund had a deficit of \$848,701 in unrestricted net assets at June 30, 2006.
- ◆ The office did not issue purchase orders for some applicable purchases.
- ◆ The office did not deposit amounts withheld from contractor payments into an escrow account as required by state statute.

OFFICE OF CHIEF ADMINISTRATIVE HIGHWAY OFFICER

- ◆ The Highway Department did not maintain a system to account for materials used on some types of road projects.
-

OFFICE OF REGISTER

- ◆ Duties were not segregated adequately between the official and an employee.
-

OTHER FINDING

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.

INTRODUCTORY SECTION

Haywood County Officials

June 30, 2006

Officials

Franklin Smith, County Mayor
Greg McCarley, Chief Administrative Highway Officer
William Howse, Trustee
Dare Simpson, Assessor of Property
Ann Medford, County Clerk
Joe Moore, Circuit, General Sessions, and Juvenile Courts Clerk
Judy Hardister, Clerk and Master
Steve Smith, Register
Melvin Bond, Sheriff

Board of County Commissioners

Franklin Smith, Chairman	Richard Jameson
Allen King, Chairman Pro Tempore	Leonard Jones, Jr.
Brad Bishop	Janice King
Becky Booth	James Morgan
Robert Campbell	Helen Morris
Kathy Chapman	Edwin Necaise
Danny Claiborne	Pamela Russell
Robert English	Jerry Smith
John Gorman, Jr.	Robert Earl Thornton
Robert Green	Ronald Woods
Goldie Harwell	

Highway Commission

William Jack Brummett, Jr., Chairman
Milton Booth
Robert Morris English, Jr.
Barney Garrett
Willie Ross

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

February 5, 2007

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Haywood County, Tennessee, as of and for the year ended June 30, 2006, as shown on pages 15 through 47 which collectively comprise a portion of the county's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Haywood County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Elma Ross Public Library (a special revenue fund), which represent 28 percent and .53 percent, respectively, of the assets and revenues of the aggregate remaining fund information. Those financial 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 Elma Ross Public Library, 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 auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the county's governmental activities, business-type activities, and discretely presented component units are not reasonably determinable.

As described in Note I, Haywood County, Tennessee, has prepared its financial statements on a prescribed basis of accounting that demonstrates compliance with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. These standards require county governments that do not present government-wide financial statements to present fund financial statements in conformity with all the accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements. These standards also require some additional disclosures to be included in the notes to the financial statements, as described in Note I.

In our opinion, because of the effects of the matters discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Haywood County, Tennessee, as of June 30, 2006, or the changes in its financial position or its cash flows, where applicable, thereof for the year then ended.

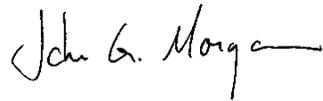
However, in our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Haywood County, Tennessee, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting prescribed by the Comptroller of the Treasury of the State of Tennessee.

In accordance with Government Auditing Standards, we have also issued our report dated February 5, 2007, on our consideration of Haywood County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 51 through 55 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Haywood 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 the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

A handwritten signature in cursive script that reads "John G. Morgan". The signature is written in black ink and is positioned above the printed name and title.

John G. Morgan
Comptroller of the Treasury

JGM/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Haywood County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2006

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 222,946	\$ 222,946
Equity in Pooled Cash and Investments	2,275,688	929,185	4,781,662	134,396	202,300	8,323,231
Accounts Receivable	32,929	0	29	0	15,146	48,104
Due from Other Governments	208,081	301,860	44,777	0	0	554,718
Due from Other Funds	5,130	0	0	0	0	5,130
Due from Component Units	0	0	21,683	0	0	21,683
Property Taxes Receivable	3,846,846	480,853	171,732	0	0	4,499,431
Allowance for Uncollectible Property Taxes	(276,221)	(34,527)	(12,331)	0	0	(323,079)
Prepaid Items	0	0	0	0	3,830	3,830
Total Assets	\$ 6,092,453	\$ 1,677,371	\$ 5,007,552	\$ 134,396	\$ 444,222	\$ 13,355,994
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 147,482	\$ 17,263	\$ 189	\$ 0	\$ 3,680	\$ 168,614
Payroll Deductions Payable	30,348	0	0	0	498	30,846
Retainage Payable	0	0	0	39,028	0	39,028
Due to Other Funds	0	0	0	0	44,545	44,545
Due to Component Units	65,566	0	0	0	0	65,566
Deferred Revenue - Current Property Taxes	3,369,449	421,179	150,420	0	0	3,941,048
Deferred Revenue - Delinquent Property Taxes	192,664	24,083	8,601	0	0	225,348
Other Deferred Revenues	34,154	156,238	22,874	0	0	213,266
Total Liabilities	\$ 3,839,663	\$ 618,763	\$ 182,084	\$ 39,028	\$ 48,723	\$ 4,728,261
<u>Fund Balances</u>						
Reserved for Alcohol and Drug Treatment	\$ 17,751	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,751
Reserved for Courtroom Security	17,127	0	0	0	0	17,127
Reserved for Computer System - Register	78,045	0	0	0	0	78,045
Reserved for Automation Purposes - Circuit Court	1,645	0	0	0	0	1,645
Reserved for Automation Purposes - General Sessions Court	71,697	0	0	0	0	71,697
Reserved for Automation Purposes - Juvenile Court	1,458	0	0	0	0	1,458

(Continued)

Exhibit A

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Funds Other Govern- mental Funds	
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>						
<u>Fund Balances (Cont.)</u>						
Reserved for Automation Purposes - Chancery Court	\$ 3,877	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,877
Reserved for Automation Purposes - Sheriff	7,940	0	0	0	0	7,940
Reserved for Other General Purposes	9,823	0	0	0	0	9,823
Unreserved, Reported In:						
General Fund	2,043,427	0	0	0	0	2,043,427
Special Revenue Funds	0	1,058,608	0	0	362,477	1,421,085
Debt Service Funds	0	0	4,825,468	0	0	4,825,468
Capital Projects Funds	0	0	0	95,368	33,022	128,390
Total Fund Balances	<u>\$ 2,252,790</u>	<u>\$ 1,058,608</u>	<u>\$ 4,825,468</u>	<u>\$ 95,368</u>	<u>\$ 395,499</u>	<u>\$ 8,627,733</u>
Total Liabilities and Fund Balances	<u>\$ 6,092,453</u>	<u>\$ 1,677,371</u>	<u>\$ 5,007,552</u>	<u>\$ 134,396</u>	<u>\$ 444,222</u>	<u>\$ 13,355,994</u>

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

Exhibit B

Haywood County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2006

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 4,495,188	\$ 569,512	\$ 508,846	\$ 0	\$ 0	\$ 5,573,546
Licenses and Permits	30,680	0	0	0	0	30,680
Fines, Forfeitures, and Penalties	122,715	0	0	0	15,968	138,683
Charges for Current Services	799,820	65	0	0	695,650	1,495,535
Other Local Revenues	118,025	227,789	430,998	0	13,249	790,061
Fees Received from County Officials	876,412	0	0	0	0	876,412
State of Tennessee	724,017	1,879,617	0	0	31,992	2,635,626
Federal Government	718,049	11,672	0	375,000	479,968	1,584,689
Other Governments and Citizens Groups	551,948	0	244,922	337,000	61,240	1,195,110
Total Revenues	\$ 8,436,854	\$ 2,688,655	\$ 1,184,766	\$ 712,000	\$ 1,298,067	\$ 14,320,342
<u>Expenditures</u>						
Current:						
General Government	\$ 932,752	\$ 0	\$ 0	\$ 0	\$ 0	\$ 932,752
Finance	447,852	0	0	0	319,417	767,269
Administration of Justice	752,827	0	0	0	6,034	758,861
Public Safety	3,089,795	0	0	0	4,641	3,094,436
Public Health and Welfare	1,288,659	0	0	0	227,468	1,516,127
Social, Cultural, and Recreational Services	754,831	0	0	0	110,738	865,569
Agricultural and Natural Resources	201,078	0	0	0	0	201,078
Other Operations	489,205	0	0	0	51,870	541,075
Highways	0	2,804,144	0	0	0	2,804,144
Debt Service:						
Principal on Debt	0	0	802,937	0	0	802,937
Interest on Debt	0	0	140,280	0	0	140,280
Other Debt Service	0	0	7,940	0	0	7,940
Capital Projects	0	0	0	3,021,722	725,305	3,747,027
Total Expenditures	\$ 7,956,999	\$ 2,804,144	\$ 951,157	\$ 3,021,722	\$ 1,445,473	\$ 16,179,495
Excess (Deficiency) of Revenues Over Expenditures	\$ 479,855	\$ (115,489)	\$ 233,609	\$ (2,309,722)	\$ (147,406)	\$ (1,859,153)
<u>Other Financing Sources (Uses)</u>						
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 2,397,200	\$ 0	\$ 2,397,200
Transfers In	0	0	0	0	214,605	214,605

(Continued)

Exhibit B

Haywood 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	General Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>						
Transfers Out	\$ (59,605)	\$ 0	\$ 0	\$ (155,000)	\$ (153,880)	\$ (368,485)
Total Other Financing Sources (Uses)	\$ (59,605)	\$ 0	\$ 0	\$ 2,242,200	\$ 60,725	\$ 2,243,320
Net Change in Fund Balances	\$ 420,250	\$ (115,489)	\$ 233,609	\$ (67,522)	\$ (86,681)	\$ 384,167
Fund Balance, July 1, 2005	1,832,540	1,174,097	4,591,859	162,890	482,180	8,243,566
Fund Balance, June 30, 2006	\$ 2,252,790	\$ 1,058,608	\$ 4,825,468	\$ 95,368	\$ 395,499	\$ 8,627,733

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

Exhibit C-1

Haywood County, Tennessee
Statement of Net Assets
Proprietary Fund
June 30, 2006

	<u>Major Fund</u>
	<u>Enterprise</u>
	<u>Fund</u>
	<u>Solid Waste</u>
	<u>Disposal Fund</u>
<u>ASSETS</u>	
Current Assets:	
Equity in Pooled Cash and Investments	\$ 454,694
Accounts Receivable	11,980
Due from Other Governments	1,701
Due from Other Funds	39,415
Total Current Assets	<u>\$ 507,790</u>
Noncurrent Assets:	
Capital Assets:	
Assets not Depreciated:	
Land	\$ 235,000
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	155,596
Machinery and Equipment	54,401
Total Noncurrent Assets	<u>\$ 444,997</u>
Total Assets	<u>\$ 952,787</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 52,808
Payroll Deductions Payable	979
Accrued Liability for Landfill Closure/Postclosure Care Costs	30,000
Total Current Liabilities	<u>\$ 83,787</u>
Noncurrent Liabilities:	
Accrued Liability for Landfill Closure/Postclosure Care Costs	<u>\$ 1,272,704</u>
Total Noncurrent Liabilities	<u>\$ 1,272,704</u>
Total Liabilities	<u>\$ 1,356,491</u>
<u>Net Assets</u>	
Invested in Capital Assets	\$ 444,997
Unrestricted (Deficit)	<u>(848,701)</u>
Total Net Assets	<u>\$ (403,704)</u>

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

Exhibit C-2

Haywood County, Tennessee
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
For the Year Ended June 30, 2006

	<u>Major Fund</u> <u>Enterprise</u> <u>Fund</u> <u>Solid Waste</u> <u>Disposal Fund</u>
<u>Operating Revenues</u>	
Tipping Fees	\$ 427,218
Sale of Materials and Supplies	12,614
Miscellaneous Refunds	1,245
Total Operating Revenues	<u>\$ 441,077</u>
<u>Operating Expenses</u>	
Supervisor/Director	\$ 32,782
Equipment Operators	70,848
Secretary(s)	24,313
Overtime Pay	3,862
Social Security	10,119
State Retirement	16,212
Employee and Dependent Insurance	14,191
Unemployment Compensation	300
Other Fringe Benefits	3,774
Communication	1,992
Contracts with Government Agencies	2,864
Contracts with Private Agencies	367,589
Engineering Services	5,893
Evaluation and Testing	3,928
Licenses	6,075
Maintenance & Repair Services-Equipment	300
Printing, Stationery, and Forms	569
Travel	1,222
Tuition	4,393
Crushed Stone	801
Diesel Fuel	7,914
Drugs and Medical Supplies	23
Electricity	4,048
Equipment and Machinery Parts	11,545
Fertilizer, Lime, and Seed	360
Gasoline	5,381
Lubricants	834
Office Supplies	746
Tires and Tubes	5,155
Other Supplies and Materials	3,164
Trustee's Commission	5,662
Vehicle and Equipment Insurance	2,238
Workers' Compensation Insurance	8,460
Depreciation	24,493
Other Charges	3,631
Total Operating Expenses	<u>\$ 655,681</u>
Operating Income (Loss)	<u>\$ (214,604)</u>

(Continued)

Exhibit C-2

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

	<u>Major Fund</u> <u>Enterprise</u> <u>Fund</u> <u>Solid Waste</u> <u>Disposal Fund</u>
<u>Nonoperating Revenues</u>	
Wholesale Beer Tax	\$ 149,234
Solid Waste Grants	7,871
Total Nonoperating Revenues	<u>\$ 157,105</u>
Loss Before Transfers	\$ (57,499)
Transfers In	<u>153,880</u>
Change in Net Assets	\$ 96,381
Net Assets, July 1, 2005	<u>(500,085)</u>
Net Assets, June 30, 2006	<u><u>\$ (403,704)</u></u>

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

Exhibit C-3

Haywood County, Tennessee
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2006

	<u>Major Fund</u> <u>Enterprise</u> <u>Fund</u> <u>Solid Waste</u> <u>Disposal Fund</u>
<u>Cash Flows From Operating Activities</u>	
Receipts from Customer and Users	\$ 416,631
Receipts from Others	13,859
Payments for Waste Collections and Disposal Activity	(680,773)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (250,283)</u>
<u>Cash Flows From Noncapital Financing Activities</u>	
Receipts from Wholesale Beer Tax	\$ 149,234
Receipts from Grants	7,871
Transfers from Other Funds	153,880
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 310,985</u>
Increase (Decrease) in Cash	\$ 60,702
Cash, July 1, 2005	<u>393,992</u>
Cash, June 30, 2006	<u>\$ 454,694</u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>To Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (214,604)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:	
Depreciation	24,493
Purchase of Capital Asset	(16,500)
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(10,980)
(Increase) Decrease in Due From Other Governments	4,189
(Increase) Decrease in Due From Other Funds	(3,796)
Increase (Decrease) in Accounts Payable	12,803
Increase (Decrease) in Payroll Deductions Payable	(2)
Increase (Decrease) in Accrued Liability for Landfill Closure	<u>(45,886)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (250,283)</u>

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

Exhibit D

Haywood County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2006

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,552,320
Due from Other Governments	<u>186,527</u>
Total Assets	<u>\$ 1,738,847</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 186,527
Due to Litigants, Heirs, and Others	<u>1,552,320</u>
Total Liabilities	<u>\$ 1,738,847</u>

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

HAYWOOD COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Haywood County's financial statements are not 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.

Haywood County has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and discretely presented component units. The two government-wide financial statements, the statement of net assets and the statement of activities, should be included in the basic financial statements to conform with the provisions of GASB Statement No. 34 and accounting principles generally accepted in the United States of America. Haywood County has elected instead only to implement the provisions of the statement and other accounting principles generally accepted in the United States of America that relate to the fund financial statements. This departure from GAAP results in an incomplete presentation and has caused Haywood County's auditor to issue an adverse opinion on the county's financial statements.

Although Haywood County's financial statements are not presented in conformity with GAAP, the financial statements have been presented in conformity with financial reporting standards adopted by the Comptroller of the Treasury of the State of Tennessee. The Comptroller of the Treasury has adopted financial reporting standards for local governments in Tennessee that do not implement the provisions of GASB Statement No. 34. These standards require fund financial statements to be presented in conformity with all the provisions of GASB Statement No. 34 that are applicable to fund financial statements, including the notes to the financial statements. These standards also require the fund financial statements to be presented in conformity with all other accounting principles generally accepted in the United States of America that are applicable to fund financial statements, including the notes to the financial statements.

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

A. Reporting Entity

Haywood County is a public municipal corporation governed by an elected 20-member board. As required by GAAP, these financial statements present Haywood County (the primary government).

Blended Component Units – There are no legally separate component units of Haywood County that meet the criteria for being reported as part of the primary government by the blending method.

Excluded Component Units – The following entities meet the criteria for discretely presented component units of the county. Since Haywood County is presenting fund financial statements only, the financial information of entities that meet the criteria for discretely presented component units is not included in the financial statements, as required by generally accepted accounting principles. These entities would have been presented as separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

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

The Haywood County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Haywood County, and the Haywood 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 Haywood County Utility District provides water services to customers within the district, and the Haywood County Commission appoints its three-member governing body. The district is funded primarily from charges to customers for water services and grants. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Haywood County School Department, Haywood County Emergency Communications District, and Haywood County Utility District issue separate financial statements from those of the county. The School Department's financial statements are published as a separate report but under the same cover as the county's financial statements. The Haywood County Emergency Communications District's and the Haywood County Utility District's financial statements are published as separate reports. Complete financial statements of the Haywood County Emergency Communications District and the Haywood County Utility District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Haywood County Emergency Communications District
1 North Washington Street
Brownsville, TN 38012

Haywood County Utility District
94 Burg Kendrick Loop
Brownsville, TN 38012

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

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

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All other governmental funds and enterprise funds are aggregated into single columns 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. Haywood County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

Proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds which have no measurement focus. 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.

Haywood County reports the following major governmental funds:

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

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

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

General Capital Projects Fund – This fund accounts for general capital expenditures of the county and for debt issued by Haywood County that is subsequently contributed to the discretely presented Haywood County School Department for school construction and renovations.

Haywood County reports the following major enterprise fund:

Solid Waste Disposal Fund – This fund accounts for solid waste disposal operations of the Haywood County landfill.

Additionally, Haywood County reports the following fund type:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Haywood 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.

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

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 funds' principal ongoing operations. The principal operating revenues of the county's enterprise fund are tipping fees.

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

C. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the statement of cash flows, cash includes funds held by the county trustee as Equity in Pooled Cash and Investments.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

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

investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 3.95 percent of total taxes levied.

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

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

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

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

Retainage payable in the primary government's General Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the new technology

center. These amounts are held by the county trustee as Equity in Pooled Cash and Investments.

3. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition. Haywood County does not maintain capital assets records, as required by generally accepted accounting principles. Capital assets should be reported in the government-wide statement of net assets; however, as previously noted, Haywood County does not present government-wide statements.

Capital assets are reported in the statement of net assets of the proprietary fund. Haywood County defines capital assets as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than three 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. Interest incurred during the construction phase of capital assets of the enterprise funds is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the proprietary fund are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	30
Machinery and Equipment	3-30

4. Compensated Absences

The general policy of Haywood County (with the exception of sick and vacation leave for employees of the Haywood County Highway Department) does not allow employees to accumulate sick and vacation days beyond year-end.

It is the policy of the Haywood County Highway Department to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Haywood County does not have a policy to pay any amounts when

employees separate from service with the government. A liability for the vacation benefits is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

5. Long-term Obligations

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, are recognized to the extent that the liabilities have matured (come due for payment) each period.

Other long-term obligations (closure/postclosure care costs) are reported as liabilities in the proprietary 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.

6. Net Assets and Fund Equity

In the proprietary fund, equity is classified as net assets and displayed in three components:

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

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specified purpose.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Haywood 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 State 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, Beer Board, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the Haywood 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 GAAP basis is presented on the face of each budgetary schedule.

B. Net Assets Deficit

The Solid Waste Disposal Fund had a total net assets deficit of \$403,704 and an unrestricted net assets deficit of \$848,701 at June 30, 2006. These deficits primarily resulted from the recognition of a liability (\$1,302,704) for costs associated with closing the county's landfill and monitoring the landfill for 30 years after closure.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Haywood County (except for the Public Library Fund) and the Haywood County School Department participate in an internal cash and investment

pool through the Office of Trustee. The Haywood County School Department meets the criteria for a discretely presented component unit of Haywood County. Since Haywood County is presenting fund financial statements only, the financial information for the Haywood County School Department is not included in these fund financial statements. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, depositing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash reflected in the fund financial statements 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be

obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase. The county had no pooled or nonpooled investments as of June 30, 2006.

B. Capital Assets

Capital assets activity of the Solid Waste Disposal Fund for the year ended June 30, 2006, was as follows:

Business-type Activities:

	Balance 7-1-05	Increases	Balance 6-30-06
Capital Assets Not Depreciated:			
Land	\$ 235,000	\$ 0	\$ 235,000
Total Capital Assets Not Depreciated	<u>\$ 235,000</u>	<u>\$ 0</u>	<u>\$ 235,000</u>
Capital Assets Depreciated:			
Buildings & Improvements	\$ 225,797	\$ 0	\$ 225,797
Machinery & Equipment	656,213	16,500	672,713
Total Capital Assets Depreciated	<u>\$ 882,010</u>	<u>\$ 16,500</u>	<u>\$ 898,510</u>
Less Accumulated Depreciation For:			
Buildings & Improvements	\$ 62,665	\$ 7,536	\$ 70,201
Machinery & Equipment	601,355	16,957	618,312
Total Accumulated Depreciation	<u>\$ 664,020</u>	<u>\$ 24,493</u>	<u>\$ 688,513</u>
Total Capital Assets Depreciated, Net	<u>\$ 217,990</u>	<u>\$ (7,993)</u>	<u>\$ 209,997</u>
Business-type Activities Capital Assets, Net	<u>\$ 452,990</u>	<u>\$ (7,993)</u>	<u>\$ 444,997</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2006, is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 5,130
Solid Waste Disposal	Nonmajor governmental	39,415

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

Due to/from primary government and component units:

Receivable Fund	Payable Fund	Amount
Component unit: School Department: Central Cafeteria	Primary government: General	\$ 65,566
Primary government: General Debt Service	Component unit: School Department: General Purpose School	21,683

Interfund Transfers:

Interfund transfers for the year ended June 30, 2006, consisted of the following amounts:

Transfers Out	Transfers In	
	Solid Waste Disposal	Nonmajor Governmental Funds
General	\$ 0	\$ 59,605
General Capital Projects	0	155,000
Nonmajor governmental funds	153,880	0
Total	\$ 153,880	\$ 214,605

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

D. Capital Leases

On April 15, 2005, Haywood County entered into a four-year lease-purchase agreement for a sanitation truck. The terms of the agreement require total lease payments of \$157,083 plus interest of 5.4 percent. Title to the truck transfers to Haywood County at the end of the lease period. The lease payments are made by the Solid Waste/Sanitation Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2006, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2007	\$ 43,445
2008	43,445
2009	36,201
Total Minimum Lease Payments	\$ 123,091
Amount Representing Interest	(8,607)
Present Value of Minimum Lease Payments	<u>\$ 114,484</u>

E. Long-term Debt

Since Haywood County is presenting fund financial statements only, long-term debt is not reported as a liability in the financial statements of the governmental funds. Long-term debt for governmental funds is required to be reported as a liability in government-wide financial statements, but Haywood County is not presenting government-wide financial statements.

General Obligation Bonds and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds.

General obligation bonds and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds and other loans outstanding were issued for original terms of up to 40 years for bonds and up to eight years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans included in long-term debt as of June 30, 2006, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, and capital leases outstanding as of June 30, 2006, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
General Obligation Bonds	1.25 to 4.875%	\$ 1,632,300	\$ 1,193,972
General Obligation Bonds - Refunding	1.05 to 2.4	1,375,000	495,000
Other Loans	Variable	3,158,531	2,733,531
Capital Leases	5.4	157,083	114,484

On May 1, 2005, Haywood County entered into a loan agreement with the Sevier County Public Building Authority. This loan agreement provided for the authority to make \$5,000,000 available for loan to Haywood County on an as-needed basis for various renovation and construction projects. As of June 30, 2006, Haywood County had borrowed \$3,158,531 of the loan which is repayable at a variable interest rate based on the Bond Market Association Municipal Index. In addition, the county pays various fees (liquidity, trustee, remarketing, and issuer) in connection with this loan. At June 30, 2006, the variable interest rate was 3.91 percent, and other fees were approximately .45 percent.

The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2006, including interest payments and other fees, are presented in the following table:

Year Ending June 30	Bonds	
	Principal	Interest
2007	\$ 398,327	\$ 56,941
2008	408,737	47,171
2009	164,167	37,141
2010	169,618	32,195
2011	10,091	26,522
2012-2016	58,411	125,654
2017-2021	74,262	111,803
2022-2026	94,419	88,646
2027-2031	120,045	63,020
2032-2036	152,629	30,436
2037-2038	38,266	1,515
Total	\$ 1,688,972	\$ 621,044

Year Ending June 30	Other Loan (\$3,158,531)			
	Principal	Interest	Other Fees	Total
2007	\$ 425,000	\$ 106,881	\$ 12,301	\$ 544,182
2008	450,000	90,264	10,388	550,652
2009	275,000	72,669	8,363	356,032
2010	300,000	61,916	7,126	369,042
2011	475,000	50,186	5,776	530,962
2012-2013	808,531	43,677	5,027	857,235
Total	<u>\$ 2,733,531</u>	<u>\$ 425,593</u>	<u>\$ 48,981</u>	<u>\$ 3,208,105</u>

There is \$4,825,468 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$85, based on the 2000 federal census. Debt per capita, including bonds, capital leases, and other loans, totaled \$223, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2006, was as follows:

Governmental Activities:

	Bonds	Capital Leases
Balance, July 1, 2005	\$ 2,066,909	\$ 151,150
Additions	0	0
Deductions	(377,937)	(36,666)
Balance, June 30, 2006	<u>\$ 1,688,972</u>	<u>\$ 114,484</u>
Balance Due Within One Year	<u>\$ 398,327</u>	<u>\$ 38,557</u>
	Other Loans	Compensated Absences
Balance, July 1, 2005	\$ 761,331	\$ 24,482
Additions	2,397,200	23,534
Deductions	(425,000)	(25,237)
Balance, June 30, 2006	<u>\$ 2,733,531</u>	<u>\$ 22,779</u>
Balance Due Within One Year	<u>\$ 425,000</u>	<u>\$ 23,000</u>

Haywood County Solid Waste Disposal Fund (Enterprise Fund)

Changes in Long-term Liabilities

Long-term liability activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2006, was as follows:

Business-type Activities:

	<u>Closure/ Postclosure Care Costs</u>
Balance, July 1, 2005	\$ 1,348,590
Deductions	(45,886)
Balance, June 30, 2006	<u>\$ 1,302,704</u>
Balance Due Within One Year	<u>\$ 30,000</u>

IV. OTHER INFORMATION

A. Risk Management

Employee Health Insurance

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

Workers' Compensation Insurance

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

LGWCF reinsures through commercial insurance companies for claims exceeding \$300,000.

Liability, Property, and Casualty

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

B. Accounting Changes

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries became effective for the year ended June 30, 2006. GASB Statement No. 42 requires governments to report the effects of capital asset impairments in their financial statements when they occur rather than as a part of the ongoing depreciation expense for the capital asset or upon disposal of the capital asset. In addition, GASB Statement No. 42 clarifies and establishes accounting requirements for insurance recoveries. GASB Statement No. 42 had no effect on the financial statements for the year ended June 30, 2006, since no capital asset impairment and insurance recoveries occurred. However, it is reasonably expected that capital asset impairment and insurance recoveries may occur in subsequent years that will be subject to the provisions of Statement No. 42.

The provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1) became effective for the year ended June 30, 2006. GASB Statement No. 44 applies to the preparation of the statistical section. State and local governments may, but are not required to, prepare a statistical section to accompany basic financial statements. However, a statistical section is required to accompany a comprehensive annual financial report. Since Haywood County is not presenting a comprehensive annual financial report, it has elected not to prepare a statistical section. A limited statistical section was presented in the prior year's report. GASB Statement No. 44 amends guidance related to the preparation of the statistical section. This statement improves the understandability and usefulness of statistical information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by GASB Statement No. 34. GASB Statement No. 44 establishes the objectives of the statistical section and the five categories it contains: financial trends, revenue capacity, debt capacity, demographic and

economic, and operating. It is reasonably expected that Haywood County will prepare and present a statistical section in subsequent years that follows the requirements of GASB Statement No. 44.

The provisions of GASB Statement No. 46, Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34 became effective for the year ended June 30, 2006. GASB Statement No. 46 provides guidance to determine when net assets have been restricted to a particular use by the passage of enabling legislation and specifies how those net assets should be reported in financial statements when there are changes in the circumstances surrounding such legislation. The statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation as of the end of the reporting period. Haywood County had no net assets restricted by enabling legislation to disclose as of June 30, 2006. But it is reasonably expected that Haywood County will be required to disclose net assets restricted by enabling legislation in subsequent years.

The provisions of GASB Statement No. 47, Accounting for Termination Benefits became effective for the year ended June 30, 2006. GASB Statement No. 47 provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees who are involuntarily terminated. Statement No. 47 specifies when governments should recognize the cost of termination benefits they offer in accrual basis financial statements. Haywood County was not offering any termination benefits to employees as of June 30, 2006. But it is reasonably expected that Haywood County will offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

C. Subsequent Events

On August 31, 2006, Joe Moore left the Office of Circuit, General Sessions, and Juvenile Courts Clerk and was succeeded by Elma Pirtle.

As of the date of this report, Haywood County had borrowed an additional \$1,079,036 from the Sevier County Public Building Authority for various renovation and construction projects.

D. Contingent Liabilities

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

E. Landfill Closure/Postclosure Care Costs

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. These closure and postclosure care costs are generally paid near or after the date that the landfill stops accepting waste. The Solid Waste Disposal Fund 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 county stopped accepting household waste at the landfill in December 1996. The \$1,302,704 reported as accrued liability for landfill closure/postclosure care costs in the Solid Waste Disposal Fund at June 30, 2006, represents the remaining estimated costs for future postclosure care functions. This amount is based on what it would cost to perform all postclosure care in 2005. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Also, it should be noted that the above amount has not been reviewed by the state Department of Environment and Conservation's central office staff as of the date of this report.

F. Joint Venture

The Brownsville – Haywood County Emergency Management Agency is a joint venture between Haywood County and the City of Brownsville. The agency's three-member board includes the county mayor, the mayor of the City of Brownsville, and one member who is jointly selected by the county mayor and the city mayor. The agency is jointly funded by the county and the City of Brownsville with additional revenues received from the State of Tennessee, the federal government, and private contributions. The county and city do not retain an equity interest in the entity. During the year ended June 30, 2006, the county provided financial assistance of \$21,753 to the agency. Complete financial statements for the Brownsville – Haywood County Emergency Management Agency can be obtained from its administrative office at the following address:

Administrative Office:

Brownsville – Haywood County Emergency Management Agency
City Hall
Brownsville, TN 38012

G. Retirement Commitments

Plan Description

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

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

Funding Policy

Haywood 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, 2006, was 11.96 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Haywood County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2006, Haywood County's annual pension cost of \$866,898 to TCRS was equal to Haywood County's required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent

annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Haywood 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, 2005, was ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$866,898	100%	\$0
6-30-05	844,807	100	0
6-30-04	671,441	100	0

Schedule of Funding Progress

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunde d AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
6-30-05	\$17,696	\$18,097	\$401	97.78%	\$7,119	5.63%
6-30-03	15,628	16,080	452	97.19	6,822	6.63
6-30-01	13,821	14,381	560	96.11	6,127	9.14

H. Purchasing Laws

Office of County Mayor

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

Office of Chief Administrative Highway Officer

Purchasing procedures for the Highway Department are governed by provisions of Chapter 24, Private Acts of 1991, as amended and Section 54-7-113, TCA (Uniform Road Law), which requires all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

V. **OTHER NOTES – ELMA ROSS PUBLIC LIBRARY (SPECIAL REVENUE FUND)**

A. **General Information**

1. **General**

The Elma Ross Public Library serves as a public library for Brownsville and Haywood County.

2. **Reporting Entity**

The Public Library is a special revenue fund of Haywood County that is reported separately. The Haywood County Commission is responsible for appointing each member of the library's board of directors.

B. **Summary of Significant Accounting Policies**

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

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Public Library's revenues are recognized when they become measurable and available as net assets. Expenditures are generally recognized when the related liability is incurred. The Public Library does not use the encumbrance method of accounting.

2. **Cash and Cash Equivalents**

The Public Library considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Exceptions include three certificates of deposit with a maturity of 12 months. Cash equivalents are stated at cost plus accrued interest, which approximates market value. The maximum amount placed in any one financial institution is limited in order to reduce risk. The Public Library does not have a deposit policy for custodial credit risk.

3. **Prepaid Items**

Prepaid items record payments to vendors that benefit future reporting periods and are also reported on the consumption basis.

C. Budgetary Information

1. Budget Policy and Practice

The Public Library's director submits an annual budget to the Board of Directors, the City Council, and the County Commission for review and approval of the allocation of resources. Once approved, the legally adopted budget can be amended when unexpected modifications are required in estimated revenues and appropriations by the Board of Directors, the City Council, and the County Commission.

2. Basis of Budgeting

The fund's appropriated budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Expenditures are budgeted by class as follows: salaries, compensation related services and supplies, computer and equipment supplies, core material, and miscellaneous. Expenditures may not exceed appropriations.

The budget is prepared on the cash and expenditure basis. Revenues are budgeted in the year receipt is expected; and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued.

D. Deposits

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2006, \$14,107.85 of the Public Library's bank balance of \$114,108 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$14,107.85
--------------------------------	-------------

The Public Library has no pledged securities.

E. Risk Management – Claims and Adjustments

The Public Library manages its risk financing through the purchase of insurance. The Public Library's exposure to loss is limited to the contents of the Public Library and any workers' compensation claims. In the past three years, there have been no insurance settlements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Haywood County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,495,188	\$ 4,607,670	\$ 4,607,670	\$ (112,482)
Licenses and Permits	30,680	31,987	31,987	(1,307)
Fines, Forfeitures, and Penalties	122,715	144,618	144,618	(21,903)
Charges for Current Services	799,820	748,260	768,811	31,009
Other Local Revenues	118,025	98,195	98,695	19,330
Fees Received from County Officials	876,412	1,184,686	1,184,686	(308,274)
State of Tennessee	724,017	558,196	761,196	(37,179)
Federal Government	718,049	40,000	531,718	186,331
Other Governments and Citizens Groups	551,948	509,344	514,344	37,604
Total Revenues	\$ 8,436,854	\$ 7,922,956	\$ 8,643,725	\$ (206,871)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 69,328	\$ 83,590	\$ 83,590	\$ 14,262
Beer Board	1,078	3,000	3,000	1,922
County Mayor/Executive	222,698	210,811	227,482	4,784
County Attorney	25,129	59,013	59,013	33,884
Election Commission	268,255	86,690	274,690	6,435
Register of Deeds	115,332	118,209	122,062	6,730
Development	45,607	49,131	49,131	3,524
County Buildings	185,325	214,073	214,073	28,748
<u>Finance</u>				
Accounting and Budgeting	2,400	3,500	3,500	1,100
Property Assessor's Office	259,606	269,694	298,414	38,808
Reappraisal Program	35,920	49,169	49,169	13,249
County Trustee's Office	73,561	229,842	229,842	156,281
County Clerk's Office	76,365	304,777	304,777	228,412
<u>Administration of Justice</u>				
Circuit Court	438,844	468,714	469,647	30,803
General Sessions Judge	132,485	137,588	137,588	5,103
General Sessions Court Clerk	4,663	11,000	11,000	6,337
Chancery Court	141,684	144,646	146,437	4,753
Juvenile Court	35,151	41,159	42,912	7,761
<u>Public Safety</u>				
Sheriff's Department	905,166	905,620	926,745	21,579
Special Patrols	61,128	57,895	63,090	1,962
Jail	1,054,445	1,111,496	1,114,006	59,561
Workhouse	164,912	173,779	174,779	9,867
Fire Prevention and Control	533,794	292,084	574,652	40,858
Civil Defense	180,219	54,756	189,376	9,157
Public Safety Grant Programs	37,213	38,431	38,431	1,218
Other Public Safety	152,918	172,351	184,351	31,433

(Continued)

Exhibit E-1

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare</u>				
Local Health Center	\$ 91,197	\$ 67,534	\$ 93,085	\$ 1,888
Rabies and Animal Control	50,216	59,100	59,100	8,884
Ambulance/Emergency Medical Services	1,060,253	1,085,390	1,085,390	25,137
Dental Health Program	77,040	95,185	95,185	18,145
Alcohol and Drug Programs	5,000	5,000	5,000	0
Other Local Health Services	4,953	1,000	10,000	5,047
<u>Social, Cultural, and Recreational Services</u>				
Libraries	51,600	111,420	51,815	215
Parks and Fair Boards	582,252	620,629	628,694	46,442
Other Social, Cultural, and Recreational	120,979	17,500	130,230	9,251
<u>Agriculture & Natural Resources</u>				
Agriculture Extension Service	113,736	126,538	132,538	18,802
Forest Service	2,000	2,000	2,000	0
Soil Conservation	85,342	86,833	86,833	1,491
<u>Other Operations</u>				
Industrial Development	78,990	35,000	95,000	16,010
Other Charges	39,091	39,819	39,819	728
Contributions to Other Agencies	152,128	152,128	152,128	0
Miscellaneous	218,996	235,046	235,046	16,050
Total Expenditures	\$ 7,956,999	\$ 8,031,140	\$ 8,893,620	\$ 936,621
Excess (Deficiency) of Revenues Over Expenditures	\$ 479,855	\$ (108,184)	\$ (249,895)	\$ 729,750
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (59,605)	\$ 0	\$ (59,605)	\$ 0
Total Other Financing Sources (Uses)	\$ (59,605)	\$ 0	\$ (59,605)	\$ 0
Net Change in Fund Balance	\$ 420,250	\$ (108,184)	\$ (309,500)	\$ 729,750
Fund Balance, July 1, 2005	1,832,540	1,706,216	1,706,216	126,324
Fund Balance, June 30, 2006	\$ 2,252,790	\$ 1,598,032	\$ 1,396,716	\$ 856,074

Exhibit E-2

Haywood County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual and Budget
 Highway/Public Works Fund
 For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 569,512	\$ 581,967	\$ 581,967	\$ (12,455)
Charges for Current Services	65	75	75	(10)
Other Local Revenues	227,789	173,455	173,455	54,334
State of Tennessee	1,879,617	2,131,777	2,131,777	(252,160)
Federal Government	11,672	0	0	11,672
Total Revenues	<u>\$ 2,688,655</u>	<u>\$ 2,887,274</u>	<u>\$ 2,887,274</u>	<u>\$ (198,619)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 154,372	\$ 164,767	\$ 164,767	\$ 10,395
Highway and Bridge Maintenance	1,536,788	1,854,260	1,864,260	327,472
Operation and Maintenance of Equipment	632,311	635,050	658,629	26,318
Other Charges	119,857	147,000	147,000	27,143
Employee Benefits	189,593	218,900	218,900	29,307
Capital Outlay	171,223	440,938	611,359	440,136
Total Expenditures	<u>\$ 2,804,144</u>	<u>\$ 3,460,915</u>	<u>\$ 3,664,915</u>	<u>\$ 860,771</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (115,489)</u>	<u>\$ (573,641)</u>	<u>\$ (777,641)</u>	<u>\$ 662,152</u>
Net Change in Fund Balance	\$ (115,489)	\$ (573,641)	\$ (777,641)	\$ 662,152
Fund Balance, July 1, 2005	<u>1,174,097</u>	<u>1,083,259</u>	<u>1,083,259</u>	<u>90,838</u>
Fund Balance, June 30, 2006	<u><u>\$ 1,058,608</u></u>	<u><u>\$ 509,618</u></u>	<u><u>\$ 305,618</u></u>	<u><u>\$ 752,990</u></u>

HAYWOOD COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2006

BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Haywood 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 State 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, Beer Board, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the Haywood County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Public Library Fund – The Public Library Fund is used to account for transactions of the Elma Ross Public Library, which is funded primarily by Haywood County and the City of Brownsville.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for Haywood County’s garbage collection operations.

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

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

Capital Projects Funds

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

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for revenues received from public works grants provided for community development projects.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for revenues provided for an industrial park project.

Exhibit F-1

Haywood County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2006

	Special Revenue Funds					Capital Projects Funds			Total Nonmajor Governmental Funds
	Public Library	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>ASSETS</u>									
Cash	\$ 122,361	\$ 0	\$ 0	\$ 100,585	\$ 222,946	\$ 0	\$ 0	\$ 0	\$ 222,946
Equity in Pooled Cash and Investments	0	132,279	36,999	0	169,278	32,852	170	33,022	202,300
Accounts Receivable	0	15,050	0	96	15,146	0	0	0	15,146
Prepaid Items	3,830	0	0	0	3,830	0	0	0	3,830
Total Assets	\$ 126,191	\$ 147,329	\$ 36,999	\$ 100,681	\$ 411,200	\$ 32,852	\$ 170	\$ 33,022	\$ 444,222
<u>LIABILITIES AND FUND BALANCES</u>									
<u>Liabilities</u>									
Accounts Payable	\$ 1,642	\$ 2,038	\$ 0	\$ 0	\$ 3,680	\$ 0	\$ 0	\$ 0	\$ 3,680
Payroll Deductions Payable	0	498	0	0	498	0	0	0	498
Due to Other Funds	0	39,415	0	5,130	44,545	0	0	0	44,545
Total Liabilities	\$ 1,642	\$ 41,951	\$ 0	\$ 5,130	\$ 48,723	\$ 0	\$ 0	\$ 0	\$ 48,723
<u>Fund Balances</u>									
Unreserved	\$ 124,549	\$ 105,378	\$ 36,999	\$ 95,551	\$ 362,477	\$ 32,852	\$ 170	\$ 33,022	\$ 395,499
Total Fund Balances	\$ 124,549	\$ 105,378	\$ 36,999	\$ 95,551	\$ 362,477	\$ 32,852	\$ 170	\$ 33,022	\$ 395,499
Total Liabilities and Fund Balances	\$ 126,191	\$ 147,329	\$ 36,999	\$ 100,681	\$ 411,200	\$ 32,852	\$ 170	\$ 33,022	\$ 444,222

Exhibit F-2

Haywood County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

	Special Revenue Funds					Capital Projects Funds			Total Nonmajor Governmental Funds
	Public Library	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>Revenues</u>									
Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 15,968	\$ 0	\$ 15,968	\$ 0	\$ 0	\$ 0	\$ 15,968
Charges for Current Services	4,382	348,046	0	343,222	695,650	0	0	0	695,650
Other Local Revenues	4,754	7,083	0	0	11,837	0	1,412	1,412	13,249
State of Tennessee	0	31,992	0	0	31,992	0	0	0	31,992
Federal Government	3,990	0	0	0	3,990	475,978	0	475,978	479,968
Other Governments and Citizens Groups	56,240	0	0	0	56,240	0	5,000	5,000	61,240
Total Revenues	\$ 69,366	\$ 387,121	\$ 15,968	\$ 343,222	\$ 815,677	\$ 475,978	\$ 6,412	\$ 482,390	\$ 1,298,067
<u>Expenditures</u>									
Current:									
Finance	\$ 0	\$ 0	\$ 0	\$ 319,417	\$ 319,417	\$ 0	\$ 0	\$ 0	\$ 319,417
Administration of Justice	0	0	0	6,034	6,034	0	0	0	6,034
Public Safety	0	0	4,641	0	4,641	0	0	0	4,641
Public Health and Welfare	0	227,468	0	0	227,468	0	0	0	227,468
Social, Cultural, and Recreational Services	110,738	0	0	0	110,738	0	0	0	110,738
Other Operations	0	51,870	0	0	51,870	0	0	0	51,870
Capital Projects	0	0	0	0	0	640,306	84,999	725,305	725,305
Total Expenditures	\$ 110,738	\$ 279,338	\$ 4,641	\$ 325,451	\$ 720,168	\$ 640,306	\$ 84,999	\$ 725,305	\$ 1,445,473
Excess (Deficiency) of Revenues Over Expenditures	\$ (41,372)	\$ 107,783	\$ 11,327	\$ 17,771	\$ 95,509	\$ (164,328)	\$ (78,587)	\$ (242,915)	\$ (147,406)
<u>Other Financing Sources (Uses)</u>									
Transfers In	\$ 59,605	\$ 0	\$ 0	\$ 0	\$ 59,605	\$ 155,000	\$ 0	\$ 155,000	\$ 214,605
Transfers Out	0	(153,880)	0	0	(153,880)	0	0	0	(153,880)
Total Other Financing Sources (Uses)	\$ 59,605	\$ (153,880)	\$ 0	\$ 0	\$ (94,275)	\$ 155,000	\$ 0	\$ 155,000	\$ 60,725
Net Change in Fund Balances	\$ 18,233	\$ (46,097)	\$ 11,327	\$ 17,771	\$ 1,234	\$ (9,328)	\$ (78,587)	\$ (87,915)	\$ (86,681)
Fund Balance, July 1, 2005	106,316	151,475	25,672	77,780	361,243	42,180	78,757	120,937	482,180
Fund Balance, June 30, 2006	\$ 124,549	\$ 105,378	\$ 36,999	\$ 95,551	\$ 362,477	\$ 32,852	\$ 170	\$ 33,022	\$ 395,499

Exhibit F-3

Haywood County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Public Library Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 4,382	\$ 0	\$ 0	\$ 4,382
Other Local Revenues	4,754	0	0	4,754
Federal Government	3,990	0	0	3,990
Other Governments and Citizens Groups	56,240	55,948	55,948	292
Total Revenues	<u>\$ 69,366</u>	<u>\$ 55,948</u>	<u>\$ 55,948</u>	<u>\$ 13,418</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 110,738	\$ 115,553	\$ 115,553	\$ 4,815
Total Expenditures	<u>\$ 110,738</u>	<u>\$ 115,553</u>	<u>\$ 115,553</u>	<u>\$ 4,815</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (41,372)</u>	<u>\$ (59,605)</u>	<u>\$ (59,605)</u>	<u>\$ 18,233</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 59,605	\$ 59,605	\$ 59,605	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 59,605</u>	<u>\$ 59,605</u>	<u>\$ 59,605</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 18,233	\$ 0	\$ 0	\$ 18,233
Fund Balance, July 1, 2005	106,316	106,316	106,316	0
Fund Balance, June 30, 2006	<u>\$ 124,549</u>	<u>\$ 106,316</u>	<u>\$ 106,316</u>	<u>\$ 18,233</u>

Exhibit F-4

Haywood County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 348,046	\$ 357,483	\$ 357,483	\$ (9,437)
Other Local Revenues	7,083	250	250	6,833
State of Tennessee	31,992	27,437	27,437	4,555
Total Revenues	<u>\$ 387,121</u>	<u>\$ 385,170</u>	<u>\$ 385,170</u>	<u>\$ 1,951</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 227,468	\$ 231,992	\$ 231,992	\$ 4,524
<u>Other Operations</u>				
Other Charges	22,851	24,200	24,200	1,349
Employee Benefits	29,019	35,258	35,258	6,239
Total Expenditures	<u>\$ 279,338</u>	<u>\$ 291,450</u>	<u>\$ 291,450</u>	<u>\$ 12,112</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 107,783</u>	<u>\$ 93,720</u>	<u>\$ 93,720</u>	<u>\$ 14,063</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (153,880)	\$ (153,880)	\$ (153,880)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (153,880)</u>	<u>\$ (153,880)</u>	<u>\$ (153,880)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (46,097)	\$ (60,160)	\$ (60,160)	\$ 14,063
Fund Balance, July 1, 2005	<u>151,475</u>	<u>132,223</u>	<u>132,223</u>	<u>19,252</u>
Fund Balance, June 30, 2006	<u>\$ 105,378</u>	<u>\$ 72,063</u>	<u>\$ 72,063</u>	<u>\$ 33,315</u>

Exhibit F-5

Haywood County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 15,968	\$ 9,100	\$ 9,100	\$ 6,868
Total Revenues	\$ 15,968	\$ 9,100	\$ 9,100	\$ 6,868
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 4,641	\$ 6,590	\$ 6,590	\$ 1,949
Total Expenditures	\$ 4,641	\$ 6,590	\$ 6,590	\$ 1,949
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,327	\$ 2,510	\$ 2,510	\$ 8,817
Net Change in Fund Balance	\$ 11,327	\$ 2,510	\$ 2,510	\$ 8,817
Fund Balance, July 1, 2005	25,672	25,502	25,502	170
Fund Balance, June 30, 2006	\$ 36,999	\$ 28,012	\$ 28,012	\$ 8,987

Major Governmental Fund

General Debt Service Fund

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

Exhibit G

Haywood County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 508,846	\$ 513,717	\$ 513,717	\$ (4,871)
Other Local Revenues	430,998	361,653	361,653	69,345
Other Governments and Citizens Groups	244,922	235,600	235,600	9,322
Total Revenues	<u>\$ 1,184,766</u>	<u>\$ 1,110,970</u>	<u>\$ 1,110,970</u>	<u>\$ 73,796</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 802,937	\$ 802,612	\$ 803,918	\$ 981
<u>Interest on Debt</u>				
General Government	140,280	337,274	335,968	195,688
<u>Other Debt Service</u>				
General Government	7,940	9,400	10,350	2,410
Total Expenditures	<u>\$ 951,157</u>	<u>\$ 1,149,286</u>	<u>\$ 1,150,236</u>	<u>\$ 199,079</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 233,609</u>	<u>\$ (38,316)</u>	<u>\$ (39,266)</u>	<u>\$ 272,875</u>
Net Change in Fund Balance	\$ 233,609	\$ (38,316)	\$ (39,266)	\$ 272,875
Fund Balance, July 1, 2005	<u>4,591,859</u>	<u>4,519,945</u>	<u>4,519,945</u>	<u>71,914</u>
Fund Balance, June 30, 2006	<u>\$ 4,825,468</u>	<u>\$ 4,481,629</u>	<u>\$ 4,480,679</u>	<u>\$ 344,789</u>

Fiduciary Funds

Agency Funds are used to account for assets held by the county 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 H-1

Haywood County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2006

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,552,320	\$ 1,552,320
Due from Other Governments	186,527	0	186,527
	<hr/>		
Total Assets	\$ 186,527	\$ 1,552,320	\$ 1,738,847
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 186,527	\$ 0	\$ 186,527
Due to Litigants, Heirs, and Others	0	1,552,320	1,552,320
	<hr/>		
Total Liabilities	\$ 186,527	\$ 1,552,320	\$ 1,738,847
	<hr/>		

Exhibit H-2

Haywood County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2006

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,013,838	\$ 1,013,838	\$ 0
Due from Other Governments	166,836	186,527	166,836	186,527
Total Assets	\$ 166,836	\$ 1,200,365	\$ 1,180,674	\$ 186,527
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 166,836	\$ 1,200,365	\$ 1,180,674	\$ 186,527
Total Liabilities	\$ 166,836	\$ 1,200,365	\$ 1,180,674	\$ 186,527
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,417,848	\$ 5,526,823	\$ 5,392,351	\$ 1,552,320
Total Assets	\$ 1,417,848	\$ 5,526,823	\$ 5,392,351	\$ 1,552,320
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,417,848	\$ 5,526,823	\$ 5,392,351	\$ 1,552,320
Total Liabilities	\$ 1,417,848	\$ 5,526,823	\$ 5,392,351	\$ 1,552,320
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,013,838	\$ 1,013,838	\$ 0
Cash	1,417,848	5,526,823	5,392,351	1,552,320
Due from Other Governments	166,836	186,527	166,836	186,527
Total Assets	\$ 1,584,684	\$ 6,727,188	\$ 6,573,025	\$ 1,738,847
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 166,836	\$ 1,200,365	\$ 1,180,674	\$ 186,527
Due to Litigants, Heirs, and Others	1,417,848	5,526,823	5,392,351	1,552,320
Total Liabilities	\$ 1,584,684	\$ 6,727,188	\$ 6,573,025	\$ 1,738,847

MISCELLANEOUS SCHEDULES

Exhibit I-1

Haywood County, Tennessee
Schedule of Changes in Capital Leases, Other Loans, and Bonds
For the Year Ended June 30, 2006

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-06
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through Solid Waste/Sanitation Fund</u>								
Sanitation Truck	157,083	5.4 %	4-15-05	4-25-09	\$ 151,150	\$ 0	\$ 36,666	\$ 114,484
Total Capital Leases Payable					\$ 151,150	\$ 0	\$ 36,666	\$ 114,484
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Public Works / School Projects	(1)	Variable	5-1-05	6-1-13	\$ 761,331	\$ 2,397,200	\$ 425,000	\$ 2,733,531
Total Other Loans Payable					\$ 761,331	\$ 2,397,200	\$ 425,000	\$ 2,733,531
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Waterline (USDA Rural Development)	560,000	4.875	2-5-1998	2-5-38	\$ 524,362	\$ 0	\$ 7,006	\$ 517,356
Waterline (USDA Rural Development)	72,300	4.75	6-4-1999	6-4-37	67,547	0	931	66,616
General Obligation Refunding	1,375,000	1.05 to 2.4	1-1-03	6-1-08	730,000	0	235,000	495,000
General Obligation Improvements	1,000,000	1.25 to 3.25	1-1-03	6-1-10	745,000	0	135,000	610,000
Total Bonds Payable					\$ 2,066,909	\$ 0	\$ 377,937	\$ 1,688,972

(1) – Total amount available under Public Building Authority of Sevier County Loan Agreement is \$5,000,000, of which \$3,158,531 has been drawn as of June 30, 2006.

Exhibit I-2

Haywood County, Tennessee
Schedule of Bond and Interest Requirements By Year

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2007	\$ 398,327	\$ 56,941	\$ 455,268
2008	408,737	47,171	455,908
2009	164,167	37,141	201,308
2010	169,618	32,195	201,813
2011	10,091	26,522	36,613
2012	10,588	26,025	36,613
2013	11,109	25,504	36,613
2014	11,655	24,958	36,613
2015	12,229	25,384	37,613
2016	12,830	23,783	36,613
2017	13,461	26,152	39,613
2018	14,124	22,489	36,613
2019	14,818	21,795	36,613
2020	15,547	21,066	36,613
2021	16,312	20,301	36,613
2022	17,115	19,498	36,613
2023	17,957	18,656	36,613
2024	18,840	17,773	36,613
2025	19,767	16,846	36,613
2026	20,740	15,873	36,613
2027	21,760	14,853	36,613
2028	22,830	13,783	36,613
2029	23,954	12,659	36,613
2030	25,132	11,481	36,613
2031	26,369	10,244	36,613
2032	27,666	8,947	36,613
2033	29,027	7,586	36,613
2034	30,456	6,157	36,613
2035	31,954	4,659	36,613
2036	33,526	3,087	36,613
2037	35,104	1,438	36,542
2038	3,162	77	3,239
Total	\$ 1,688,972	\$ 621,044	\$ 2,310,016

Exhibit I-3

Haywood County, Tennessee
Schedule of Transfers
For the Year Ended June 30, 2006

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Public Library	To provide funds to operations	\$ 59,605
General Capital Projects	Community Development/Industrial Park	To provide funds to extend waterline	155,000
Solid Waste/Sanitation	Solid Waste Disposal	To provide funds for solid waste disposal	<u>153,880</u>
Total Transfers			<u>\$ 368,485</u>

Exhibit I-4

Haywood County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
For the Year Ended June 30, 2006

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and County Commission	\$ 72,602 (1,2)	\$ 50,000	State Automobile Mutual Insurance Company
Chief Administrative Highway Officer	Section 8-24-102, <u>TCA</u> , and County Commission	61,478 (1)	100,000	"
Trustee	Section 8-24-102, <u>TCA</u> , and County Commission	54,008 (1)	717,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u> , and County Commission	54,008 (1)	10,000	Auto Owners Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u> , and County Commission	54,008 (1)	50,000	State Automobile Mutual Insurance Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u> , and County Commission	54,008 (1)	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and County Commission	54,008 (1)	70,000	"
Register	Section 8-24-102, <u>TCA</u> , and County Commission	54,008 (1)	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	59,674 (1,3)	25,000	"
Employee Blanket Bonds:				
Office of County Mayor and Highway Department: All Employees			150,000	The Local Government Property and Casualty Fund

- (1) Includes certified public administrator supplement of \$2,520.
(2) Includes county commission chairman compensation of \$9,000.
(3) Includes law enforcement training supplement of \$519.

Exhibit I-5

Haywood County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2006

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 3,136,654	\$ 0	\$ 0	\$ 0	\$ 0	\$ 390,703
Discount on Property Taxes	(29,889)	0	0	0	0	(3,736)
Trustee's Collections - Prior Year	143,088	0	0	0	0	25,019
Trustee's Collections - Bankruptcy	981	0	0	0	0	171
Circuit/Clerk & Master Collections - Prior Years	71,859	0	0	0	0	14,331
Interest and Penalty	24,942	0	0	0	0	4,015
Payments in-Lieu-of Taxes - T.V.A.	584	0	0	0	0	73
Payments in-Lieu-of Taxes - Local Utilities	51,921	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	167,061	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	91,943	0	0	0	0	0
Hotel/Motel Tax	39,064	0	0	0	0	0
Wheel Tax	282,510	0	0	0	0	138,936
Litigation Tax - General	282,865	0	0	0	0	0
Litigation Tax - Special Purpose	5,493	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Business Tax	98,736	0	0	0	0	0
Other County Local Option Taxes	41,257	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	10,899	0	0	0	0	0
Wholesale Beer Tax	75,220	0	0	0	0	0
Total Local Taxes	\$ 4,495,188	\$ 0	\$ 0	\$ 0	\$ 0	\$ 569,512
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 1,561	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	645	0	0	0	0	0
<u>Permits</u>						
Beer Permits	4,668	0	0	0	0	0
Building Permits	23,806	0	0	0	0	0
Total Licenses and Permits	\$ 30,680	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit I-5

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Officers Costs	\$ 5,800	\$ 0	\$ 0	\$ 0	\$ 0	0
Drug Control Fines	8,774	0	0	71	0	0
Jail Fees	3,485	0	0	0	0	0
Data Entry Fee - Circuit Court	162	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	11,345	0	0	0	0	0
Officers Costs	33,004	0	0	0	0	0
Game and Fish Fines	149	0	0	0	0	0
Drug Control Fines	502	0	0	665	0	0
Jail Fees	20,410	0	0	0	0	0
DUI Treatment Fines	3,850	0	0	0	0	0
Data Entry Fee - General Sessions Court	18,593	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	2,213	0	0	0	0	0
Officers Costs	8,461	0	0	0	0	0
Data Entry Fee - Juvenile Court	769	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	3,594	0	0	0	0	0
Data Entry Fee - Chancery Court	1,604	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	0	15,232	0	0
Total Fines, Forfeitures, and Penalties	\$ 122,715	\$ 0	\$ 0	\$ 15,968	\$ 0	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Residential Waste Collection Charge	\$ 0	\$ 0	\$ 348,046	\$ 0	\$ 0	0
Patient Charges	643,101	0	0	0	0	0
Zoning Studies	265	0	0	0	0	0
Health Department Collections	100,805	0	0	0	0	0
Other General Service Charges	2,750	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	29,958	0	0	0	0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Copy Fees	\$ 325	\$ 4,382	\$ 0	\$ 0	\$ 0	\$ 0
Telephone Commissions	8,978	0	0	0	0	0
Vending Machine Collections	2,544	0	0	0	0	65
Constitutional Officers' Fees and Commissions	0	0	0	0	343,222	0
Data Processing Fee - Register	7,550	0	0	0	0	0
Data Processing Fee - Sheriff	3,484	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	60	0	0	0	0	0
Total Charges for Current Services	\$ 799,820	\$ 4,382	\$ 348,046	\$ 0	\$ 343,222	\$ 65
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 12,084	\$ 2,759	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	24,950	1,995	0	0	0	0
Sale of Materials and Supplies	51,534	0	0	0	0	8,826
Commissary Sales	10,446	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	210,783
Miscellaneous Refunds	16,855	0	1,058	0	0	8,180
<u>Nonrecurring Items</u>						
Sale of Equipment	1,356	0	6,025	0	0	0
Damages Recovered from Individuals	800	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0	0	0
Total Other Local Revenues	\$ 118,025	\$ 4,754	\$ 7,083	\$ 0	\$ 0	\$ 227,789
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 8,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	115,000	0	0	0	0	0
<u>Fees-In-Lieu of Salary</u>						
Circuit Court Clerk	27,359	0	0	0	0	0
General Sessions Court Clerk	496,198	0	0	0	0	0
Clerk and Master	92,151	0	0	0	0	0

(Continued)

Exhibit I-5

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees-In-Lieu of Salary (Cont.)</u>						
Juvenile Court Clerk	\$ 41,507	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Register	87,934	0	0	0	0	0
Sheriff	8,263	0	0	0	0	0
Total Fees Received from County Officials	\$ 876,412	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 9,675	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Reappraisal Grant	7,173	0	0	0	0	0
Other General Government Grants	188,000	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	6,224	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	9,812	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	110,219
Litter Program	0	0	31,992	0	0	0
<u>Other State Revenues</u>						
Income Tax	19,237	0	0	0	0	0
Beer Tax	14,212	0	0	0	0	0
Alcoholic Beverage Tax	28,698	0	0	0	0	0
Mixed Drink Tax	6,513	0	0	0	0	0
State Revenue Sharing - T.V.A.	236,676	0	0	0	0	22,970
Contracted Prisoner Boarding	181,417	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,730,503
Petroleum Special Tax	0	0	0	0	0	15,925
Registrar's Salary Supplement	16,380	0	0	0	0	0
Total State of Tennessee	\$ 724,017	\$ 0	\$ 31,992	\$ 0	\$ 0	\$ 1,879,617
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA - Other	\$ 133,701	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit I-5

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

	Special Revenue Funds					
	General	Public Library	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	434,802	0	0	0	0	0
Other Federal through State	103,645	3,990	0	0	0	11,672
<u>Direct Federal Revenue</u>						
Forest Service	45,901	0	0	0	0	0
Other Direct Federal Revenue	0	0	0	0	0	0
Total Federal Government	\$ 718,049	\$ 3,990	\$ 0	\$ 0	\$ 0	\$ 11,672
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 422,604	\$ 56,240	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	129,324	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	20	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 551,948	\$ 56,240	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 8,436,854	\$ 69,366	\$ 387,121	\$ 15,968	\$ 343,222	\$ 2,688,655

(Continued)

Exhibit I-5

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

	Debt	Capital Projects Funds			Total
	Service Fund	General Capital Projects	Community Development/Industrial Park	Other Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 140,029	\$ 0	\$ 0	\$ 0	\$ 3,667,386
Discount on Property Taxes	(1,334)	0	0	0	(34,959)
Trustee's Collections - Prior Year	12,238	0	0	0	180,345
Trustee's Collections - Bankruptcy	98	0	0	0	1,250
Circuit/Clerk & Master Collections - Prior Years	5,802	0	0	0	91,992
Interest and Penalty	2,056	0	0	0	31,013
Payments in-Lieu-of Taxes - T.V.A.	26	0	0	0	683
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	51,921
Payments in-Lieu-of Taxes - Other	14,239	0	0	0	181,300
<u>County Local Option Taxes</u>					
Local Option Sales Tax	247,396	0	0	0	339,339
Hotel/Motel Tax	0	0	0	0	39,064
Wheel Tax	0	0	0	0	421,446
Litigation Tax - General	0	0	0	0	282,865
Litigation Tax - Special Purpose	0	0	0	0	5,493
Litigation Tax - Jail, Workhouse, or Courthouse	88,296	0	0	0	88,296
Business Tax	0	0	0	0	98,736
Other County Local Option Taxes	0	0	0	0	41,257
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	0	10,899
Wholesale Beer Tax	0	0	0	0	75,220
Total Local Taxes	\$ 508,846	\$ 0	\$ 0	\$ 0	\$ 5,573,546
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,561
Cable TV Franchise	0	0	0	0	645
<u>Permits</u>					
Beer Permits	0	0	0	0	4,668
Building Permits	0	0	0	0	23,806
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,680

(Continued)

Exhibit I-5

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

	Debt	Capital Projects Funds			Total
	Service Fund	General Capital Projects	Community Development/Industrial Park	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	5,800
Drug Control Fines	0	0	0	0	8,845
Jail Fees	0	0	0	0	3,485
Data Entry Fee - Circuit Court	0	0	0	0	162
<u>General Sessions Court</u>					
Fines	0	0	0	0	11,345
Officers Costs	0	0	0	0	33,004
Game and Fish Fines	0	0	0	0	149
Drug Control Fines	0	0	0	0	1,167
Jail Fees	0	0	0	0	20,410
DUI Treatment Fines	0	0	0	0	3,850
Data Entry Fee - General Sessions Court	0	0	0	0	18,593
<u>Juvenile Court</u>					
Fines	0	0	0	0	2,213
Officers Costs	0	0	0	0	8,461
Data Entry Fee - Juvenile Court	0	0	0	0	769
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	3,594
Data Entry Fee - Chancery Court	0	0	0	0	1,604
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	0	0	0	0	15,232
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	138,683
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Residential Waste Collection Charge	\$ 0	\$ 0	\$ 0	\$ 0	348,046
Patient Charges	0	0	0	0	643,101
Zoning Studies	0	0	0	0	265
Health Department Collections	0	0	0	0	100,805
Other General Service Charges	0	0	0	0	2,750
<u>Fees</u>					
Recreation Fees	0	0	0	0	29,958

(Continued)

Exhibit I-5

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

	Capital Projects Funds				Total
	Debt Service Fund	General Capital Projects	Community Development/Industrial Park	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Copy Fees	\$ 0	\$ 0	\$ 0	\$ 0	4,707
Telephone Commissions	0	0	0	0	8,978
Vending Machine Collections	0	0	0	0	2,609
Constitutional Officers' Fees and Commissions	0	0	0	0	343,222
Data Processing Fee - Register	0	0	0	0	7,550
Data Processing Fee - Sheriff	0	0	0	0	3,484
Sexual Offender Registration Fees - Sheriff	0	0	0	0	60
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	1,495,535
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 396,409	\$ 0	\$ 0	\$ 0	411,252
Lease/Rentals	0	0	0	0	26,945
Sale of Materials and Supplies	0	0	0	0	60,360
Commissary Sales	0	0	0	0	10,446
Sale of Gasoline	0	0	0	0	210,783
Miscellaneous Refunds	0	0	0	1,412	27,505
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	0	7,381
Damages Recovered from Individuals	0	0	0	0	800
<u>Other Local Revenues</u>					
Other Local Revenues	34,589	0	0	0	34,589
Total Other Local Revenues	\$ 430,998	\$ 0	\$ 0	1,412	\$ 790,061
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	8,000
Trustee	0	0	0	0	115,000
<u>Fees-In-Lieu of Salary</u>					
Circuit Court Clerk	0	0	0	0	27,359
General Sessions Court Clerk	0	0	0	0	496,198
Clerk and Master	0	0	0	0	92,151

(Continued)

Exhibit I-5

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

	Capital Projects Funds				Total
	Debt Service Fund	General Capital Projects	Community Development/Industrial Park	Other Capital Projects	
<u>Fees Received from County Officials (Cont.)</u>					
<u>Fees-In-Lieu of Salary (Cont.)</u>					
Juvenile Court Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 41,507
Register	0	0	0	0	87,934
Sheriff	0	0	0	0	8,263
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 876,412
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,675
State Reappraisal Grant	0	0	0	0	7,173
Other General Government Grants	0	0	0	0	188,000
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	6,224
<u>Health and Welfare Grants</u>					
Other Health and Welfare Grants	0	0	0	0	9,812
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	110,219
Litter Program	0	0	0	0	31,992
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	19,237
Beer Tax	0	0	0	0	14,212
Alcoholic Beverage Tax	0	0	0	0	28,698
Mixed Drink Tax	0	0	0	0	6,513
State Revenue Sharing - T.V.A.	0	0	0	0	259,646
Contracted Prisoner Boarding	0	0	0	0	181,417
Gasoline and Motor Fuel Tax	0	0	0	0	1,730,503
Petroleum Special Tax	0	0	0	0	15,925
Registrar's Salary Supplement	0	0	0	0	16,380
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,635,626
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA - Other	\$ 0	\$ 300,000	\$ 0	\$ 0	\$ 433,701

(Continued)

Exhibit I-5

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

	Debt Service Fund	Capital Projects Funds			Total
		General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Community Development	\$ 0	\$ 0	\$ 469,575	\$ 0	\$ 469,575
Homeland Security Grants	0	0	0	0	434,802
Other Federal through State	0	0	6,403	0	125,710
<u>Direct Federal Revenue</u>					
Forest Service	0	0	0	0	45,901
Other Direct Federal Revenue	0	75,000	0	0	75,000
Total Federal Government	\$ 0	\$ 375,000	\$ 475,978	\$ 0	\$ 1,584,689
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 244,922	\$ 337,000	\$ 0	\$ 5,000	\$ 1,065,766
Contracted Services	0	0	0	0	129,324
<u>Citizens Groups</u>					
Donations	0	0	0	0	20
Total Other Governments and Citizens Groups	\$ 244,922	\$ 337,000	\$ 0	\$ 5,000	\$ 1,195,110
Total	\$ 1,184,766	\$ 712,000	\$ 475,978	\$ 6,412	\$ 14,320,342

Exhibit I-6

Haywood County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2006

General Fund

General Government

County Commission

Other Salaries & Wages	\$	9,000	
Board and Committee Members Fees		12,375	
Social Security		1,220	
State Retirement		99	
Audit Services		8,250	
Dues and Memberships		5,286	
Travel		1,785	
Other Contracted Services		10,800	
Other Charges		20,513	
Total County Commission			\$ 69,328

Beer Board

Secretary to Board	\$	250	
Board and Committee Members Fees		700	
Legal Notices, Recording, and Court Costs		128	
Total Beer Board			1,078

County Mayor/Executive

County Official/Administrative Officer	\$	61,082	
Accountants/Bookkeepers		60,306	
Secretary(ies)		17,977	
Temporary Personnel		17,795	
Educational Incentive - Official/Administrative Officer		2,520	
Social Security		12,694	
State Retirement		17,643	
Employee and Dependent Insurance		7,706	
Unemployment Compensation		241	
Other Fringe Benefits		840	
Communication		5,084	
Data Processing Services		6,100	
Dues and Memberships		1,698	
Maintenance & Repair Services - Office Equipment		125	
Postal Charges		2,542	
Travel		3,443	
Library Books/Media		579	
Office Supplies		3,163	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		550	
Office Equipment		510	
Total County Mayor/Executive			222,698

(Continued)

Exhibit I-6

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

County Official/Administrative Officer	\$	4,500	
Social Security		379	
Operating Lease Payments		1,170	
Legal Services		11,863	
Duplicating Supplies		139	
Library Books/Media		7,078	
Total County Attorney			\$ 25,129

Election Commission

County Official/Administrative Officer	\$	43,981	
Part-time Personnel		2,399	
Other Salaries & Wages		2,635	
Election Commission		2,925	
Social Security		3,280	
State Retirement		5,520	
Employee and Dependent Insurance		5,837	
Unemployment Compensation		75	
Communication		2,827	
Data Processing Services		1,139	
Legal Notices, Recording, and Court Costs		575	
Maintenance Agreements		1,840	
Postal Charges		1,064	
Printing, Stationery, and Forms		520	
Travel		2,035	
Office Supplies		608	
Workers' Compensation Insurance		165	
Other Charges		160	
Data Processing Equipment		2,670	
Voting Machines		188,000	
Total Election Commission			268,255

Register of Deeds

County Official/Administrative Officer	\$	51,488
Deputy(ies)		26,082
Educational Incentive - Official/Administrative Officer		2,520
Social Security		5,605
State Retirement		9,328
Employee and Dependent Insurance		5,837
Unemployment Compensation		56
Other Fringe Benefits		420

(Continued)

Exhibit I-6

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Communication	\$	1,016	
Dues and Memberships		498	
Postal Charges		266	
Printing, Stationery, and Forms		2,031	
Rentals		1,557	
Travel		594	
Maintenance and Repair Services - Records		3,500	
Duplicating Supplies		252	
Office Supplies		144	
Workers' Compensation Insurance		285	
Data Processing Equipment		3,853	
Total Register of Deeds			\$ 115,332

Development

Supervisor/Director	\$	27,444	
Secretary(ies)		1,200	
Social Security		2,129	
State Retirement		3,333	
Unemployment Compensation		56	
Other Fringe Benefits		420	
Communication		615	
Contracts with Government Agencies		7,000	
Maintenance & Repair Services - Vehicles		306	
Travel		140	
Gasoline		878	
Office Supplies		605	
Workers' Compensation Insurance		1,481	
Total Development			45,607

County Buildings

Custodial Personnel	\$	40,236	
Other Salaries & Wages		16,804	
Social Security		4,828	
State Retirement		7,479	
Employee and Dependent Insurance		7,120	
Unemployment Compensation		196	
Other Fringe Benefits		8,820	
Maintenance Agreements		25,562	
Custodial Supplies		3,982	
Duplicating Supplies		1,177	

(Continued)

Exhibit I-6

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Gasoline	\$	30	
Utilities		40,453	
Other Supplies and Materials		21,185	
Workers' Compensation Insurance		3,503	
Building Improvements		3,950	
Total County Buildings			\$ 185,325

Finance

Accounting and Budgeting

Board and Committee Members Fees	\$	2,400	
Total Accounting and Budgeting			2,400

Property Assessor's Office

County Official/Administrative Officer	\$	51,488	
Deputy(ies)		86,057	
Educational Incentive - Official/Administrative Officer		2,520	
Board and Committee Members Fees		448	
Social Security		11,828	
State Retirement		18,710	
Employee and Dependent Insurance		12,565	
Unemployment Compensation		157	
Other Fringe Benefits		1,260	
Communication		2,885	
Contracts with Private Agencies		10,965	
Data Processing Services		6,568	
Dues and Memberships		1,153	
Maintenance & Repair Services - Buildings		60	
Maintenance & Repair Services - Vehicles		717	
Postal Charges		1,621	
Rentals		7,200	
Travel		2,749	
Duplicating Supplies		350	
Gasoline		1,372	
Office Supplies		2,461	
Utilities		4,725	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		534	
Data Processing Equipment		2,141	
Office Equipment		4,033	
Other Equipment		24,939	
Total Property Assessor's Office			259,606

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Other Salaries & Wages	\$	29,381	
Social Security		740	
State Retirement		1,430	
Unemployment Compensation		57	
Other Fringe Benefits		210	
Communication		270	
Data Processing Services		1,972	
Gasoline		822	
Office Supplies		915	
Workers' Compensation Insurance		123	
Total Reappraisal Program			\$ 35,920

County Trustee's Office

Educational Incentive - Official/Administrative Officer	\$	2,520	
Social Security		10,086	
State Retirement		15,821	
Employee and Dependent Insurance		16,349	
Unemployment Compensation		268	
Other Fringe Benefits		1,260	
Communication		3,256	
Data Processing Services		3,453	
Dues and Memberships		1,266	
Maintenance Agreements		3,707	
Maintenance & Repair Services - Office Equipment		499	
Postal Charges		5,526	
Printing, Stationery, and Forms		2,028	
Office Supplies		3,566	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		523	
Other Charges		3,333	
Total County Trustee's Office			73,561

County Clerk's Office

Educational Incentive - Official/Administrative Officer	\$	2,520
Social Security		12,026
State Retirement		14,623
Employee and Dependent Insurance		16,357
Unemployment Compensation		331
Other Fringe Benefits		1,050
Communication		2,262

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Dues and Memberships	\$	348	
Operating Lease Payments		1,502	
Maintenance Agreements		12,792	
Postal Charges		2,951	
Printing, Stationery, and Forms		1,419	
Office Supplies		2,913	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		772	
Data Processing Equipment		1,500	
Office Equipment		2,899	
Total County Clerk's Office	\$		76,365

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	51,488	
Deputy(ies)		249,472	
Educational Incentive - Official/Administrative Officer		2,520	
Board and Committee Members Fees		1,400	
Jury and Witness Fees		9,351	
Social Security		21,944	
State Retirement		35,239	
Employee and Dependent Insurance		31,915	
Unemployment Compensation		662	
Other Fringe Benefits		3,360	
Communication		4,408	
Data Processing Services		7,700	
Dues and Memberships		443	
Postal Charges		3,638	
Printing, Stationery, and Forms		3,648	
Rentals		4,688	
Travel		1,631	
Office Supplies		1,996	
Premiums on Corporate Surety Bonds		126	
Workers' Compensation Insurance		1,088	
Office Equipment		2,127	
Total Circuit Court			438,844

General Sessions Judge

Judge(s)	\$	76,982
Secretary(ies)		23,287

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

In-Service Training	\$	165	
Social Security		7,235	
State Retirement		11,999	
Employee and Dependent Insurance		8,693	
Unemployment Compensation		59	
Other Fringe Benefits		420	
Communication		708	
Dues and Memberships		673	
Postal Charges		26	
Travel		658	
Library Books/Media		409	
Office Supplies		59	
Workers' Compensation Insurance		362	
Office Equipment		750	
Total General Sessions Judge			\$ 132,485

General Sessions Court Clerk

Postal Charges	\$	26	
Printing, Stationery, and Forms		3,962	
Office Supplies		675	
Total General Sessions Court Clerk			4,663

Chancery Court

County Official/Administrative Officer	\$	51,488	
Deputy(ies)		49,685	
Educational Incentive - Official/Administrative Officer		2,520	
Social Security		7,784	
State Retirement		12,201	
Employee and Dependent Insurance		4,195	
Unemployment Compensation		168	
Other Fringe Benefits		840	
Communication		1,445	
Dues and Memberships		443	
Postal Charges		2,981	
Printing, Stationery, and Forms		1,036	
Travel		247	
Other Contracted Services		3,110	
Office Supplies		1,260	
Premiums on Corporate Surety Bonds		120	
Workers' Compensation Insurance		370	

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Data Processing Equipment	\$ 1,791	
Total Chancery Court		\$ 141,684

Juvenile Court

Youth Service Officer(s)	\$ 23,781	
Social Security	1,819	
State Retirement	1,330	
Employee and Dependent Insurance	1,753	
Unemployment Compensation	74	
Communication	2,157	
Dues and Memberships	255	
Legal Services	808	
Postal Charges	184	
Travel	910	
Office Supplies	1,485	
Workers' Compensation Insurance	92	
Other Charges	503	
Total Juvenile Court		35,151

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 56,635
Supervisor/Director	34,196
Deputy(ies)	96,481
Detective(s)	35,842
Investigator(s)	33,810
Lieutenant(s)	96,070
Sergeant(s)	82,500
Salary Supplements	320
Guards	33,600
Secretary(ies)	49,074
Educational Incentive - Official/Administrative Officer	2,520
Overtime Pay	22,655
In-Service Training	6,224
Social Security	39,579
State Retirement	64,072
Employee and Dependent Insurance	52,743
Unemployment Compensation	1,022
Other Fringe Benefits	6,510
Communication	14,330

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Dues and Memberships	\$	2,440	
Legal Notices, Recording, and Court Costs		107	
Maintenance Agreements		7,472	
Maintenance & Repair Services - Equipment		1,287	
Maintenance & Repair Services - Office Equipment		2,482	
Maintenance & Repair Services - Vehicles		30,766	
Medical and Dental Services		588	
Postal Charges		986	
Printing, Stationery, and Forms		261	
Travel		3,425	
Tuition		2,670	
Gasoline		57,481	
Law Enforcement Supplies		3,055	
Library Books/Media		176	
Office Supplies		2,092	
Tires and Tubes		4,165	
Uniforms		6,198	
Other Supplies and Materials		225	
Workers' Compensation Insurance		16,000	
Other Charges		873	
Law Enforcement Equipment		4,066	
Motor Vehicles		30,168	
Total Sheriff's Department			\$ 905,166

Special Patrols

Deputy(ies)	\$	37,773	
Overtime Pay		1,163	
Social Security		2,891	
State Retirement		3,100	
Employee and Dependent Insurance		1,946	
Unemployment Compensation		128	
Maintenance & Repair Services - Vehicles		3,366	
Medical and Dental Services		75	
Tuition		2,000	
Gasoline		5,639	
Uniforms		427	
Liability Insurance		1,270	
Workers' Compensation Insurance		1,350	
Total Special Patrols			61,128

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Assistant(s)	\$	28,944	
Supervisor/Director		32,719	
Deputy(ies)		318,866	
Secretary(ies)		22,154	
Cafeteria Personnel		57,266	
Overtime Pay		19,594	
Social Security		35,103	
State Retirement		50,025	
Employee and Dependent Insurance		46,560	
Unemployment Compensation		1,426	
Other Fringe Benefits		5,880	
Communication		6,432	
Maintenance Agreements		2,706	
Maintenance & Repair Services - Equipment		19,218	
Maintenance & Repair Services - Office Equipment		3,237	
Maintenance & Repair Services - Vehicles		1,861	
Medical and Dental Services		137,971	
Postal Charges		102	
Printing, Stationery, and Forms		1,435	
Travel		1,255	
Tuition		225	
Custodial Supplies		8,793	
Drugs and Medical Supplies		52,961	
Food Supplies		92,600	
Gasoline		2,136	
Library Books/Media		78	
Office Supplies		2,174	
Prisoners Clothing		4,488	
Uniforms		5,094	
Utilities		62,179	
Other Supplies and Materials		4,203	
Workers' Compensation Insurance		16,500	
Building Improvements		5,509	
Food Service Equipment		3,885	
Office Equipment		866	
Total Jail			\$ 1,054,445

Workhouse

County Official/Administrative Officer	\$	34,349
Assistant(s)		18,040

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Laborers	\$	18,900	
Social Security		5,500	
State Retirement		6,990	
Employee and Dependent Insurance		9,343	
Unemployment Compensation		221	
Other Fringe Benefits		1,840	
Communication		2,321	
Maintenance & Repair Services - Buildings		858	
Maintenance & Repair Services - Equipment		16,791	
Veterinary Services		40	
Other Contracted Services		3,359	
Diesel Fuel		9,120	
Fertilizer, Lime, and Seed		16,868	
Gasoline		3,355	
Utilities		7,099	
Workers' Compensation Insurance		3,984	
Other Equipment		5,934	
Total Workhouse			\$ 164,912

Fire Prevention and Control

Other Per Diem & Fees	\$	10,348	
Social Security		551	
Unemployment Compensation		56	
Contracts with Government Agencies		177,108	
Maintenance & Repair Services - Equipment		24,988	
Maintenance & Repair Services - Vehicles		5,671	
Diesel Fuel		6,206	
Gasoline		1,875	
Vehicle and Equipment Insurance		32,653	
Workers' Compensation Insurance		4,500	
Other Charges		76,645	
Motor Vehicles		193,193	
Total Fire Prevention and Control			533,794

Civil Defense

County Official/Administrative Officer	\$	28,916	
Part-time Personnel		10,088	
Social Security		3,012	
State Retirement		160	
Employee and Dependent Insurance		292	

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Unemployment Compensation	\$	137	
Other Fringe Benefits		420	
Vehicle and Equipment Insurance		967	
Workers' Compensation Insurance		1,607	
Other Charges		134,620	
Total Civil Defense			\$ 180,219

Public Safety Grant Programs

Deputy(ies)	\$	27,496	
Salary Supplements		200	
Social Security		2,202	
State Retirement		3,542	
Employee and Dependent Insurance		3,507	
Unemployment Compensation		56	
Other Fringe Benefits		210	
Total Public Safety Grant Programs			37,213

Other Public Safety

Contracts with Government Agencies	\$	152,918	
Total Other Public Safety			152,918

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	15,173	
Social Security		1,079	
State Retirement		1,865	
Employee and Dependent Insurance		3,507	
Unemployment Compensation		56	
Other Fringe Benefits		420	
Communication		2,204	
Contracts with Government Agencies		15,841	
Maintenance & Repair Services - Buildings		6,567	
Postal Charges		1,554	
Custodial Supplies		2,283	
Drugs and Medical Supplies		2,376	
Office Supplies		4,960	
Utilities		7,728	
Workers' Compensation Insurance		873	
Building Construction		16,980	
Communication Equipment		7,731	
Total Local Health Center			91,197

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Contracts with Government Agencies	\$ 50,216	
Total Rabies and Animal Control		\$ 50,216

Ambulance/Emergency Medical Services

Assistant(s)	\$ 37,296
Supervisor/Director	49,930
Paraprofessionals	245,200
Salary Supplements	36,750
Secretary(ies)	24,681
Attendants	195,467
Part-time Personnel	26,093
Overtime Pay	51,382
In-Service Training	5,190
Social Security	50,098
State Retirement	72,278
Employee and Dependent Insurance	37,102
Unemployment Compensation	1,482
Other Fringe Benefits	6,349
Communication	6,571
Data Processing Services	6,152
Dues and Memberships	190
Laundry Service	2,498
Licenses	890
Maintenance Agreements	6,145
Maintenance & Repair Services - Buildings	2,488
Maintenance & Repair Services - Vehicles	31,489
Postal Charges	777
Travel	1,063
Tuition	1,790
Custodial Supplies	1,206
Drugs and Medical Supplies	24,779
Gasoline	23,966
Instructional Supplies and Materials	412
Office Supplies	5,563
Uniforms	5,543
Utilities	8,542
Other Supplies and Materials	1,297
Liability Insurance	20,132
Refunds	830
Workers' Compensation Insurance	54,200

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Other Equipment	\$ 14,432	
Total Ambulance/Emergency Medical Services		\$ 1,060,253

Dental Health Program

Paraprofessionals	\$ 18,880	
Clerical Personnel	40,186	
Social Security	4,327	
State Retirement	5,446	
Employee and Dependent Insurance	5,552	
Unemployment Compensation	211	
Other Fringe Benefits	840	
Travel	1,450	
Workers' Compensation Insurance	148	
Total Dental Health Program		77,040

Alcohol and Drug Programs

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

Other Local Health Services

Part-time Personnel	\$ 3,216	
Contributions	1,000	
Travel	54	
Instructional Supplies and Materials	273	
Other Charges	410	
Total Other Local Health Services		4,953

Social, Cultural, and Recreational Services

Libraries

Librarians	\$ 42,504	
Social Security	3,278	
State Retirement	5,134	
Unemployment Compensation	112	
Other Fringe Benefits	420	
Workers' Compensation Insurance	152	
Total Libraries		51,600

Parks and Fair Boards

County Official/Administrative Officer	\$ 41,512	
Supervisor/Director	17,129	

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Foremen	\$	29,305	
Laborers		110,921	
Secretary(ies)		27,268	
Temporary Personnel		32,845	
Overtime Pay		3,576	
Social Security		19,542	
State Retirement		25,511	
Employee and Dependent Insurance		29,582	
Unemployment Compensation		874	
Other Fringe Benefits		2,520	
Communication		5,509	
Dues and Memberships		839	
Maintenance & Repair Services - Buildings		13,105	
Maintenance & Repair Services - Equipment		4,222	
Maintenance & Repair Services - Office Equipment		844	
Maintenance & Repair Services - Vehicles		3,954	
Pest Control		1,127	
Postal Charges		386	
Travel		3,048	
Custodial Supplies		9,407	
Fertilizer, Lime, and Seed		24,156	
Gasoline		10,194	
Office Supplies		5,287	
Utilities		70,801	
Other Supplies and Materials		9,808	
Refunds		9,815	
Vehicle and Equipment Insurance		5,193	
Workers' Compensation Insurance		10,600	
Other Charges		1,658	
Building Improvements		5,982	
Heating and Air Conditioning Equipment		4,985	
Maintenance Equipment		1,998	
Motor Vehicles		1,674	
Site Development		37,075	
Total Parks and Fair Boards			\$ 582,252

Other Social, Cultural, and Recreational

Contracts with Government Agencies	\$	103,311
Other Supplies and Materials		7,454
Other Charges		4,233

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Other Social, Cultural, and Recreational (Cont.)

Site Development	\$ 5,981	
Total Other Social, Cultural, and Recreational		\$ 120,979

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 97,422	
Custodial Personnel	521	
Part-time Personnel	3,168	
Social Security	435	
Unemployment Compensation	51	
Communication	4,852	
Licenses	750	
Postal Charges	197	
Travel	1,550	
Other Contracted Services	210	
Custodial Supplies	432	
Other Supplies and Materials	2,068	
Data Processing Equipment	2,080	
Total Agriculture Extension Service		113,736

Forest Service

Contributions	\$ 2,000	
Total Forest Service		2,000

Soil Conservation

Secretary(ies)	\$ 21,124	
Other Salaries & Wages	37,876	
Social Security	3,573	
State Retirement	7,157	
Employee and Dependent Insurance	11,673	
Unemployment Compensation	112	
Other Fringe Benefits	840	
Contributions	900	
Workers' Compensation Insurance	2,087	
Total Soil Conservation		85,342

Other Operations

Industrial Development

Other Charges	\$ 5,912	
Site Development	73,078	
Total Industrial Development		78,990

(Continued)

Exhibit I-6

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Supervisor/Director	\$	23,081	
Social Security		1,910	
State Retirement		3,263	
Employee and Dependent Insurance		3,507	
Unemployment Compensation		56	
Other Fringe Benefits		4,200	
Communication		429	
Maintenance Agreements		1,332	
Custodial Supplies		71	
Office Supplies		133	
Workers' Compensation Insurance		1,109	
Total Other Charges			\$ 39,091

Contributions to Other Agencies

Contributions	\$	152,128	
Total Contributions to Other Agencies			152,128

Miscellaneous

Building and Contents Insurance	\$	42,000	
Liability Insurance		49,836	
Trustee's Commission		90,541	
Vehicle and Equipment Insurance		29,974	
Other Charges		6,645	
Total Miscellaneous			218,996

Total General Fund \$ 7,956,999

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Maintenance Personnel	\$	10,068	
Other Salaries & Wages		57,459	
Social Security		4,732	
Medical Insurance		3,605	
Other Fringe Benefits		5,557	
Advertising		120	
Communication		2,498	
Dues and Memberships		1,100	
Maintenance & Repair Services - Equipment		3,020	
Travel		1,181	

(Continued)

Exhibit I-6

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Office Supplies	\$	3,778	
Utilities		7,691	
Other Supplies and Materials		1,361	
Other Charges		1,111	
Other Capital Outlay		7,457	
Total Libraries			\$ 110,738

Total Public Library Fund \$ 110,738

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Equipment Operators	\$	85,276	
Overtime Pay		2,573	
Other Fringe Benefits		3,990	
Legal Notices, Recording, and Court Costs		1,061	
Maintenance & Repair Services - Equipment		700	
Maintenance & Repair Services - Office Equipment		2,007	
Postal Charges		4,184	
Printing, Stationery, and Forms		955	
Crushed Stone		480	
Diesel Fuel		35,577	
Equipment and Machinery Parts		19,921	
Gasoline		8,914	
Lubricants		1,264	
Office Supplies		409	
Tires and Tubes		7,539	
Other Supplies and Materials		2,397	
Other Charges		1,246	
Principal on Capital Leases		36,666	
Interest on Capital Leases		6,778	
Maintenance Equipment		5,531	
Total Waste Pickup			\$ 227,468

Other Operations

Other Charges

Trustee's Commission	\$	3,627	
Vehicle and Equipment Insurance		13,009	
Workers' Compensation Insurance		6,215	
Total Other Charges			22,851

(Continued)

Exhibit I-6

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

Solid Waste/Sanitation Fund (Cont.)

Other Operations (Cont.)

Employee Benefits

Social Security	\$	6,235	
State Retirement		9,586	
Employee and Dependent Insurance		12,948	
Unemployment Compensation		250	
Total Employee Benefits			\$ 29,019

Total Solid Waste/Sanitation Fund \$ 279,338

Drug Control Fund

Public Safety

Drug Enforcement

Confidential Drug Enforcement Payments	\$	3,000	
Law Enforcement Supplies		1,622	
Trustee's Commission		19	
Total Drug Enforcement			\$ 4,641

Total Drug Control Fund 4,641

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	151,848	
Total County Trustee's Office			\$ 151,848

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	167,569	
Total County Clerk's Office			167,569

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	6,034	
Total Chancery Court			6,034

Total Constitutional Officers - Fees Fund 325,451

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	58,958	
Accountants/Bookkeepers		51,689	

(Continued)

Exhibit I-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Educational Incentive - Official/Administrative Officer	\$	2,520	
Board and Committee Members Fees		10,200	
Communication		4,057	
Data Processing Services		5,406	
Dues and Memberships		3,198	
Legal Notices, Recording, and Court Costs		742	
Maintenance & Repair Services - Office Equipment		745	
Postal Charges		322	
Printing, Stationery, and Forms		29	
Travel		2,149	
Drugs and Medical Supplies		867	
Electricity		10,470	
Office Supplies		1,712	
Other Charges		1,308	
Total Administration			\$ 154,372

Highway and Bridge Maintenance

Laborers	\$	405,851	
Asphalt		142,119	
Asphalt - Hot Mix		643,964	
Crushed Stone		174,537	
Fertilizer, Lime, and Seed		110,000	
Other Road Supplies		5,250	
Pipe		54,622	
Road Signs		445	
Total Highway and Bridge Maintenance			1,536,788

Operation and Maintenance of Equipment

Laborers	\$	136,180	
Diesel Fuel		203,836	
Equipment and Machinery Parts		125,106	
Gasoline		133,241	
Lubricants		8,051	
Tires and Tubes		25,897	
Total Operation and Maintenance of Equipment			632,311

Other Charges

Liability Insurance	\$	5,426	
Trustee's Commission		27,587	
Vehicle and Equipment Insurance		42,701	

(Continued)

Exhibit I-6

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Workers' Compensation Insurance	\$ 44,143	
Total Other Charges		\$ 119,857

Employee Benefits

Social Security	\$ 47,798	
State Retirement	75,923	
Employee and Dependent Insurance	61,893	
Unemployment Compensation	428	
Other Fringe Benefits	3,551	
Total Employee Benefits		189,593

Capital Outlay

Engineering Services	\$ 26,000	
State Aid Projects	140,030	
Other Capital Outlay	5,193	
Total Capital Outlay		171,223

Total Highway/Public Works Fund		\$ 2,804,144
---------------------------------	--	--------------

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 377,937	
Principal on Other Loans	425,000	
Total General Government		\$ 802,937

Interest on Debt

General Government

Interest on Bonds	\$ 63,990	
Interest on Other Loans	76,290	
Total General Government		140,280

Other Debt Service

General Government

Trustee's Commission	\$ 6,761	
Other Debt Issuance Charges	1,179	
Total General Government		7,940

Total General Debt Service Fund		951,157
---------------------------------	--	---------

(Continued)

Exhibit I-6

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

<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>General Administration Projects</u>		
Building Improvements	\$	50,702
Other Equipment		189,170
Other Construction		47,744
Total General Administration Projects	\$	287,616
 <u>Public Health and Welfare Projects</u>		
Land	\$	115,000
Total Public Health and Welfare Projects		115,000
 <u>Education Capital Projects</u>		
Advertising	\$	154
Architects		54,396
Contributions		1,784,000
Building Construction		780,556
Total Education Capital Projects		2,619,106
Total General Capital Projects Fund	\$	3,021,722
 <u>Community Development/Industrial Park Fund</u>		
<u>Capital Projects</u>		
<u>Public Health and Welfare Projects</u>		
Advertising	\$	18
Engineering Services		20,984
Other Contracted Services		28,000
Other Construction		589,554
Total Public Health and Welfare Projects	\$	638,556
 <u>Other General Government Projects</u>		
Consultants	\$	1,750
Total Other General Government Projects		1,750
Total Community Development/Industrial Park Fund		640,306
 <u>Other Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Other General Government Projects</u>		
Advertising	\$	233
Evaluation and Testing		3,938
Other Construction		80,828
Total Other General Government Projects	\$	84,999
Total Other Capital Projects Fund		84,999
Total Governmental Funds - Primary Government	\$	<u>16,179,495</u>

Exhibit I-7

Haywood County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - City Agency Fund
For the Year Ended June 30, 2006

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,013,838
Total Cash Receipts	<u>\$ 1,013,838</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,003,700
Trustee's Commission	10,138
Total Cash Disbursements	<u>\$ 1,013,838</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2005	<u>0</u>
 Cash Balance, June 30, 2006	<u><u>\$ 0</u></u>

ANNUAL FINANCIAL REPORT
HAYWOOD COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF HAYWOOD COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2006

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller

ARTHUR L. ALEXANDER
Director

NORM R. NORMENT, CGFM
Audit Manager

HORACE B. WISEMAN, CGFM
Auditor 4

LEE ANN WEST, CGFM
AMANDA JACKSON
ELISHA CROWELL, CFE
State Auditors

This financial report is available at www.comptroller.state.tn.us

**HAYWOOD COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF HAYWOOD COUNTY, TENNESSEE
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Audit Highlights

Annual Financial Report
Haywood County School Department
For the Year Ended June 30, 2006

Scope

We have audited the basic financial statements of the Haywood County School Department as of and for the year ended June 30, 2006.

Results

Our report on the Haywood County School Department's financial statements is unqualified.

Our audit resulted in two findings and recommendations, which we have reviewed with the Haywood County School Department's management. Detailed findings, recommendations, and management's responses are included in the Single Audit Report.

Findings

The following is a summary of the audit findings:

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The Education Capital Projects Fund had a fund deficit of \$201,222 at June 30, 2006.
- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.

INTRODUCTORY SECTION

Haywood County School Officials
June 30, 2006

Official

George Chapman, Director of Schools

Board of Education

Patricia Gruenewald, Chairperson

Harold Garrett

Kent Moore

Maggie Stewart

Gloria Sweet-Love

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

INDEPENDENT AUDITOR'S REPORT

February 5, 2007

Haywood County Director of Schools and
Board of Education
Haywood County, Tennessee

To the Director of Schools and Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Haywood County School Department, a component unit of Haywood County, Tennessee, as of and for the year ended June 30, 2006, which collectively comprise the Haywood County School Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Haywood County School Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Haywood County School Department as of June 30, 2006, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 5, 2007, on our consideration of the Haywood County School Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

The budgetary comparison information on pages 35 through 39 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Haywood County School Department's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, and the 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 miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Haywood County, Tennessee
Statement of Net Assets
Haywood County School Department
June 30, 2006

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 3,094,630
Accounts Receivable	19,759
Due from Other Governments	444,436
Due from Primary Government	65,566
Property Taxes Receivable	3,743,805
Allowance for Uncollectible Property Taxes	(268,822)
Capital Assets:	
Assets Not Depreciated:	
Land	178,170
Construction in Progress	19,844
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	7,089,574
Other Capital Assets	1,669,838
Total Assets	<u>\$ 16,056,800</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 2,321
Payroll Deductions Payable	502,976
Due to Primary Government	21,683
Deferred Revenue - Current Property Taxes	3,279,197
Total Liabilities	<u>\$ 3,806,177</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 8,957,426
Restricted for:	
Food Service	426,072
Basic Education Program	121,486
School Federal Projects	55,813
Capital Projects	23,237
Other Purposes	5,745
Unrestricted	<u>2,660,844</u>
Total Net Assets	<u>\$ 12,250,623</u>

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

Exhibit B

Haywood County, Tennessee
Statement of Activities
Haywood County School Department
For the Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 15,526,858	\$ 33,305	\$ 2,050,272	\$ 1,563,843	\$ (11,879,438)
Support Services	7,402,307	0	171,804	22,867	(7,207,636)
Operation of Noninstructional Services	2,193,213	331,682	1,821,978	197,290	157,737
Other Debt Service	244,922	0	0	0	(244,922)
Total Governmental Activities	<u>\$ 25,367,300</u>	<u>\$ 364,987</u>	<u>\$ 4,044,054</u>	<u>\$ 1,784,000</u>	<u>\$ (19,174,259)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 3,333,903
Local Option Sales Tax					1,374,056
Other Local Taxes					338,566
Grants and Contributions Not Restricted for Specific Programs					15,410,187
Miscellaneous					8,588
Total General Revenues					<u>\$ 20,465,300</u>
Change in Net Assets					\$ 1,291,041
Net Assets, July 1, 2005					<u>10,959,582</u>
Net Assets, June 30, 2006					<u>\$ 12,250,623</u>

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

Exhibit C-1

Haywood County, Tennessee
Balance Sheet - Governmental Funds
Haywood County School Department
June 30, 2006

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Other Governmental Funds	
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 2,604,281	\$ 92,293	\$ 398,056	\$ 3,094,630
Accounts Receivable	19,759	0	0	19,759
Due from Other Governments	433,248	11,188	0	444,436
Due from Primary Government	0	0	65,566	65,566
Property Taxes Receivable	3,743,805	0	0	3,743,805
Allowance for Uncollectible Property Taxes	(268,822)	0	0	(268,822)
Total Assets	<u>\$ 6,532,271</u>	<u>\$ 103,481</u>	<u>\$ 463,622</u>	<u>\$ 7,099,374</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 2,321	\$ 0	\$ 0	\$ 2,321
Payroll Deductions Payable	440,995	47,668	14,313	502,976
Due to Primary Government	21,683	0	0	21,683
Deferred Revenue - Current Property Taxes	3,279,197	0	0	3,279,197
Deferred Revenue - Delinquent Property Taxes	187,502	0	0	187,502
Other Deferred Revenues	160,896	0	0	160,896
Total Liabilities	<u>\$ 4,092,594</u>	<u>\$ 47,668</u>	<u>\$ 14,313</u>	<u>\$ 4,154,575</u>
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 156,497	\$ 3,916	\$ 224,459	\$ 384,872
Reserved for Career Ladder Program	5,745	0	0	5,745
Reserved for Basic Education Program	121,486	0	0	121,486
Reserved for Title I Grants to Local Education Agencies	0	43,456	0	43,456
Other Federal Reserves	0	8,441	0	8,441
Unreserved, Reported In:				
General Fund	2,155,949	0	0	2,155,949
Special Revenue Funds	0	0	426,072	426,072
Capital Projects Funds (Deficit)	0	0	(201,222)	(201,222)
Total Fund Balances	<u>\$ 2,439,677</u>	<u>\$ 55,813</u>	<u>\$ 449,309</u>	<u>\$ 2,944,799</u>
Total Liabilities and Fund Balances	<u>\$ 6,532,271</u>	<u>\$ 103,481</u>	<u>\$ 463,622</u>	<u>\$ 7,099,374</u>

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

Exhibit C-2

Haywood County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Haywood County School Department
June 30, 2006

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	2,944,799
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	178,170	
Add: construction in progress		19,844	
Add: buildings and improvements		7,089,574	
Add: other capital assets		<u>1,669,838</u>	8,957,426
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
			<u>348,398</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>12,250,623</u></u>

Exhibit C-3

Haywood County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Haywood County School Department
For the Year Ended June 30, 2006

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	School Federal Projects	Other Govern- mental Funds	
<u>Revenues</u>				
Local Taxes	\$ 5,225,533	\$ 0	\$ 0	\$ 5,225,533
Licenses and Permits	1,395	0	0	1,395
Charges for Current Services	37,567	0	331,682	369,249
Other Local Revenues	122,961	0	3,990	126,951
State of Tennessee	14,503,154	0	24,375	14,527,529
Federal Government	288,389	2,689,885	1,478,319	4,456,593
Other Governments and Citizens Groups	0	0	1,784,000	1,784,000
Total Revenues	<u>\$ 20,178,999</u>	<u>\$ 2,689,885</u>	<u>\$ 3,622,366</u>	<u>\$ 26,491,250</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 12,646,955	\$ 2,341,714	\$ 0	\$ 14,988,669
Support Services	6,947,957	312,059	388,731	7,648,747
Operation of Non-Instructional Services	154,202	72,189	1,779,642	2,006,033
Debt Service:				
Other Debt Service	244,922	0	0	244,922
Capital Projects	0	0	1,455,170	1,455,170
Total Expenditures	<u>\$ 19,994,036</u>	<u>\$ 2,725,962</u>	<u>\$ 3,623,543</u>	<u>\$ 26,343,541</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 184,963</u>	<u>\$ (36,077)</u>	<u>\$ (1,177)</u>	<u>\$ 147,709</u>
Net Change in Fund Balances	\$ 184,963	\$ (36,077)	\$ (1,177)	\$ 147,709
Fund Balance, July 1, 2005	2,254,714	91,890	450,486	2,797,090
Fund Balance, June 30, 2006	<u>\$ 2,439,677</u>	<u>\$ 55,813</u>	<u>\$ 449,309</u>	<u>\$ 2,944,799</u>

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

Exhibit C-4

Haywood County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Haywood County School Department
For the Year Ended June 30, 2006

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)		\$ 147,709
<p>(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:</p>		
Add: capital assets purchased in the current period	\$ 1,781,859	
Less: current year depreciation expense	<u>(688,480)</u>	1,093,379
<p>(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Add: deferred delinquent property taxes and other deferred June 30, 2006	\$ 348,398	
Less: deferred delinquent property taxes and other deferred June 30, 2005	<u>(298,445)</u>	<u>49,953</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,291,041</u>

**HAYWOOD COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF HAYWOOD COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Haywood County School Department'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 the School Department:

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the School Department. 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. However, the School Department does not have any business-type activities to report. The Haywood County School Department 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.

Haywood County issues all debt for the School Department. Net debt issues (\$1,784,000) were contributed by the county to the School Department during the year ended June 30, 2006.

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. 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 the School Department are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, the School Department has no proprietary or fiduciary funds to report. An emphasis is placed on major funds within the governmental category.

Separate financial statements are provided for governmental funds. Major individual governmental funds 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.

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 School Department 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. The School Department 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.

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. All other revenue items are considered to be measurable and available only when the School Department receives cash.

The School Department reports the following major governmental funds:

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

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

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

Capital Projects Fund – The Education Capital Projects Fund accounts for building construction and renovations of the School Department.

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.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

State statutes authorize Haywood County, the School Department's primary 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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by Haywood County and the Haywood County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the primary government's General Debt Service Fund.

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

2. Receivables and Payables

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

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 3.95 percent of total taxes levied.

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

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting deferred revenue to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for

uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

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

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than one year. 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 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
Other Capital Assets	5-10
Infrastructure:	
Improvements Other than Buildings	8-20

4. Compensated Absences

It is the policy of the School Department to permit the unlimited accumulation of unused sick leave for professional personnel

(teachers). Nonprofessional personnel are allowed to accumulate a limited amount of sick leave. There is no liability for unpaid accumulated sick leave since the School Department does not have a policy to pay any amounts when employees separate from service with the School Department.

5. Net Assets and Fund Equity

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

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

As of June 30, 2006, Haywood County had \$2,104,819 in outstanding debt for capital purposes for the School Department. This debt is a liability of Haywood County, but the capital assets acquired are reported in the financial statements of the Haywood County School Department. The School Department received assets significantly increasing its unrestricted net assets with no corresponding increase in the School Department's liabilities.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

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

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

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 capital projects fund, which adopts project length budgets. All annual appropriations lapse at fiscal year end.

The School Department 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 Haywood 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 State 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 Purpose School Fund major categories: Regular Instruction Program, Alternative Instruction Program, Special Education Program, Vocational Education Program, etc.). Management may make revisions within major categories, but only the Haywood County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The School Department'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 GAAP basis is presented on the face of each budgetary schedule.

B. Fund Deficit

The Education Capital Projects Fund had a fund deficit of \$201,222 at June 30, 2006. This fund deficit resulted primarily from the unperformed portions of construction contracts (\$90,959) and the obligation to purchase school buses (\$133,500) being reserved as encumbrances. Funding for these future expenditures is expected to be received from the issuance of debt.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Haywood County (except for the Public Library Fund) and the Haywood County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments.

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State

Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase. The county had no pooled and nonpooled investments as of June 30, 2006.

B. Capital Assets

Capital asset activity for the year ended June 30, 2006, was as follows:

Governmental Activities:

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 178,170	\$ 0	\$ 0	\$ 178,170
Construction in Progress	568,090	19,844	(568,090)	19,844
Total Capital Assets Not Depreciated	\$ 746,260	\$ 19,844	\$ (568,090)	\$ 198,014
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,653,509	\$ 1,759,437	\$ 0	\$ 16,412,946
Other Capital Assets	3,581,055	570,668	0	4,151,723
Total Capital Assets Depreciated	\$ 18,234,564	\$ 2,330,105	\$ 0	\$ 20,564,669
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 8,896,438	\$ 426,934	\$ 0	\$ 9,323,372
Other Capital Assets	2,220,339	261,546	0	2,481,885
Total Accumulated Depreciation	\$ 11,116,777	\$ 688,480	\$ 0	\$ 11,805,257
Total Capital Assets Depreciated, Net	\$ 7,117,787	\$ 1,641,625	\$ 0	\$ 8,759,412
Governmental Activities Capital Assets, Net	\$ 7,864,047	\$ 1,661,469	\$ (568,090)	\$ 8,957,426

Depreciation expense was charged to functions of the School Department as follows:

Governmental Activities:

Instruction	\$ 400,309
Support Services	274,857
Operation of Non-Instructional Services	<u>13,314</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 688,480</u></u>

C. Construction Commitments

At June 30, 2006, the Education Capital Projects Fund had uncompleted construction contracts of \$90,959 for building improvements. Funding for these future expenditures is expected to be received from the issuance of debt.

D. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2006, is as follows:

Due to/from primary government and component unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
School Department: Component unit: Nonmajor governmental	Primary government: General	\$ 65,566
Primary government: General Debt Service	School Department: Component unit: General Purpose School	21,683

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.

V. OTHER INFORMATION

A. Risk Management

Employee Health Insurance

The Haywood County School Department participates in the Local Education Group Insurance Fund (LEGIF), which is a public entity risk pool established to provide a program of health insurance coverage for employees of local

education agencies. In accordance with Section 8-27-302, 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 8-27-203, TCA, provides for the LEGIF to be self-sustaining through member premiums.

Liability, Property, Casualty, and Workers' Compensation Insurance

The School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee School Board Association, an association of member school boards. The School Department pays annual premiums to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

B. Accounting Changes

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries became effective for the year ended June 30, 2006. GASB Statement No. 42 requires governments to report the effects of capital asset impairments in their financial statements when they occur rather than as a part of the ongoing depreciation expense for the capital asset or upon disposal of the capital asset. In addition, GASB Statement No. 42 clarifies and establishes accounting requirements for insurance recoveries. GASB Statement No. 42 had no effect on the financial statements for the year ended June 30, 2006, since no capital asset impairment and insurance recoveries occurred. However, it is reasonably expected that capital asset impairment and insurance recoveries may occur in subsequent years that will be subject to the provisions of Statement No. 42.

The provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1) became effective for the year ended June 30, 2006. GASB Statement No. 44 applies to the preparation of the statistical section. State and local governments may, but are not required to, prepare a statistical section to accompany basic financial statements. However, a statistical section is required to accompany a comprehensive annual financial report. Since Haywood County is not presenting a comprehensive annual financial report, it has elected not to prepare a statistical section. A limited statistical section was presented in the prior year's report. GASB Statement No. 44 amends guidance related to the preparation of the statistical section. This statement improves the understandability and usefulness of statistical information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local

governments required by GASB Statement No. 34. GASB Statement No. 44 establishes the objectives of the statistical section and the five categories it contains: financial trends, revenue capacity, debt capacity, demographic and economic, and operating. It is reasonably expected that Haywood County will prepare and present a statistical section in subsequent years that follows the requirements of GASB Statement No. 44.

The provisions of GASB Statement No. 46, Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34 became effective for the year ended June 30, 2006. GASB Statement No. 46 provides guidance to determine when net assets have been restricted to a particular use by the passage of enabling legislation and specifies how those net assets should be reported in financial statements when there are changes in the circumstances surrounding such legislation. The statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation as of the end of the reporting period. The School Department had no net assets restricted by enabling legislation to disclose as of June 30, 2006. But it is reasonably expected that the School Department will be required to disclose net assets restricted by enabling legislation in subsequent years.

The provisions of GASB Statement No. 47, Accounting for Termination Benefits became effective for the year ended June 30, 2006. GASB Statement No. 47 provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees who are involuntarily terminated. Statement No. 47 specifies when governments should recognize the cost of termination benefits they offer in accrual basis financial statements. The School Department was not offering any termination benefits to employees as of June 30, 2006. But it is reasonably expected that the School Department will offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

C. Retirement Commitments

Plan Description

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

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

Since the Haywood County School Department participates in Haywood County's plan, retirement information for the Haywood County School Department is not available separately from the retirement information provided for the county. Complete disclosure for the county's participation in the TCRS is described in footnote IV.G. of the Annual Financial Report of Haywood County, Tennessee.

SCHOOL TEACHERS

Plan Description

The Haywood 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.treasury.state.tn.us. Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/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 Haywood County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2006, was 5.5 percent of annual covered payroll. The employer contribution requirement for the Haywood County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2006, 2005, and 2004, were \$673,580, \$667,156, and \$384,367, respectively, equal to the required contributions for each year.

D. Purchasing Law

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit D-1

Haywood County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Haywood County School Department
General Purpose School Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 5,225,533	\$ 0	\$ 0	\$ 5,225,533	\$ 5,353,789	\$ 5,353,789	\$ (128,256)
Licenses and Permits	1,395	0	0	1,395	2,000	2,000	(605)
Charges for Current Services	37,567	0	0	37,567	33,000	33,000	4,567
Other Local Revenues	122,961	0	0	122,961	259,915	260,915	(137,954)
State of Tennessee	14,503,154	0	0	14,503,154	14,623,209	14,626,611	(123,457)
Federal Government	288,389	0	0	288,389	204,747	302,149	(13,760)
Total Revenues	\$ 20,178,999	\$ 0	\$ 0	\$ 20,178,999	\$ 20,476,660	\$ 20,578,464	\$ (399,465)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 10,483,199	\$ (1,027)	\$ 16,915	\$ 10,499,087	\$ 10,805,013	\$ 10,585,181	\$ 86,094
Alternative Instruction Program	213,493	0	0	213,493	236,080	236,080	22,587
Special Education Program	1,438,498	0	0	1,438,498	1,434,227	1,444,408	5,910
Vocational Education Program	459,770	0	3,599	463,369	496,522	501,253	37,884
Adult Education Program	51,995	0	0	51,995	50,070	55,973	3,978
<u>Support Services</u>							
Attendance	91,320	(2,518)	0	88,802	91,537	91,537	2,735
Health Services	54,107	0	1,840	55,947	60,624	60,279	4,332
Other Student Support	477,631	0	0	477,631	469,225	490,330	12,699
Regular Instruction Program	680,352	(195)	0	680,157	715,260	715,260	35,103
Alternative Instruction Program	66,938	0	0	66,938	68,682	68,682	1,744
Special Education Program	84,982	0	0	84,982	84,983	85,783	801
Vocational Education Program	110,592	0	0	110,592	110,820	117,122	6,530
Adult Programs	114,189	0	0	114,189	114,059	116,059	1,870
Board of Education	369,639	0	307	369,946	417,015	417,015	47,069
Director of Schools	344,066	0	3,539	347,605	363,591	363,591	15,986

(Continued)

Exhibit D-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Office of the Principal	\$ 1,307,486	\$ (601)	\$ 3,797	\$ 1,310,682	\$ 1,342,411	\$ 1,344,716	\$ 34,034
Fiscal Services	261,905	0	2,907	264,812	269,195	269,195	4,383
Operation of Plant	1,315,411	0	0	1,315,411	1,282,734	1,345,634	30,223
Maintenance of Plant	442,475	(10,800)	123,593	555,268	438,776	593,876	38,608
Transportation	1,226,864	0	0	1,226,864	1,205,257	1,257,710	30,846
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	154,202	0	0	154,202	156,000	154,202	0
<u>Other Debt Service</u>							
Education	244,922	0	0	244,922	270,000	270,000	25,078
Total Expenditures	\$ 19,994,036	\$ (15,141)	\$ 156,497	\$ 20,135,392	\$ 20,482,081	\$ 20,583,886	\$ 448,494
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 184,963	\$ 15,141	\$ (156,497)	\$ 43,607	\$ (5,421)	\$ (5,422)	\$ 49,029
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2005	\$ 2,254,714	(15,141)	0	2,239,573	2,070,223	2,070,223	169,350
Fund Balance, June 30, 2006	\$ 2,439,677	0	\$ (156,497)	\$ 2,283,180	\$ 2,064,802	\$ 2,064,801	\$ 218,379

Exhibit D-2

Haywood County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Haywood County School Department
School Federal Projects Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,689,885	\$ 0	\$ 0	\$ 2,689,885	\$ 2,734,785	\$ 2,755,533	\$ (65,648)
Total Revenues	\$ 2,689,885	\$ 0	\$ 0	\$ 2,689,885	\$ 2,734,785	\$ 2,755,533	\$ (65,648)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,536,109	\$ 0	\$ 916	\$ 1,537,025	\$ 1,602,031	\$ 1,628,214	\$ 91,189
Alternative Instruction Program	9,303	0	0	9,303	9,420	9,303	0
Special Education Program	683,180	0	0	683,180	671,304	683,180	0
Vocational Education Program	88,248	0	0	88,248	92,132	88,248	0
Student Body Education Program	24,874	0	0	24,874	29,188	24,874	0
<u>Support Services</u>							
Other Student Support	36,791	0	3,000	39,791	45,290	42,288	2,497
Regular Instruction Program	86,572	0	0	86,572	88,441	104,954	18,382
Special Education Program	125,472	0	0	125,472	124,728	125,472	0
Vocational Education Program	51,883	0	0	51,883	48,000	51,883	0
Transportation	11,341	0	0	11,341	41,541	11,341	0
<u>Operation of Non-Instructional Services</u>							
Community Services	72,189	(5,521)	0	66,668	70,147	72,147	5,479
Total Expenditures	\$ 2,725,962	\$ (5,521)	\$ 3,916	\$ 2,724,357	\$ 2,822,222	\$ 2,841,904	\$ 117,547
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (36,077)	\$ 5,521	\$ (3,916)	\$ (34,472)	\$ (87,437)	\$ (86,371)	\$ 51,899
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,900	\$ (6,900)
Transfers Out	0	0	0	0	0	(6,900)	6,900
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ (36,077)	\$ 5,521	\$ (3,916)	\$ (34,472)	\$ (87,437)	\$ (86,371)	\$ 51,899
Fund Balance, July 1, 2005	91,890	(5,521)	0	86,369	87,437	87,437	(1,068)
Fund Balance, June 30, 2006	\$ 55,813	\$ 0	\$ (3,916)	\$ 51,897	\$ 0	\$ 1,066	\$ 50,831

**HAYWOOD COUNTY SCHOOL DEPARTMENT
A COMPONENT UNIT OF HAYWOOD COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2006**

BUDGETARY INFORMATION

The School Department 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 Haywood 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 State 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 Purpose School Fund major categories: Regular Instruction Program, Alternative Instruction Program, Special Education Program, Vocational Education Program, etc.). Management may make revisions within major categories, but only the Haywood County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

Nonmajor Governmental Funds

Special Revenue Fund

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

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

Capital Projects Fund

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

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

Exhibit E-1

Haywood County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Haywood County School Department
June 30, 2006

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 374,819	\$ 23,237	\$ 398,056
Due from Primary Government	65,566	0	65,566
Total Assets	<u>\$ 440,385</u>	<u>\$ 23,237</u>	<u>\$ 463,622</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Payroll Deductions Payable	\$ 14,313	\$ 0	\$ 14,313
Total Liabilities	<u>\$ 14,313</u>	<u>\$ 0</u>	<u>\$ 14,313</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 0	\$ 224,459	\$ 224,459
Unreserved (Deficit)	426,072	(201,222)	224,850
Total Fund Balances	<u>\$ 426,072</u>	<u>\$ 23,237</u>	<u>\$ 449,309</u>
Total Liabilities and Fund Balances	<u>\$ 440,385</u>	<u>\$ 23,237</u>	<u>\$ 463,622</u>

Exhibit E-2

Haywood County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Haywood County School Department
For the Year Ended June 30, 2006

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Central Cafeteria	Education Capital Projects	
<u>Revenues</u>			
Charges for Current Services	\$ 331,682	\$ 0	\$ 331,682
Other Local Revenues	3,990	0	3,990
State of Tennessee	24,375	0	24,375
Federal Government	1,478,319	0	1,478,319
Other Governments and Citizens Groups	0	1,784,000	1,784,000
Total Revenues	<u>\$ 1,838,366</u>	<u>\$ 1,784,000</u>	<u>\$ 3,622,366</u>
<u>Expenditures</u>			
Current:			
Support Services	\$ 48	\$ 388,683	\$ 388,731
Operation of Non-Instructional Services	1,779,642	0	1,779,642
Capital Projects	0	1,455,170	1,455,170
Total Expenditures	<u>\$ 1,779,690</u>	<u>\$ 1,843,853</u>	<u>\$ 3,623,543</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 58,676</u>	<u>\$ (59,853)</u>	<u>\$ (1,177)</u>
Net Change in Fund Balances	\$ 58,676	\$ (59,853)	\$ (1,177)
Fund Balance, July 1, 2005	<u>367,396</u>	<u>83,090</u>	<u>450,486</u>
Fund Balance, June 30, 2006	<u>\$ 426,072</u>	<u>\$ 23,237</u>	<u>\$ 449,309</u>

Exhibit E-3

Haywood County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Haywood County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 331,682	\$ 387,100	\$ 387,100	\$ (55,418)
Other Local Revenues	3,990	3,400	3,400	590
State of Tennessee	24,375	25,382	25,382	(1,007)
Federal Government	1,478,319	1,507,500	1,507,500	(29,181)
Total Revenues	<u>\$ 1,838,366</u>	<u>\$ 1,923,382</u>	<u>\$ 1,923,382</u>	<u>\$ (85,016)</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 48	\$ 480	\$ 480	\$ 432
<u>Operation of Non-Instructional Services</u>				
Food Service	1,779,642	1,922,902	1,922,902	143,260
Total Expenditures	<u>\$ 1,779,690</u>	<u>\$ 1,923,382</u>	<u>\$ 1,923,382</u>	<u>\$ 143,692</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 58,676</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 58,676</u>
Net Change in Fund Balance	\$ 58,676	\$ 0	\$ 0	\$ 58,676
Fund Balance, July 1, 2005	<u>367,396</u>	<u>355,206</u>	<u>355,206</u>	<u>12,190</u>
Fund Balance, June 30, 2006	<u>\$ 426,072</u>	<u>\$ 355,206</u>	<u>\$ 355,206</u>	<u>\$ 70,866</u>

MISCELLANEOUS SCHEDULES

Exhibit F-1

Haywood County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Haywood County School Department
For the Year Ended June 30, 2006

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
Director of Schools	State Board of Education and Haywood County Board of Education	\$ 88,461 (1)	\$ 50,000	State Automobile Mutual Insurance Company
Employee Blanket Bonds: Office of Director of Schools: All Employees			150,000	Tennessee School Boards Risk Management Trust

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

Exhibit F-2

Haywood County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Haywood County School Department
 For the Year Ended June 30, 2006

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,052,574	\$ 0	\$ 0	\$ 0	\$ 3,052,574
Discount on Property Taxes	(29,089)	0	0	0	(29,089)
Trustee's Collections - Prior Year	184,307	0	0	0	184,307
Trustee's Collections - Bankruptcy	1,333	0	0	0	1,333
Circuit/Clerk & Master Collections - Prior Years	91,015	0	0	0	91,015
Interest and Penalty	31,881	0	0	0	31,881
Payments in-Lieu-of Taxes - T.V.A.	568	0	0	0	568
Payments in-Lieu-of Taxes - Other	193,700	0	0	0	193,700
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,360,682	0	0	0	1,360,682
Wheel Tax	277,322	0	0	0	277,322
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	4,861	0	0	0	4,861
Other Statutory Local Taxes	56,379	0	0	0	56,379
Total Local Taxes	\$ 5,225,533	\$ 0	\$ 0	\$ 0	\$ 5,225,533
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,395	\$ 0	\$ 0	\$ 0	\$ 1,395
Total Licenses and Permits	\$ 1,395	\$ 0	\$ 0	\$ 0	\$ 1,395
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 81,410	\$ 0	\$ 81,410
Lunch Payments - Adults	0	0	41,134	0	41,134
Income from Breakfast	0	0	5,641	0	5,641
A la carte Sales	0	0	63,778	0	63,778
School Based Health Services - FFS	6,262	0	0	0	6,262
Receipts from Individual Schools	31,305	0	0	0	31,305
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	139,719	0	139,719
Total Charges for Current Services	\$ 37,567	\$ 0	\$ 331,682	\$ 0	\$ 369,249
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 3,990	\$ 0	\$ 3,990
Lease/Rentals	2,000	0	0	0	2,000
Miscellaneous Refunds	2,238	0	0	0	2,238
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	88	0	0	0	88
Contributions & Gifts	1,005	0	0	0	1,005
<u>Other Local Revenues</u>					
Other Local Revenues	117,630	0	0	0	117,630
Total Other Local Revenues	\$ 122,961	\$ 0	\$ 3,990	\$ 0	\$ 126,951
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 13,869,682	\$ 0	\$ 0	\$ 0	\$ 13,869,682

(Continued)

Exhibit F-2

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
School Food Service	\$ 0	\$ 0	\$ 23,715	\$ 0	\$ 23,715
Driver Education	5,697	0	0	0	5,697
Other State Education Funds	142,366	0	0	0	142,366
Career Ladder Program	199,385	0	660	0	200,045
Career Ladder - Extended Contract	71,963	0	0	0	71,963
Other Vocational	5,172	0	0	0	5,172
<u>Other State Revenues</u>					
Mixed Drink Tax	6,447	0	0	0	6,447
State Revenue Sharing - T.V.A.	178,840	0	0	0	178,840
Other State Grants	23,602	0	0	0	23,602
Total State of Tennessee	\$ 14,503,154	\$ 0	\$ 24,375	\$ 0	\$ 14,527,529
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 976,096	\$ 0	\$ 976,096
Breakfast	0	0	488,188	0	488,188
USDA - Other	0	0	14,035	0	14,035
Adult Education State Grant Program	106,270	0	0	0	106,270
Vocational Education - Basic Grants to States	0	110,132	0	0	110,132
Title I Grants to Local Education Agencies	0	1,050,935	0	0	1,050,935
Innovative Education Program Strategies	0	107,056	0	0	107,056
Special Education - Grants to States	2,681	729,097	0	0	731,778
Special Education Preschool Grants	0	59,585	0	0	59,585
Eisenhower Professional Development State Grants	0	479,397	0	0	479,397
Other Federal through State	98,375	87,327	0	0	185,702
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	80,603	0	0	0	80,603
Other Direct Federal Revenue	460	66,356	0	0	66,816
Total Federal Government	\$ 288,389	\$ 2,689,885	\$ 1,478,319	\$ 0	\$ 4,456,593
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 1,784,000	\$ 1,784,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 1,784,000	\$ 1,784,000
Total	\$ 20,178,999	\$ 2,689,885	\$ 1,838,366	\$ 1,784,000	\$ 26,491,250

Exhibit F-3

Haywood County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Haywood County School Department
For the Year Ended June 30, 2006

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,105,415	
Career Ladder Program	118,803	
Career Ladder Extended Contracts	54,762	
Educational Assistants	601,554	
Other Salaries & Wages	7,682	
Certified Substitute Teachers	18,882	
Non-certified Substitute Teachers	70,330	
Social Security	464,987	
State Retirement	467,635	
Medical Insurance	756,133	
Dental Insurance	53,582	
Unemployment Compensation	7,336	
Employer Medicare	109,252	
Maintenance & Repair Services - Equipment	11,715	
Other Contracted Services	159,727	
Instructional Supplies and Materials	161,314	
Textbooks	222,240	
Other Supplies and Materials	39	
Other Charges	7,876	
Regular Instruction Equipment	83,935	
Total Regular Instruction Program		\$ 10,483,199

Alternative Instruction Program

Teachers	\$ 103,336	
Career Ladder Program	1,000	
Career Ladder Extended Contracts	12,486	
Other Salaries & Wages	42,850	
Certified Substitute Teachers	455	
Non-certified Substitute Teachers	1,670	
Social Security	9,156	
State Retirement	11,550	
Medical Insurance	24,603	
Dental Insurance	908	
Unemployment Compensation	182	
Employer Medicare	2,143	
Other Contracted Services	1,894	
Other Equipment	1,260	
Total Alternative Instruction Program		213,493

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$ 1,077,007	
Career Ladder Program	11,986	
Homebound Teachers	23,355	
Educational Assistants	14,740	
Other Salaries & Wages	6,738	
Certified Substitute Teachers	2,415	
Non-certified Substitute Teachers	6,820	
Social Security	66,317	
State Retirement	62,734	
Medical Insurance	123,201	
Dental Insurance	7,720	
Unemployment Compensation	973	
Employer Medicare	15,543	
Contracts with Private Agencies	3,785	
Other Contracted Services	8,952	
Instructional Supplies and Materials	6,212	
Total Special Education Program		\$ 1,438,498

Vocational Education Program

Teachers	\$ 321,262	
Career Ladder Program	2,000	
Clerical Personnel	742	
Other Salaries & Wages	828	
Certified Substitute Teachers	942	
Non-certified Substitute Teachers	8,345	
Social Security	19,949	
State Retirement	18,280	
Medical Insurance	16,550	
Dental Insurance	2,436	
Unemployment Compensation	337	
Employer Medicare	4,679	
Maintenance & Repair Services - Equipment	4,981	
Instructional Supplies and Materials	22,256	
T&I Construction Materials	4,624	
Textbooks	872	
Vocational Instruction Equipment	30,687	
Total Vocational Education Program		459,770

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program

Teachers	\$	41,756	
Social Security		610	
State Retirement		541	
Unemployment Compensation		100	
Employer Medicare		605	
Instructional Supplies and Materials		6,469	
Other Equipment		1,914	
Total Adult Education Program			\$ 51,995

Support Services

Attendance

Supervisor/Director	\$	64,243	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		600	
Social Security		4,145	
State Retirement		3,731	
Medical Insurance		3,490	
Dental Insurance		311	
Unemployment Compensation		31	
Employer Medicare		969	
Travel		3,568	
Other Contracted Services		6,484	
Other Charges		748	
Total Attendance			91,320

Health Services

Medical Personnel	\$	39,754	
Social Security		2,099	
State Retirement		2,186	
Medical Insurance		7,101	
Dental Insurance		306	
Unemployment Compensation		30	
Employer Medicare		491	
Travel		1,664	
Drugs and Medical Supplies		8	
Other Supplies and Materials		337	
Health Equipment		131	
Total Health Services			54,107

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

Career Ladder Program	\$	4,985	
Guidance Personnel		291,602	
Attendants		23,470	
Other Salaries & Wages		1,871	
Social Security		18,593	
State Retirement		19,216	
Medical Insurance		29,279	
Dental Insurance		1,864	
Unemployment Compensation		279	
Employer Medicare		4,348	
Contracts with Government Agencies		4,000	
Evaluation and Testing		36,907	
Travel		75	
Other Contracted Services		23,545	
Other Supplies and Materials		300	
Other Equipment		<u>17,297</u>	
Total Other Student Support	\$		477,631

Regular Instruction Program

Supervisor/Director	\$	149,078	
Career Ladder Program		12,001	
Career Ladder Extended Contracts		200	
Librarians		268,407	
Instructional Computer Personnel		93,345	
Social Security		30,930	
State Retirement		27,051	
Medical Insurance		39,785	
Dental Insurance		3,385	
Unemployment Compensation		354	
Employer Medicare		7,234	
Travel		6,812	
Library Books/Media		30,022	
Periodicals		2,985	
Other Supplies and Materials		331	
In Service/Staff Development		6,926	
Other Equipment		<u>1,506</u>	
Total Regular Instruction Program			680,352

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Alternative Instruction Program

Supervisor/Director	\$	56,162	
Career Ladder Program		1,000	
Social Security		3,515	
State Retirement		3,144	
Medical Insurance		660	
Dental Insurance		311	
Unemployment Compensation		31	
Employer Medicare		822	
Travel		600	
Other Supplies and Materials		693	
Total Alternative Instruction Program			\$ 66,938

Special Education Program

Supervisor/Director	\$	60,846	
Career Ladder Program		2,000	
Social Security		3,761	
State Retirement		3,456	
Medical Insurance		3,490	
Dental Insurance		311	
Unemployment Compensation		32	
Employer Medicare		880	
Travel		9,074	
Other Supplies and Materials		220	
In Service/Staff Development		912	
Total Special Education Program			84,982

Vocational Education Program

Supervisor/Director	\$	61,076
Career Ladder Program		3,000
Career Ladder Extended Contracts		600
Secretary(ies)		19,063
Social Security		5,156
State Retirement		5,837
Medical Insurance		660
Dental Insurance		311
Unemployment Compensation		62
Employer Medicare		1,206
Travel		3,696
Other Contracted Services		3,461

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Other Supplies and Materials	\$ 1,292	
In Service/Staff Development	5,172	
Total Vocational Education Program		\$ 110,592

Adult Programs

Supervisor/Director	\$ 63,227	
Career Ladder Program	3,000	
Career Ladder Extended Contracts	600	
Other Salaries & Wages	22,745	
Social Security	5,427	
State Retirement	6,396	
Medical Insurance	3,666	
Dental Insurance	311	
Unemployment Compensation	62	
Employer Medicare	1,269	
Travel	367	
In Service/Staff Development	3,725	
Other Charges	3,394	
Total Adult Programs		114,189

Board of Education

Secretary to Board	\$ 3,000
Board and Committee Members Fees	5,740
Social Security	537
State Retirement	165
Medical Insurance	202
Dental Insurance	12
Unemployment Compensation	1
Employer Medicare	125
Audit Services	4,125
Dues and Memberships	8,154
Legal Services	2,754
Travel	12,672
Other Contracted Services	27,870
Liability Insurance	23,556
Premiums on Corporate Surety Bonds	100
Trustee's Commission	132,403
Workers' Compensation Insurance	141,315
Criminal Investigation of Applicants - TBI	1,536

(Continued)

Exhibit F-3

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Refund to Applicant for Criminal Investigation	\$	48	
Other Charges		5,324	
Total Board of Education			\$ 369,639

Director of Schools

County Official/Administrative Officer	\$	87,461	
Assistant(s)		77,100	
Career Ladder Program		1,000	
Clerical Personnel		72,134	
Social Security		14,453	
State Retirement		17,733	
Medical Insurance		4,003	
Dental Insurance		300	
Unemployment Compensation		153	
Employer Medicare		3,380	
Communication		24,998	
Dues and Memberships		2,037	
Maintenance & Repair Services - Equipment		142	
Postal Charges		8,548	
Travel		6,784	
Other Contracted Services		6,741	
Office Supplies		8,371	
Other Charges		3,900	
Administration Equipment		4,828	
Total Director of Schools			344,066

Office of the Principal

Principals	\$	359,455	
Career Ladder Program		18,001	
Accountants/Bookkeepers		37,923	
Career Ladder Extended Contracts		26,572	
Assistant Principals		372,990	
Secretary(ies)		208,660	
Social Security		59,301	
State Retirement		71,171	
Medical Insurance		86,457	
Dental Insurance		3,991	
Unemployment Compensation		829	
Employer Medicare		13,869	

(Continued)

Exhibit F-3

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Communication	\$	20,081	
Dues and Memberships		2,500	
Travel		2,033	
Other Contracted Services		10,238	
Other Supplies and Materials		7,137	
In Service/Staff Development		452	
Other Charges		2,542	
Administration Equipment		3,284	
Total Office of the Principal			\$ 1,307,486

Fiscal Services

Supervisor/Director	\$	69,294	
Accountants/Bookkeepers		66,568	
Clerical Personnel		53,216	
Social Security		10,752	
State Retirement		22,614	
Medical Insurance		17,215	
Unemployment Compensation		154	
Employer Medicare		2,515	
Travel		1,100	
Other Contracted Services		6,829	
Data Processing Supplies		1,770	
Other Supplies and Materials		3,523	
Administration Equipment		6,355	
Total Fiscal Services			261,905

Operation of Plant

Other Salaries & Wages	\$	1,400	
Social Security		87	
Unemployment Compensation		6	
Employer Medicare		20	
Maintenance & Repair Services - Equipment		1,843	
Other Contracted Services		556,980	
Custodial Supplies		2,204	
Electricity		424,279	
Natural Gas		176,469	
Water and Sewer		48,641	
Boiler Insurance		5,384	
Building and Contents Insurance		98,098	
Total Operation of Plant			1,315,411

(Continued)

Exhibit F-3

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant

Supervisor/Director	\$	38,493	
Maintenance Personnel		106,654	
Social Security		8,628	
State Retirement		17,360	
Medical Insurance		13,478	
Unemployment Compensation		185	
Employer Medicare		2,018	
Laundry Service		2,106	
Maintenance & Repair Services - Buildings		146,988	
Maintenance & Repair Services - Equipment		19,180	
Other Contracted Services		45,679	
Other Supplies and Materials		41,121	
Other Charges		585	
Total Maintenance of Plant			\$ 442,475

Transportation

Supervisor/Director	\$	35,872
Mechanic(s)		118,633
Bus Drivers		518,589
Social Security		41,133
State Retirement		67,030
Medical Insurance		6,269
Dental Insurance		103
Unemployment Compensation		1,516
Employer Medicare		9,620
Communication		18,864
Contracts with Parents		6,508
Laundry Service		2,057
Maintenance & Repair Services - Vehicles		44,514
Medical and Dental Services		8,047
Travel		922
Diesel Fuel		178,941
Gasoline		30,820
Lubricants		2,863
Tires and Tubes		24,653
Vehicle Parts		43,630
Other Supplies and Materials		13,464
Vehicle and Equipment Insurance		30,289
Other Charges		18,154

(Continued)

Exhibit F-3

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Administration Equipment	\$	823	
Transportation Equipment		<u>3,550</u>	
Total Transportation			\$ 1,226,864

Operation of Non-Instructional Services

Early Childhood Education

Teachers	\$	106,738	
Educational Assistants		13,322	
Social Security		7,018	
State Retirement		7,464	
Medical Insurance		16,974	
Dental Insurance		931	
Unemployment Compensation		114	
Employer Medicare		<u>1,641</u>	
Total Early Childhood Education			154,202

Other Debt Service

Education

Contributions	\$	<u>244,922</u>	
Total Education			<u>244,922</u>

Total General Purpose School Fund \$ 19,994,036

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	855,471	
Educational Assistants		154,916	
Certified Substitute Teachers		1,755	
In-Service Training		21,537	
Non-certified Substitute Teachers		7,822	
Social Security		60,684	
State Retirement		63,280	
Medical Insurance		92,897	
Dental Insurance		6,744	
Unemployment Compensation		1,149	
Employer Medicare		14,216	
Instructional Supplies and Materials		141,601	
Other Charges		2,800	

(Continued)

Exhibit F-3

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Regular Instruction Equipment	\$ 111,237	
Total Regular Instruction Program		\$ 1,536,109

Alternative Instruction Program

Other Salaries & Wages	\$ 7,770	
Social Security	482	
State Retirement	929	
Unemployment Compensation	9	
Employer Medicare	113	
Total Alternative Instruction Program		9,303

Special Education Program

Teachers	\$ 63,958	
Educational Assistants	363,049	
Other Salaries & Wages	760	
Social Security	25,423	
State Retirement	39,624	
Medical Insurance	18,180	
Dental Insurance	285	
Unemployment Compensation	884	
Employer Medicare	5,946	
Contracts with Other School Systems	24,023	
Maintenance & Repair Services - Equipment	107	
Other Contracted Services	47,853	
Instructional Supplies and Materials	57,661	
Textbooks	5,537	
Other Supplies and Materials	1,655	
Other Charges	28,235	
Total Special Education Program		683,180

Vocational Education Program

Teachers	\$ 15,981	
Other Salaries & Wages	20,175	
Social Security	2,093	
State Retirement	2,947	
Medical Insurance	2,805	
Unemployment Compensation	93	
Employer Medicare	490	
Instructional Supplies and Materials	39,727	

(Continued)

Exhibit F-3

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Vocational Instruction Equipment	\$ 3,937	
Total Vocational Education Program		\$ 88,248

Student Body Education Program

Other Contracted Services	\$ 5,250	
Instructional Supplies and Materials	3,115	
Other Supplies and Materials	15,910	
Other Charges	599	
Total Student Body Education Program		24,874

Support Services

Other Student Support

Other Salaries & Wages	\$ 9,917	
In-Service Training	324	
Social Security	20	
State Retirement	18	
Unemployment Compensation	32	
Employer Medicare	148	
In Service/Staff Development	26,332	
Total Other Student Support		36,791

Regular Instruction Program

Supervisor/Director	\$ 32,122	
In-Service Training	6,705	
Social Security	2,407	
State Retirement	2,136	
Unemployment Compensation	17	
Employer Medicare	563	
Travel	14,196	
Instructional Supplies and Materials	2,279	
In Service/Staff Development	26,147	
Total Regular Instruction Program		86,572

Special Education Program

Psychological Personnel	\$ 44,064
Assessment Personnel	47,364
In-Service Training	1,404
Social Security	5,378
State Retirement	5,106

(Continued)

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Medical Insurance	\$	10,715	
Dental Insurance		623	
Unemployment Compensation		61	
Employer Medicare		1,258	
Travel		3,235	
Other Supplies and Materials		3,318	
In Service/Staff Development		2,946	
Total Special Education Program			\$ 125,472

Vocational Education Program

Travel	\$	19,995	
Other Contracted Services		14,105	
In Service/Staff Development		17,783	
Total Vocational Education Program			51,883

Transportation

Bus Drivers	\$	3,918	
Social Security		243	
State Retirement		436	
Unemployment Compensation		5	
Employer Medicare		57	
Contracts with Parents		6,682	
Total Transportation			11,341

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	3,566	
Teachers		37,766	
Educational Assistants		5,739	
Other Salaries & Wages		8,216	
In-Service Training		1,368	
Social Security		3,513	
State Retirement		3,909	
Unemployment Compensation		249	
Employer Medicare		822	
Travel		114	
Other Contracted Services		4,949	
Other Supplies and Materials		424	
In Service/Staff Development		562	

(Continued)

Exhibit F-3

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

School Federal Projects Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Other Charges	\$ 992	
Total Community Services		\$ 72,189

Total School Federal Projects Fund \$ 2,725,962

Central Cafeteria Fund

Support Services

Board of Education

Refund to Applicant for Criminal Investigation	\$ 48	
Total Board of Education		\$ 48

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 57,801	
Career Ladder Program	583	
Accountants/Bookkeepers	32,926	
Clerical Personnel	26,428	
Cafeteria Personnel	629,190	
Other Salaries & Wages	15,864	
Social Security	44,559	
State Retirement	83,576	
Medical Insurance	33,683	
Dental Insurance	169	
Unemployment Compensation	1,886	
Employer Medicare	10,421	
Other Fringe Benefits	23,762	
Communication	3,780	
Maintenance & Repair Services - Equipment	30,775	
Transportation - Other than Students	11,832	
Travel	7,730	
Other Contracted Services	7,944	
Food Preparation Supplies	48,208	
Food Supplies	661,462	
Office Supplies	4,448	
Uniforms	8,727	
Other Supplies and Materials	27,257	
In Service/Staff Development	2,323	
Other Charges	1,375	
Food Service Equipment	2,933	
Total Food Service		<u>1,779,642</u>

Total Central Cafeteria Fund 1,779,690

(Continued)

Exhibit F-3

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

<u>Education Capital Projects Fund</u>		
<u>Support Services</u>		
<u>Board of Education</u>		
Liability Insurance	\$ 1,010	
Total Board of Education		\$ 1,010
 <u>Transportation</u>		
Transportation Equipment	\$ 387,673	
Total Transportation		387,673
 <u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Architects	\$ 63,168	
Building Improvements	1,392,002	
Total Education Capital Projects		<u>1,455,170</u>
 Total Education Capital Projects Fund		 <u>\$ 1,843,853</u>
 Total Governmental Funds - Haywood County School Department		 <u>\$ 26,343,541</u>

SINGLE AUDIT REPORT
HAYWOOD COUNTY, TENNESSEE
AND
HAYWOOD COUNTY SCHOOL DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2006

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller

ARTHUR L. ALEXANDER
Director

NORM R. NORMENT, CGFM
Audit Manager

HORACE B. WISEMAN, CGFM
Auditor 4

LEE ANN WEST, CGFM
AMANDA JACKSON
ELISHA CROWELL, CFE
State Auditors

This report is available at www.comptroller.state.tn.us

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

February 5, 2007

Haywood County Mayor, Board of County Commissioners,
Director of Schools, and Board of Education
Haywood County, Tennessee

To the County Mayor, Board of County Commissioners,
Director of Schools, and Board of Education:

We have audited the financial statements of each major fund and the aggregate remaining fund information of Haywood County, Tennessee, and the governmental activities, each major fund, and the aggregate remaining fund information of the Haywood County School Department as of and for the year ended June 30, 2006, which collectively comprise a portion of Haywood County's and the Haywood County School Department's basic financial statements and have issued our reports thereon dated February 5, 2007. Our report on the financial statements of Haywood County, Tennessee, expresses an adverse opinion because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Our report on the financial statements of the Haywood County School Department was unqualified. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Haywood County's and the Haywood County School Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we

consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Haywood County's and the Haywood County School Department's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06.02, 06.03, 06.05, 06.06, 06.07, and 06.08.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 06.02 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Haywood County's and the Haywood County School Department's financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance and other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as items 06.01 and 06.04.

We also noted certain matters that we reported to the management of Haywood County and the Haywood County School Department in separate communications.

This report is intended solely for the information and use of the Board of County Commissioners, Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

February 5, 2007

Haywood County Mayor, Board of County Commissioners,
Director of Schools, and Board of Education
Haywood County, Tennessee

To the County Mayor, Board of County Commissioners,
Director of Schools, and Board of Education:

Compliance

We have audited the compliance of Haywood County and the Haywood County School Department with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of their major federal programs for the year ended June 30, 2006. Haywood County's and the Haywood County School Department's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of their major federal programs is the responsibility of Haywood County's and the Haywood County School Department's management. Our responsibility is to express an opinion on Haywood County's and the Haywood County School Department's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing 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 Haywood County's and the Haywood County School Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Haywood County's and the Haywood County School Department's compliance with those requirements.

In our opinion, Haywood County and the Haywood County School Department complied, in all material respects, with the requirements referred to above that are applicable to each of their major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Haywood County and the Haywood County School Department is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Haywood County's and the Haywood County School Department's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

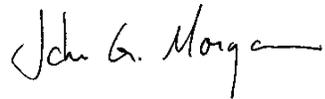
Schedule of Federal Awards

We have audited the financial statements of each major fund and the aggregate remaining fund information of Haywood County, Tennessee, and the governmental activities, each major fund, and the aggregate remaining fund information of the Haywood County School Department as of and for the year ended June 30, 2006, and have issued our reports thereon dated February 5, 2007. Our report on the financial statements of Haywood County, Tennessee, expresses an adverse opinion because the government-wide financial statements are not presented in accordance with Governmental Accounting Standards Board Statement No. 34. Our report on the financial statements of the Haywood County School Department was unqualified. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic

financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

JGM/sb

Haywood County, Tennessee, and the Haywood County School Department
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2006

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 117,138
Rural Business Enterprise Grant	10.769	N/A	300,000
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	488,188
National School Lunch Program	10.555	N/A	976,096
Summer Food Service Program for Children	10.559	N/A	14,035
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	(2)	133,701
Total U.S. Department of Agriculture			\$ 2,029,158
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(2)	\$ 469,575
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	(2)	1,750
Total U.S. Department of Housing and Urban Development			\$ 471,325
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z0600260400	\$ 9,675
Total U.S. Department of Justice			\$ 9,675
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	N/A	\$ 11,672
Total U.S. Department of Transportation			\$ 11,672
Institute of Museum and Library Services			
Passed-through State Library and Archives:			
Grants to States	45.310	Z0603553100	\$ 3,990
Total Institute of Museum and Library Services			\$ 3,990
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	Z0602778000	\$ 136,270
Title I Grants to Local Educational Agencies	84.010	N/A	1,043,867
Special Education - Grants to States	84.027	N/A	822,674
Vocational Education - Basic Grants to States	84.048	N/A	110,132
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	31,417
Twenty-First Century Community Learning Centers	84.287	(2)	71,877
State Grants for Innovative Programs	84.298	N/A	107,056
Education Technology State Grants	84.318	(2)	238,151
English Language Acquisition Grants	84.365	N/A	29,713
Improving Teacher Quality State Grants	84.367	N/A	243,755
Hurricane Education Recovery Act	84.938C	N/A	69,379
Total U.S. Department of Education			\$ 2,904,291

(Continued)

Haywood County, Tennessee, and the Haywood County School Department
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
Delta Regional Authority:			
Direct Grant:			
Delta Area Economic Development	90.201	(2)	\$ 75,000
Total Delta Regional Authority			<u>\$ 75,000</u>
U.S. Elections Assistance Commission:			
Passed-through Tennessee Secretary of State's Office:			
Help America Vote Act Requirement Payments	90.401	(2)	\$ 188,000
Total U.S. Elections Assistance Commission			<u>\$ 188,000</u>
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	Z0602718900	\$ 22,996
Total U.S. Department of Labor			<u>\$ 22,996</u>
Corporation for National and Community Service:			
Passed-through State Department of Education:			
Learn and Serve America - School and Community Based Programs	94.004	(2)	\$ 6,000
Total Corporation for National and Community Service			<u>\$ 6,000</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Assistance to Firefighters Grant	97.044	(2)	\$ 244,568
Pre-Disaster Mitigation Grant	97.047	GG-06-11988-00	4,653
Homeland Security Grant Program	97.067	(2)	190,234
Total U.S. Department of Homeland Security			<u>\$ 439,455</u>
Total Expenditures of Federal Awards			<u>\$ 6,161,562</u>
State Grants:			
		Contract Number	
Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 7,173
Preventive Health and Health Services - State Department of Health	N/A	(2)	9,812
High Schools That Work - State Department of Education	N/A	(2)	5,172
Litter Program - State Department of Transportation	N/A	(2)	31,992
Safe Schools Act of 1998 - State Department of Education	N/A	(2)	23,602
Optional Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	7,871
Family Preservation and Support Services - State Department of Education	N/A	(2)	11,950
Early Childhood Center - State Department of Education	N/A	(2)	<u>130,000</u>
Total State Grants			<u>\$ 227,572</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.

Haywood County, Tennessee, and the Haywood County School Department
Schedule of Audit Findings Not Corrected
June 30, 2006

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 Haywood County, Tennessee, and the Haywood County School Department for the year ended June 30, 2005, which have not been corrected.

HAYWOOD COUNTY

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.01	12	Government-wide financial statements were not presented in accordance with generally accepted accounting principles

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.02	13	The Solid Waste Disposal Fund had a deficit in unrestricted net assets
05.03	13	The office did not always issue purchase orders

OFFICE OF CHIEF ADMINISTRATIVE HIGHWAY OFFICER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.04	14	The Highway Department did not maintain a system to account for the use of road materials used on some types of road projects

OFFICE OF REGISTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.07	15	Duties were not segregated adequately

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.08	15	A central system of accounting, budgeting, and purchasing had not been adopted

**HAYWOOD COUNTY, TENNESSEE, AND THE
HAYWOOD COUNTY SCHOOL DEPARTMENT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

PART I, SUMMARY OF AUDITOR'S RESULTS

1. An adverse opinion was issued on the financial statements of Haywood County, and an unqualified opinion was issued on financial statements of the Haywood County School Department.
2. The audit of the financial statements of Haywood County and the Haywood County School Department disclosed reportable conditions in internal control. One of these conditions was considered to be a material weakness in Haywood County.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Haywood County. The audit did not disclose any instances of noncompliance that were material to the financial statements of the Haywood County School Department.
4. The audit disclosed no reportable conditions in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program, the National School Lunch Program, and the Summer Food Service for Children (CFDA Nos. 10.553, 10.555, and 10.559); Rural Business Enterprise Grants (CFDA No. 10.769); Community Development Block Grants/State's Program (CFDA No. 14.228); Title I Grants to Local Educational Agencies (CFDA No. 84.010); and Special Education – Grants to States (CFDA No. 84.027) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Haywood County and the Haywood County School Department did not qualify as low-risk auditees.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written response of the director of schools is quoted in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

HAYWOOD COUNTY

FINDING 06.01 **GOVERNMENT-WIDE FINANCIAL STATEMENTS WERE NOT PRESENTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**
(Material Noncompliance Under Government Auditing Standards)

Haywood County did not identify and determine the historical value of its capital assets and the related depreciation amounts of these assets. Therefore, Haywood County was unable to provide the information necessary to prepare government-wide financial statements for all of its activities, as required by Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB is the standard-setting body for accounting principles that state and local governments are required to follow. As a result of this omission, Haywood County’s financial statements are not presented in accordance with generally accepted accounting principles; thus, we have issued adverse opinions on the county’s financial statements.

The Office of the Comptroller of the Treasury, State of Tennessee, requires governments that do not implement GASB Statement 34 to issue a financial report in compliance with Financial Reporting Standards for County Governments, Component Units of County Governments, and Special School Districts That Do Not Implement Governmental Accounting Standards Board Statement 34, established by the Comptroller of the Treasury. Haywood County’s financial statements are presented in compliance with these requirements.

RECOMMENDATION

Haywood County should present government-wide financial statements in conformity with generally accepted accounting principles and should compile and maintain records that properly account for its capital assets. These records should document the historical costs of the county’s capital assets and the related depreciation amounts of these assets. This information is necessary to present the financial statements in accordance with generally accepted accounting principles.

OFFICE OF COUNTY MAYOR

FINDING 06.02 **THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET ASSETS**
(Internal Control – Material Weakness Under Government Auditing Standards)

The Solid Waste Disposal Fund had a deficit of \$848,701 in unrestricted net assets at June 30, 2006. This deficit primarily resulted from the recognition of a liability (\$1,302,704) in the financial statements for costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements.

RECOMMENDATION

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

FINDING 06.03 **THE OFFICE DID NOT ALWAYS ISSUE PURCHASE ORDERS**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The office did not issue purchase orders for some applicable purchases. Purchase orders are necessary to control who has purchasing authority for the office and to document purchasing commitments.

RECOMMENDATION

To strengthen internal controls over purchasing procedures and to document purchasing commitments, the office should issue purchase orders for all applicable purchases.

FINDING 06.04 **AMOUNTS WITHHELD FROM CONTRACTOR PAYMENTS WERE NOT DEPOSITED INTO AN ESCROW ACCOUNT**
(Noncompliance Under Government Auditing Standards)

The office did not deposit amounts withheld from contractor payments (\$39,028) into an escrow account. Section 66-11-144 Tennessee Code Annotated, requires that funds withheld from contractor payments be deposited into an escrow account for contracts of \$500,000 or more.

RECOMMENDATION

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

OFFICE OF CHIEF ADMINISTRATIVE HIGHWAY OFFICER

FINDING 06.05 **THE HIGHWAY DEPARTMENT DID NOT MAINTAIN A SYSTEM TO ACCOUNT FOR MATERIALS USED ON SOME TYPES OF ROAD PROJECTS**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The Highway Department had a system to determine the use of road materials, such as bridge lumber and rock, for state-aid road projects. However, the department did not have a system to account for materials used on other types of road projects. The failure to maintain a system to document the use of road materials results in a loss of control over the assets and increases the risk of inventory loss.

RECOMMENDATION

The Highway Department should develop and implement a system to account for materials used on all types of road projects.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 06.06 **A FUND DEFICIT EXISTED IN THE EDUCATION CAPITAL PROJECTS FUND**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The Education Capital Projects Fund had a fund deficit of \$201,222 at June 30, 2006. This deficit resulted primarily from unperformed portions of construction contracts (\$90,959) and from an obligation to purchase school buses (\$133,500) being reserved as encumbrances. Generally accepted accounting principles require unperformed contracts to be reflected as a reservation (encumbrance) of fund balance. Funding for these future expenditures is expected to be received from the issuance of debt.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS (DIRECT QUOTE)

Management acknowledges and agrees with this finding. The finding is the result of a timing difference between when the obligation is made and when the funds are drawn

down. The deficit is the result of a purchase order issued in March 2006, for buses totaling \$133,500, building projects not completed totaling \$90,959, and the amount of cash on hand at June 30, 2006. School buses have to be ordered six months in advance. Funds, which had been previously approved, are drawn down from the county's loan pool at the time merchandise is received or the work is completed, and the bills are to be paid. At June 30, 2006, the buses had not been received, but the encumbrance existed. The bill was not paid until September 25, 2006, after we had received the buses. The funds were drawn down at that time in order to pay that bill.

If the funds had been drawn down at the time the purchase order was issued, the county would have been required to make payments on those funds at that time resulting in the loss of interest earned in debt service and incurring interest on funds borrowed. We recognized that this would be an audit exception due to the timing but it could not be avoided.

OFFICE OF REGISTER

FINDING 06.07 DUTIES WERE NOT SEGREGATED ADEQUATELY (Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately between the official and an employee. The employee of the office was responsible for receipting, depositing, and reconciling the daily business, posting the cash journal, and reconciling bank statements. We realize that due to limited resources and personnel, management may not be able to properly segregate duties in his office. However, our professional standards require that we bring this matter to the reader's attention in this report.

OTHER FINDING AND RECOMMENDATION

FINDING 06.08 A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED (Internal Control – Reportable Condition Under Government Auditing Standards)

County officials had not adopted a central system of accounting, budgeting, and purchasing. Establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes.

RECOMMENDATION

County officials should consider adopting 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.

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

There were no findings and questioned costs for federal awards.

**HAYWOOD COUNTY, TENNESSEE, AND THE
HAYWOOD COUNTY SCHOOL DEPARTMENT
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2006**

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