



**ANNUAL FINANCIAL REPORT  
HAYWOOD COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2007**



**ANNUAL FINANCIAL REPORT  
HAYWOOD COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2007**

***DEPARTMENT OF AUDIT  
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State Auditors***

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

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## HAYWOOD COUNTY, TENNESSEE

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***Audit Highlights***  
Annual Financial Report  
Haywood County, Tennessee  
For the Year Ended June 30, 2007

***Scope***

We have audited the basic financial statements of Haywood County as of and for the year ended June 30, 2007.

***Results***

Our report on the aggregate discretely presented component units is qualified because the financial statements did not include two component units whose financial statements were not available from other auditors at the date of this report. Our report on the aggregate remaining fund information is qualified because the financial statements did not include the Elma Ross Library (special revenue fund) whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, the business-type activities, and each major fund is unqualified.

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

***Findings***

The following are summaries of the audit findings:

**OFFICE OF COUNTY MAYOR**

- ◆ General Fund expenditures and encumbrances exceeded appropriations approved by the County Commission in the Sheriff's Department (\$97,653) major appropriation category (the legal level of control). Also, expenditures exceeded total appropriations in the Solid Waste/Sanitation Fund by \$564.
- ◆ The Solid Waste Disposal Fund had a deficit of \$1,361,025 in unrestricted net assets at June 30, 2007.
- ◆ The county failed to comply with state statutes when entering into a lease-purchase agreement.
- ◆ The office did not issue purchase orders for some applicable purchases.

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**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.
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## **OTHER FINDING**

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

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## INTRODUCTORY SECTION

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# Haywood County Officials

## June 30, 2007

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### **Officials**

Franklin Smith, County Mayor  
Greg McCarley, Chief Administrative Highway Officer  
George Chapman, Director of Schools  
William Howse, Trustee  
Dare Simpson, Assessor of Property  
Ann Medford, County Clerk  
Elma Pirtle, 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	Leonard Jones, Jr.
Allen King, Chairman Pro Tempore	Janice King
Brad Bishop	Chris Lea
Becky Booth	Edwin Necaise
Robert Campbell	Jerry Smith
Kathy Chapman	Larry Stanley
Wally Eubanks	Joe Stephens
John Gorman, Jr.	Robert Thornton
Robert Green	Charles Wills
Bob Hooper	Ronald Woods
Richard Jameson	

### **Highway Commission**

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

### **Board of Education**

Patricia Gruenewald, Chairperson  
Joe Barden, IV  
Harold Garrett  
Pearlie Hess  
Robbie King

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## FINANCIAL SECTION

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**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**

November 1, 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 the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Haywood County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise Haywood County's basic financial statements as listed in the table of contents. 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 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.

The financial statements of the Haywood County Utility District and the Haywood County Emergency Communications District, component units requiring discrete presentation, and the Elma Ross Public Library, a nonmajor special revenue fund of the primary government, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Haywood County Utility District and the Haywood County

Emergency Communications District, and the aggregate remaining fund information financial statements referred to above do not include amounts for the Elma Ross Public Library, which should be included to conform with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units and aggregate remaining fund information are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Haywood County Utility District and the Haywood County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units of Haywood County, Tennessee, as of June 30, 2007, 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.

Also, in our opinion, except for the effects of not including the financial statements of the Elma Ross Public Library as discussed above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate remaining fund information of Haywood County, Tennessee, as of June 30, 2007, 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.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Haywood County, Tennessee, as of June 30, 2007, 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 November 1, 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.

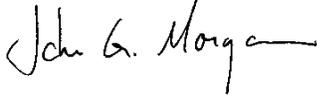
As described in Note V.B., Haywood County has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. For the first time, the financial statements include the government-wide financial statements.

The management of Haywood County did not prepare the management's discussion and analysis. The management's discussion and analysis section 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 and pension information on pages 61 through 67 are not required parts of the basic financial statements but they do provide 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, combining and individual fund financial statements of the Haywood County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Haywood County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,



John G. Morgan  
Comptroller of the Treasury

JGM/yu

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Haywood County, Tennessee  
Statement of Net Assets  
June 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business - type Activities	Total	Haywood County School Department
<u>ASSETS</u>				
Cash	\$ 89,264	\$ 0	\$ 89,264	\$ 0
Equity in Pooled Cash and Investments	8,545,884	481,331	9,027,215	3,714,958
Accounts Receivable	601,080	22,004	623,084	30,057
Allowance for Uncollectibles	(215,626)	0	(215,626)	0
Due from Other Governments	606,185	1,970	608,155	319,955
Due from Primary Government	0	0	0	67,528
Due from Component Unit	21,897	0	21,897	0
Property Taxes Receivable	4,631,141	0	4,631,141	3,853,502
Allowance for Uncollectible Property Taxes	(313,608)	0	(313,608)	(260,945)
Capital Assets:				
Assets Not Depreciated:				
Land	1,420,042	235,000	1,655,042	178,170
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	3,133,973	148,060	3,282,033	7,871,876
Infrastructure	12,736,588	0	12,736,588	0
Other Capital Assets	1,536,597	62,110	1,598,707	1,653,387
Total Assets	<u>\$ 32,793,417</u>	<u>\$ 950,475</u>	<u>\$ 33,743,892</u>	<u>\$ 17,428,488</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 135,640	\$ 32,960	\$ 168,600	\$ 41,028
Payroll Deductions Payable	38,406	1,281	39,687	526,025
Contracts Payable	3,000	0	3,000	0
Accrued Interest Payable	32,216	0	32,216	0
Due to Primary Government	0	0	0	21,897
Due to Component Unit	67,528	0	67,528	0
Deferred Revenue - Current Property Taxes	4,115,242	0	4,115,242	3,424,239
Noncurrent Liabilities:				
Due Within One Year	960,537	43,996	1,004,533	0
Due in More Than One Year	4,276,903	1,788,093	6,064,996	0
Total Liabilities	<u>\$ 9,629,472</u>	<u>\$ 1,866,330</u>	<u>\$ 11,495,802</u>	<u>\$ 4,013,189</u>

(Continued)

Exhibit A

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

	Primary Government			Component Unit
	Governmental Activities	Business - type Activities	Total	Haywood County School Department
<u>NET ASSETS</u>				
Invested in Capital Assets, Net of Related Debt	\$ 16,779,672	\$ 0	\$ 16,779,672	\$ 0
Invested in Capital Assets Restricted for:	0	445,170	445,170	9,703,433
Solid Waste/Sanitation	62,934	0	62,934	0
Drug Control	13,253	0	13,253	0
Constitutional Officers - Fees	82,772	0	82,772	0
Highway/Public Works	1,118,934	0	1,118,934	0
School Federal Projects	0	0	0	57,421
Central Cafeteria	0	0	0	408,138
Debt Service	4,787,526	0	4,787,526	0
Capital Projects	210,184	0	210,184	23,247
Other Purposes	219,527	0	219,527	8,651
Unrestricted	(110,857)	(1,361,025)	(1,471,882)	3,214,409
Total Net Assets	<u>\$ 23,163,945</u>	<u>\$ (915,855)</u>	<u>\$ 22,248,090</u>	<u>\$ 13,415,299</u>

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

Exhibit B

Haywood County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2007

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets							Component Unit Haywood County School Department
	Expenses	Program Revenues			Primary Government			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government	\$ 908,487	\$ 159,823	\$ 16,380	\$ 0	\$ (732,284)	\$ 0	\$ (732,284)	\$ 0
Finance	813,888	490,780	7,192	0	(315,916)	0	(315,916)	0
Administration of Justice	882,010	857,653	9,540	0	(14,817)	0	(14,817)	0
Public Safety	3,465,428	659,712	117,866	28,133	(2,659,717)	0	(2,659,717)	0
Public Health and Welfare	1,699,832	1,061,069	177,307	42,364	(419,092)	0	(419,092)	0
Social, Cultural, and Recreational Services	828,167	23,278	385,356	0	(419,533)	0	(419,533)	0
Agriculture and Natural Resources	274,682	0	0	0	(274,682)	0	(274,682)	0
Other Operations	597,529	186,700	0	242,477	(168,352)	0	(168,352)	0
Highways/Public Works	5,772,129	222,505	1,785,978	392,750	(3,370,896)	0	(3,370,896)	0
Education	1,471,144	0	0	0	(1,471,144)	0	(1,471,144)	0
Interest on Long-term Debt	197,540	0	301,245	0	103,705	0	103,705	0
Other Debt Service	6,866	0	0	0	(6,866)	0	(6,866)	0
<b>Total Governmental Activities</b>	<b>\$ 16,917,702</b>	<b>\$ 3,661,520</b>	<b>\$ 2,800,864</b>	<b>\$ 705,724</b>	<b>\$ (9,749,594)</b>	<b>\$ 0</b>	<b>\$ (9,749,594)</b>	<b>\$ 0</b>
Business-type Activities:								
Solid Waste Disposal	\$ 717,905	\$ 449,839	\$ 0	\$ 0	\$ 0	\$ (268,066)	\$ (268,066)	\$ 0
<b>Total Primary Government</b>	<b>\$ 17,635,607</b>	<b>\$ 4,111,359</b>	<b>\$ 2,800,864</b>	<b>\$ 705,724</b>	<b>\$ (9,749,594)</b>	<b>\$ (268,066)</b>	<b>\$ (10,017,660)</b>	<b>\$ 0</b>
Component Unit:								
Haywood County School Department	\$ 26,090,959	\$ 358,897	\$ 4,069,430	\$ 1,508,043	\$ 0	\$ 0	\$ 0	\$ (20,154,589)
<b>Total Component Unit</b>	<b>\$ 26,090,959</b>	<b>\$ 358,897</b>	<b>\$ 4,069,430</b>	<b>\$ 1,508,043</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (20,154,589)</b>

(Continued)

Exhibit B

Haywood County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Haywood County School Department
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business- type Activities	Total	
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 3,977,479	\$ 0	\$ 3,977,479	\$ 3,444,001
Property Taxes Levied for Debt Service					158,674	0	158,674	0
Local Option Sales Tax					357,721	0	357,721	1,471,553
Other Local Taxes					1,171,266	172,528	1,343,794	330,359
Grants and Contributions Not Restricted to Specific Programs					547,949	13,943	561,892	16,049,252
Unrestricted Investment Income					554,544	0	554,544	0
Miscellaneous					18,121	5,500	23,621	24,100
<b>Total General Revenues</b>					<b>\$ 6,785,754</b>	<b>\$ 191,971</b>	<b>\$ 6,977,725</b>	<b>\$ 21,319,265</b>
Transfers					\$ (118,305)	\$ 118,305	\$ 0	\$ 0
Change in Net Assets					\$ (3,082,145)	\$ 42,210	\$ (3,039,935)	\$ 1,164,676
Net Assets, July 1, 2006					26,002,647	(403,704)	25,598,943	12,250,623
Prior Period Adjustment					243,443	(554,361)	(310,918)	0
<b>Net Assets, June 30, 2007</b>					<b>\$ 23,163,945</b>	<b>\$ (915,855)</b>	<b>\$ 22,248,090</b>	<b>\$ 13,415,299</b>

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

Exhibit C-1

Haywood County, Tennessee  
 Balance Sheet  
 Governmental Funds  
 June 30, 2007

	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	\$ 89,264	\$ 89,264
Equity in Pooled Cash and Investments	2,687,548	828,496	4,741,123	43,524	245,193	8,545,884
Accounts Receivable	587,802	3,258	0	0	10,020	601,080
Allowance for Uncollectibles	(215,626)	0	0	0	0	(215,626)
Due from Other Governments	230,978	315,768	45,283	0	835	592,864
Due from Other Funds	19,979	0	0	0	0	19,979
Due from Component Units	0	0	21,897	0	0	21,897
Property Taxes Receivable	3,959,380	495,057	176,704	0	0	4,631,141
Allowance for Uncollectible Property Taxes	(268,120)	(33,520)	(11,968)	0	0	(313,608)
Total Assets	\$ 7,001,941	\$ 1,609,059	\$ 4,973,039	\$ 43,524	\$ 345,312	\$ 13,972,875
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 99,570	\$ 26,957	\$ 0	\$ 8,300	\$ 813	\$ 135,640
Payroll Deductions Payable	37,484	0	0	0	922	38,406
Contracts Payable	0	0	0	0	3,000	3,000
Due to Other Funds	0	0	0	0	6,658	6,658
Due to Component Units	67,528	0	0	0	0	67,528
Deferred Revenue - Current Property Taxes	3,518,309	439,918	157,015	0	0	4,115,242
Deferred Revenue - Delinquent Property Taxes	159,364	19,921	7,114	0	0	186,399
Other Deferred Revenues	347,493	164,454	23,165	0	0	535,112
Total Liabilities	\$ 4,229,748	\$ 651,250	\$ 187,294	\$ 8,300	\$ 11,393	\$ 5,087,985
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 8,875	\$ 71,910	\$ 0	\$ 0	\$ 56,440	\$ 137,225
Reserved for Alcohol and Drug Treatment	17,715	0	0	0	0	17,715
Reserved for Sexual Offender Registration	160	0	0	0	0	160
Reserved for Courtroom Security	17,293	0	0	0	0	17,293
Reserved for Computer System - Register	78,857	0	0	0	0	78,857
Reserved for Automation Purposes - Circuit Court	1,771	0	0	0	0	1,771
Reserved for Automation Purposes - General Sessions Court	83,007	0	0	0	0	83,007

(Continued)

Exhibit C-1

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

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
Reserved for Automation Purposes - Juvenile Court	\$ 2,268	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,268
Reserved for Automation Purposes - Chancery Court	5,637	0	0	0	0	5,637
Reserved for Automation Purposes - Sheriff	12,819	0	0	0	0	12,819
Unreserved, Reported In:						
General Fund	2,543,791	0	0	0	0	2,543,791
Special Revenue Funds	0	885,899	0	0	158,959	1,044,858
Debt Service Fund	0	0	4,785,745	0	0	4,785,745
Capital Projects Funds	0	0	0	35,224	118,520	153,744
Total Fund Balances	<u>\$ 2,772,193</u>	<u>\$ 957,809</u>	<u>\$ 4,785,745</u>	<u>\$ 35,224</u>	<u>\$ 333,919</u>	<u>\$ 8,884,890</u>
Total Liabilities and Fund Balances	<u>\$ 7,001,941</u>	<u>\$ 1,609,059</u>	<u>\$ 4,973,039</u>	<u>\$ 43,524</u>	<u>\$ 345,312</u>	<u>\$ 13,972,875</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  
June 30, 2007

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)		\$	8,884,890
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,420,042	
Add: buildings and improvements net of accumulated depreciation		3,133,973	
Add: infrastructure net of accumulated depreciation		12,736,588	
Add: other capital assets net of accumulated depreciation		<u>1,536,597</u>	18,827,200
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: bonds payable	\$	(1,290,644)	
Less: other loans payable		(3,757,531)	
Less: capital leases payable		(166,015)	
Less: compensated absences payable		(23,250)	
Less: accrued interest on bonds, other loans, and capital leases		<u>(32,216)</u>	(5,269,656)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>721,511</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>23,163,945</u></u>

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

Exhibit C-3

Haywood County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2007

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 4,892,739	\$ 583,646	\$ 526,340	\$ 0	\$ 0	\$ 6,002,725
Licenses and Permits	35,693	0	0	0	0	35,693
Fines, Forfeitures, and Penalties	134,089	0	0	0	1,519	135,608
Charges for Current Services	692,486	47	0	0	680,075	1,372,608
Other Local Revenues	528,507	222,782	187,724	0	751	939,764
Fees Received from County Officials	951,153	0	0	0	0	951,153
State of Tennessee	748,192	2,188,202	0	0	28,539	2,964,933
Federal Government	166,304	8,896	0	0	270,341	445,541
Other Governments and Citizens Groups	613,091	0	264,592	0	188,700	1,066,383
<b>Total Revenues</b>	<b>\$ 8,762,254</b>	<b>\$ 3,003,573</b>	<b>\$ 978,656</b>	<b>\$ 0</b>	<b>\$ 1,169,925</b>	<b>\$ 13,914,408</b>
<u>Expenditures</u>						
Current:						
General Government	\$ 892,451	\$ 0	\$ 0	\$ 0	\$ 0	\$ 892,451
Finance	464,736	0	0	0	333,470	798,206
Administration of Justice	831,219	0	0	0	6,670	837,889
Public Safety	3,295,374	0	0	0	765	3,296,139
Public Health and Welfare	1,355,098	0	0	0	203,180	1,558,278
Social, Cultural, and Recreational Services	779,291	0	0	0	0	779,291
Agricultural and Natural Resources	223,266	0	0	0	0	223,266
Other Operations	508,433	0	0	0	59,519	567,952
Highways	0	3,108,156	0	0	0	3,108,156
Debt Service:						
Principal on Debt	48,862	0	823,328	0	38,557	910,747
Interest on Debt	0	0	188,185	0	4,887	193,072
Other Debt Service	0	0	6,866	0	0	6,866
Capital Projects	0	0	0	1,509,144	316,603	1,825,747
<b>Total Expenditures</b>	<b>\$ 8,398,730</b>	<b>\$ 3,108,156</b>	<b>\$ 1,018,379</b>	<b>\$ 1,509,144</b>	<b>\$ 963,651</b>	<b>\$ 14,998,060</b>
<b>Excess (Deficiency) of Revenues</b>	<b>\$ 363,524</b>	<b>\$ (104,583)</b>	<b>\$ (39,723)</b>	<b>\$ (1,509,144)</b>	<b>\$ 206,274</b>	<b>\$ (1,083,652)</b>
<b>Over Expenditures</b>						

(Continued)

Exhibit C-3

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)</u>						
Capital Leases Issued	\$ 138,950	\$ 0	\$ 0	\$ 0	\$ 0	\$ 138,950
Other Loans Issued	0	0	0	1,449,000	0	1,449,000
Insurance Recovery	52,438	3,784	0	0	0	56,222
Transfers In	25,000	0	0	0	0	25,000
Transfers Out	(60,509)	0	0	0	(143,305)	(203,814)
Total Other Financing Sources (Uses)	\$ 155,879	\$ 3,784	\$ 0	\$ 1,449,000	\$ (143,305)	\$ 1,465,358
Net Change in Fund Balances	\$ 519,403	\$ (100,799)	\$ (39,723)	\$ (60,144)	\$ 62,969	\$ 381,706
Fund Balance, July 1, 2006	2,252,790	1,058,608	4,825,468	95,368	270,950	8,503,184
Fund Balance, June 30, 2007	\$ 2,772,193	\$ 957,809	\$ 4,785,745	\$ 35,224	\$ 333,919	\$ 8,884,890

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  
For the Year Ended June 30, 2007

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)		\$	381,706
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,228,964	
Less: current year depreciation expense		<u>(4,050,127)</u>	(2,821,163)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$	721,511	
Less: prior period adjustment for other deferred June 30, 2006		(243,443)	
Less: deferred delinquent property taxes and other deferred June 30, 2006		<u>(438,614)</u>	39,454
(3) The issuance of long-term debt (e.g., other loans, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the effect of these differences in the treatment of long-term debt and related items.			
Less: capital lease proceeds	\$	(138,950)	
Less: other loan proceeds		(1,449,000)	
Add: principal payments on capital leases		87,419	
Add: principal payments on other loans		425,000	
Add: principal payments on bonds		<u>398,328</u>	(677,203)
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	(4,468)	
Change in compensated absences		<u>(471)</u>	<u>(4,939)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (3,082,145)</u>

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

Exhibit D-1

Haywood County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2007

	<u>Major Fund</u>
	<u>Business-type</u>
	<u>Activities -</u>
	<u>Enterprise</u>
	<u>Fund</u>
	<u>Solid Waste</u>
	<u>Disposal Fund</u>
<u>Operating Revenues</u>	
Tipping Fees	\$ 430,786
Sale of Materials and Supplies	17,150
Miscellaneous Refunds	1,903
Total Operating Revenues	<u>\$ 449,839</u>
<u>Operating Expenses</u>	
Supervisor/Director	\$ 34,855
Equipment Operators	72,726
Secretary(ies)	25,044
Overtime Pay	3,365
Social Security	10,527
State Retirement	18,038
Employee and Dependent Insurance	14,034
Unemployment Compensation	307
Other Fringe Benefits	5,040
Communication	2,228
Contracts with Government Agencies	3,166
Contracts with Private Agencies	393,383
Engineering Services	3,136
Evaluation and Testing	10,876
Legal Notices, Recording, and Court Costs	25
Licenses	5,953
Maintenance & Repair Services - Equipment	613
Maintenance & Repair Services - Office Equipment	838
Postal Charges	63
Printing, Stationery, and Forms	654
Travel	1,550
Tuition	4,367
Crushed Stone	2,749
Diesel Fuel	9,508
Drugs and Medical Supplies	18
Electricity	4,080
Equipment and Machinery Parts	21,194
Fertilizer, Lime, and Seed	697
Gasoline	5,011
Lubricants	954
Office Supplies	969
Tires and Tubes	3,665
Other Supplies and Materials	3,765
Trustee's Commission	5,994

(Continued)

Exhibit D-1

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

	<u>Major Fund</u>
	<u>Business-type</u>
	<u>Activities -</u>
	<u>Enterprise</u>
	<u>Fund</u>
	<u>Solid Waste</u>
	<u>Disposal Fund</u>
<u>Operating Expenses (Cont.)</u>	
Vehicle and Equipment Insurance	\$ 3,283
Workers' Compensation Insurance	5,827
Depreciation	20,827
Other Charges	3,698
Maintenance Equipment	571
Other Construction	14,307
Total Operating Expenses	<u>\$ 717,905</u>
Operating Income (Loss)	<u>\$ (268,066)</u>
<u>Nonoperating Revenues</u>	
Wholesale Beer Tax	\$ 172,528
Lease/Rentals	5,500
Solid Waste Grants	13,943
Total Nonoperating Revenues	<u>\$ 191,971</u>
Loss Before Transfers	\$ (76,095)
Transfers In	<u>118,305</u>
Change in Net Assets	\$ 42,210
Net Assets, July 1, 2006	(403,704)
Prior Period Adjustment	<u>(554,361)</u>
Net Assets, June 30, 2007	<u>\$ (915,855)</u>

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

Exhibit D-2

Haywood County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2007

	<u>Major Fund</u> <u>Business-type</u> <u>Activities -</u> <u>Enterprise</u> <u>Fund</u> <u>Solid Waste</u> <u>Disposal Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 435,699
Receipts from Others	19,829
Payments for Waste Collections and Disposal Activity	(741,601)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (286,073)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	\$ (21,000)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (21,000)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Receipts from Wholesale Beer Tax	\$ 156,816
Receipts from Farmland Rental	5,500
Receipts from Grants	13,674
Transfers from Other Funds	157,720
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 333,710</u>
Net Increase (Decrease) in Cash	\$ 26,637
Cash, July 1, 2006	<u>454,694</u>
Cash, June 30, 2007	<u><u>\$ 481,331</u></u>
<u>Reconciliation of Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (268,066)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	20,827
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	5,688
Increase (Decrease) in Accounts Payable	(19,848)
Increase (Decrease) in Payroll Deductions Payable	302
Increase (Decrease) in Accrued Liability for Landfill Closure	(24,976)
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (286,073)</u></u>

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

Exhibit E

Haywood County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,604,804
Due from Other Governments	<u>187,767</u>
Total Assets	<u>\$ 1,792,571</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 187,767
Due to Litigants, Heirs, and Others	<u>1,604,804</u>
Total Liabilities	<u>\$ 1,792,571</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, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The following are the more significant accounting policies of 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) and its component units. Although required by GAAP, the financial statements of the Elma Ross Public Library, a nonmajor special revenue fund, were not available from other auditors in time for inclusion in this report. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

**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.

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

The 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 financial statements of the Haywood County

Emergency Communications District were not available from other auditors in time for inclusion in this report.

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 financial statements of the Haywood County Utility District were not available from other auditors in time for inclusion in this report.

The Haywood County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Haywood County School Department are included in this report as listed in the table of contents. 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. Government-wide and Fund Financial Statements**

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

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

Haywood County issues all debt for the discretely presented Haywood County School Department. Net debt issues (\$1,449,000) were contributed by the county to the School Department during the year ended June 30, 2007.

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

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

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

Fund financial statements of 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. An emphasis is placed on major funds within the governmental and proprietary categories. Haywood County only reports one proprietary fund, a major enterprise fund.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. 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 (except for agency funds which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

The discretely presented Haywood County School Department reports the following major governmental fund:

**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.

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

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

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

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.

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

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

**D. 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 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 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.

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 3.72 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 and the business-type 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 governmental activities of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25
Other Capital Assets	5-10
Infrastructure	8-30

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	5-30

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 the Highway Department 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.

It is the policy of the discretely presented 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. **Long-term Obligations**

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

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

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

**6. Net Assets and Fund Equity**

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

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

As of June 30, 2007, Haywood County had \$3,166,662 in outstanding debt issued for capital purposes of the discretely presented Haywood County 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. Therefore, Haywood County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the General Fund, \$23,541 is designated for the dental program and \$9,823 is designated for the fire department at June 30, 2007.

**7. Prior-period Adjustments**

Net accounts receivable were restated (\$243,443) from the prior year because Ambulance Service receivables had been omitted.

The closure/postclosure care cost liability was restated (\$554,361) from the prior year because a portion of the liability had been omitted.

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

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

**Primary Government**

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

**Discretely Presented Haywood County School Department**

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

**Primary Government**

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

**Discretely Presented Haywood County School Department**

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

### III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgetary Information

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

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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/Executive, 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 the GAAP basis is presented on the face of each budgetary schedule.

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

The Solid Waste Disposal Fund had a total net assets deficit of \$915,855 at June 30, 2007. This deficit primarily resulted from the recognition of a liability (\$1,832,089) for costs associated with closing the county's landfill and monitoring the landfill for 30 years after closure.

The Community Development/Industrial Park Fund had a deficit of \$27,917 in the undesignated fund balance account at June 30, 2007. This deficit resulted primarily from unperformed portions of construction contracts (\$56,440) being reserved as encumbrances. Funding for these future expenditures is expected to be received from Community Development Block Grant proceeds.

**C. Expenditures Exceeded Appropriations**

General Fund expenditures exceeded appropriations approved by the County Commission in the Sheriff's Department (\$97,653) and Public Safety Grant Programs (\$163) major appropriation categories (the legal level of control). Also, expenditures exceeded total appropriations approved by the County Commission in the Solid Waste/Sanitation Fund by \$564. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balances.

**D. Lease-purchase Agreement Was Not Authorized by the County Commission**

On October 4, 2006, the County Mayor's Office entered into a two-year lease-purchase agreement for six Sheriff's Department vehicles without the approval of the County Commission. Terms of the agreement require total lease payments of \$138,950 plus interest of 5.6 percent.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Haywood County 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. Cash and investments reflected on the balance sheets or statements of net assets represent nonpooled amounts held separately by individual funds.

**Deposits**

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

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

**Investments**

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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, 2007.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2007, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
<b>Capital Assets Not Depreciated:</b>				
Land	\$ 1,420,042	\$ 0	\$ 0	\$ 1,420,042
Construction in Progress	834,951	22,145	857,096	0
<b>Total Capital Assets Not Depreciated</b>	<b>\$ 2,254,993</b>	<b>\$ 22,145</b>	<b>\$ 0</b>	<b>\$ 1,420,042</b>
<b>Capital Assets Depreciated:</b>				
Buildings and Improvements	\$ 7,051,657	\$ 874,076	\$ 0	\$ 7,925,733
Infrastructure	48,002,199	904,260	0	48,906,459
Other Capital Assets	5,975,850	285,579	0	6,261,429
<b>Total Capital Assets Depreciated</b>	<b>\$ 61,029,706</b>	<b>\$ 2,063,915</b>	<b>\$ 0</b>	<b>\$ 63,093,621</b>

**Governmental Activities (Cont.):**

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 4,591,696	\$ 200,064	\$ 0	\$ 4,791,760
Infrastructure	33,040,082	3,129,789	0	36,169,871
Other Capital Assets	4,004,558	720,274	0	4,724,832
Total Accumulated Depreciation	<u>\$ 41,636,336</u>	<u>\$ 4,050,127</u>	<u>\$ 0</u>	<u>\$ 45,686,463</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,393,370</u>	<u>\$ (1,986,212)</u>	<u>\$ 0</u>	<u>\$ 17,407,158</u>
Governmental Activities Capital Assets, Net	<u>\$ 21,648,363</u>	<u>\$ (1,964,067)</u>	<u>\$ 0</u>	<u>\$ 18,827,200</u>

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

**Governmental Activities:**

General Government	\$ 87,865
Finance	13,025
Administration of Justice	29,482
Public Safety	207,348
Public Health and Welfare	84,783
Social, Cultural, and Recreational Services	18,934
Other Operations	1,159
Highway Department	<u>3,607,531</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,050,127</u>

**Business-type Activities:**

	Balance 7-1-06	Increases	Balance 6-30-07
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 and Improvements	\$ 225,797	\$ 0	\$ 225,797
Other Capital Assets	672,713	21,000	693,713
Total Capital Assets Depreciated	<u>\$ 898,510</u>	<u>\$ 21,000</u>	<u>\$ 919,510</u>

**Business-type Activities (Cont.):**

	Balance 7-1-06	Increases	Balance 6-30-07
Less Accumulated Depreciation For:			
Buildings and Improvements	\$ 70,201	\$ 7,536	\$ 77,737
Other Capital Assets	618,312	13,291	631,603
Total Accumulated Depreciation	<u>\$ 688,513</u>	<u>\$ 20,827</u>	<u>\$ 709,340</u>
Total Capital Assets Depreciated, Net	<u>\$ 209,997</u>	<u>\$ 173</u>	<u>\$ 210,170</u>
Business-type Activities Capital Assets, Net	<u>\$ 444,997</u>	<u>\$ 173</u>	<u>\$ 445,170</u>

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

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 178,170	\$ 0	\$ 0	\$ 178,170
Construction in Progress	19,844	933,916	(953,760)	0
Total Capital Assets Not Depreciated	<u>\$ 198,014</u>	<u>\$ 933,916</u>	<u>\$ (953,760)</u>	<u>\$ 178,170</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 16,412,946	\$ 1,238,426	\$ 0	\$ 17,651,372
Other Capital Assets	4,151,723	261,764	(247,342)	4,166,145
Total Capital Assets Depreciated	<u>\$ 20,564,669</u>	<u>\$ 1,500,190</u>	<u>\$ (247,342)</u>	<u>\$ 21,817,517</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 9,323,372	\$ 456,124	\$ 0	\$ 9,779,496
Other Capital Assets	2,481,885	273,040	(242,167)	2,512,758
Total Accumulated Depreciation	<u>\$ 11,805,257</u>	<u>\$ 729,164</u>	<u>\$ (242,167)</u>	<u>\$ 12,292,254</u>

**Governmental Activities (Cont.):**

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Total Capital Assets				
Depreciated, Net	\$ 8,759,412	\$ 771,026	\$ (5,175)	\$ 9,525,263
Governmental Activities				
Capital Assets, Net	\$ 8,957,426	\$ 1,704,942	\$ (958,935)	\$ 9,703,433

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

Governmental Activities:

Instruction	\$ 419,101
Support Services	294,548
Operation of Non-Instructional Services	<u>15,515</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 729,164</u></u>

**C. Construction Commitments**

At June 30, 2007, the General Fund had uncompleted construction contracts of \$8,875 for elevator construction for the Parks and Recreation Department. Funding has been received for these future expenditures.

At June 30, 2007, the Community Development/Industrial Park Fund had uncompleted construction contacts of \$56,440 for waterline construction. Funding of these future expenditures is expected to be received from Community Development Block Grant proceeds.

At June 30, 2007, the discretely presented General Purpose School Fund had uncompleted construction contacts of \$145,182 for school building renovations. Funding has been received for these future expenditures.

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

The composition of interfund balances as of June 30, 2007, is as follows:

**Due to/from other funds:**

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 19,979

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

A portion of the receivable in the General Fund (\$13,321) was due from the Elma Ross Public Library (special revenue fund) for reimbursement of expenditures. The financial statements of the Elma Ross Public Library had not been made available by other auditors as of the date of this report.

**Due to/from primary government and component units:**

Receivable Fund	Payable Fund	Amount
Primary government: General Debt Service	Component unit: School Department: General Purpose School	\$ 21,897
Component unit: School Department: Nonmajor governmental fund	Primary government: General	67,528

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2007, consisted of the following amounts:

Transfers Out	Transfers In		
	General Fund	Solid Waste Disposal Fund	Nonmajor Governmental Funds
General	\$ 0	\$ 0	\$ 60,509
Nonmajor governmental funds	25,000	118,305	0
Total	<u>\$ 25,000</u>	<u>\$ 118,305</u>	<u>\$ 60,509</u>

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.

The county made transfers of \$60,509 from the General Fund to the Elma Ross Public Library (special revenue fund) to provide funds for operations. The financial statements of the Elma Ross Public Library had not been made available by other auditors as of the date of this report.

**E. Capital Leases**

On October 4, 2006, Haywood County entered into a two-year lease-purchase agreement for six Sheriff's Department vehicles. The terms of the agreement require total lease payments of \$138,950 plus interest of 5.6 percent. Title to the vehicles transfers to Haywood County at the end of the lease period. The annual lease payments are made from the General Fund. This lease-purchase agreement was not entered into in compliance with state statutes.

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 monthly lease payments are made from the Solid Waste/Sanitation Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2008	\$ 92,306
2009	85,066
Total Minimum Lease Payments	\$ 177,372
Amount Representing Interest	<u>(11,357)</u>
Present Value of Minimum Lease Payments	<u>\$ 166,015</u>

**F. Long-term Debt**

**Primary Government**

**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 11 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, 2007, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, and capital leases outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds	1.25 to 4.875%	\$ 1,632,300	\$ 1,040,644
General Obligation Bonds - Refunding	1.05 to 2.4	1,375,000	250,000
Other Loans	Variable	4,607,531	3,757,531
Capital Leases	5.4 to 5.6	296,033	166,015

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, 2007, Haywood County had borrowed \$4,607,531 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, 2007, the variable interest rate was 3.81 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, 2007, including interest payments and other fees, are presented in the following table:

Year Ending June 30	Bonds	
	Principal	Interest
2008	\$ 408,737	\$ 47,171
2009	164,167	37,141
2010	169,618	32,195
2011	10,091	26,522
2012	10,588	26,025
2013-2017	61,284	125,781
2018-2022	77,916	105,149
2023-2027	99,064	84,001
2028-2032	125,951	57,114
2033-2037	160,067	22,927
2038	3,161	77
Total	<u>\$ 1,290,644</u>	<u>\$ 564,103</u>

Year Ending June 30	Other Loan (\$4,607,531)			
	Principal	Interest	Other Fees	Total
2008	\$ 450,000	\$ 143,162	\$ 16,909	\$ 610,071
2009	275,000	126,017	14,884	415,901
2010	300,000	115,539	13,646	429,185
2011	475,000	104,109	12,296	591,405
2012	500,000	86,012	10,159	596,171
2013-16	1,757,531	144,023	17,011	1,918,565
Total	<u>\$ 3,757,531</u>	<u>\$ 718,862</u>	<u>\$ 84,905</u>	<u>\$ 4,561,298</u>

There is \$4,785,745 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$65, based on the 2000 federal census. Debt per capita, including bonds, capital leases, and other loans, totaled \$263, based on the 2000 federal census.

#### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Other Loans</u>
Balance, July 1, 2006	\$ 1,688,972	\$ 2,733,531
Additions	0	1,449,000
Deductions	<u>(398,328)</u>	<u>(425,000)</u>
Balance, June 30, 2007	<u>\$ 1,290,644</u>	<u>\$ 3,757,531</u>
Balance Due Within One Year	<u>\$ 408,737</u>	<u>\$ 450,000</u>

	<u>Capital Leases</u>	<u>Compensated Absences</u>
Balance, July 1, 2006	\$ 114,484	\$ 22,779
Additions	138,950	26,163
Deductions	<u>(87,419)</u>	<u>(25,692)</u>
Balance, June 30, 2007	<u>\$ 166,015</u>	<u>\$ 23,250</u>
Balance Due Within One Year	<u>\$ 84,363</u>	<u>\$ 17,437</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 5,237,440
Less: Balance Due Within One Year	<u>(960,537)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 4,276,903</u>

Compensated absences will be paid from the employing fund, the Highway/Public Works Fund.

**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, 2007, was as follows:

Business-type Activities:

	<u>Closure/ Postclosure Care Costs</u>
Balance, July 1, 2006	\$ 1,857,065
Deductions	<u>(24,976)</u>
Balance, June 30, 2007	<u>\$ 1,832,089</u>
 Balance Due Within One Year	 <u>\$ 43,996</u>

V. **OTHER INFORMATION**

A. **Risk Management**

**Primary Government**

**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.

### **Discretely Presented Haywood County School Department**

#### **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 districts. 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 Change**

At the beginning of the year, Haywood County implemented the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. In the prior year, Haywood County had elected only to implement the provisions of Statement No. 34 that related to the fund financial statements.

### **C. Subsequent Event**

On October 5, 2007, Haywood County borrowed an additional \$137,900 from the Sevier County Public Building Authority for the purchase of a fire truck.

**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. Change in Administration**

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

**F. 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 \$1,832,089 reported as accrued liability for landfill closure/postclosure care costs in the Solid Waste Disposal Fund at June 30, 2007, represents the estimated costs for future closure/postclosure care functions. This amount is based on what it would cost to perform all closure/postclosure care in 2007. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**G. 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, 2007, the county provided financial assistance of \$17,721 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

**H. Retirement Commitments**

**Employees**

**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 <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, 2007, was 13.09 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, 2007, Haywood County’s annual pension cost of \$984,284 to TCRS was equal to Haywood County’s required and actual contributions. The required contribution was determined as part of the July 1, 2005, 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
6-30-07	\$984,284	100%	\$0
6-30-06	866,898	100	0
6-30-05	844,807	100	0

**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 <http://www.treasury.state.tn.us>.

### **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, 2007, was 6.13 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, 2007, 2006, and 2005, were \$754,437, \$673,580, and \$667,156, respectively, equal to the required contributions for each year.

## **I. Purchasing Laws**

### **Office of County Mayor**

Purchasing procedures for the Haywood 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 (\$10,000 effective May 10, 2007) (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 require all purchases exceeding \$10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

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

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Haywood County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
General Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 4,892,739	\$ 0	\$ 4,892,739	\$ 4,793,894	\$ 4,730,352	\$ 162,387
Licenses and Permits	35,693	0	35,693	32,480	32,480	3,213
Fines, Forfeitures, and Penalties	134,089	0	134,089	121,950	124,933	9,156
Charges for Current Services	692,486	0	692,486	772,970	702,970	(10,484)
Other Local Revenues	528,507	0	528,507	491,000	505,383	23,124
Fees Received from County Officials	951,153	0	951,153	1,184,300	860,958	90,195
State of Tennessee	748,192	0	748,192	567,187	679,101	69,091
Federal Government	166,304	0	166,304	44,000	188,819	(22,515)
Other Governments and Citizens Groups	613,091	0	613,091	557,344	503,146	109,945
<b>Total Revenues</b>	<b>\$ 8,762,254</b>	<b>\$ 0</b>	<b>\$ 8,762,254</b>	<b>\$ 8,565,125</b>	<b>\$ 8,328,142</b>	<b>\$ 434,112</b>
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 104,780	\$ 0	\$ 104,780	\$ 115,531	\$ 119,281	\$ 14,501
Beer Board	2,657	0	2,657	3,000	3,000	343
County Mayor/Executive	221,758	0	221,758	224,037	227,202	5,444
County Attorney	21,866	0	21,866	29,313	29,313	7,447
Election Commission	126,298	0	126,298	119,055	132,755	6,457
Register of Deeds	120,966	0	120,966	122,571	129,731	8,765
Development	47,482	0	47,482	50,803	50,803	3,321
County Buildings	246,644	0	246,644	252,142	252,142	5,498
<u>Finance</u>						
Accounting and Budgeting	5,550	0	5,550	6,300	6,300	750
Property Assessor's Office	281,724	0	281,724	322,107	322,107	40,383
Reappraisal Program	20,446	0	20,446	62,861	62,861	42,415
County Trustee's Office	80,536	0	80,536	240,298	86,823	6,287
County Clerk's Office	76,480	0	76,480	280,738	110,871	34,391

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Administration of Justice</u>						
Circuit Court	\$ 441,034	\$ 0	\$ 441,034	\$ 484,928	\$ 484,928	\$ 43,894
General Sessions Judge	200,239	0	200,239	198,847	203,805	3,566
General Sessions Court Clerk	6,752	0	6,752	11,000	11,000	4,248
Chancery Court	139,864	0	139,864	150,207	150,207	10,343
Juvenile Court	43,330	0	43,330	46,425	46,425	3,095
<u>Public Safety</u>						
Sheriff's Department	1,241,160	0	1,241,160	1,090,476	1,143,507	(97,653)
Special Patrols	46,128	0	46,128	69,977	69,977	23,849
Drug Enforcement	2,983	0	2,983	0	2,983	0
Jail	1,271,971	0	1,271,971	1,152,623	1,293,123	21,152
Workhouse	185,750	0	185,750	188,437	188,437	2,687
Fire Prevention and Control	295,595	0	295,595	314,899	340,656	45,061
Civil Defense	46,784	0	46,784	50,288	50,288	3,504
Rescue Squad	6,500	0	6,500	6,500	6,500	0
County Coroner/Medical Examiner	1,800	0	1,800	4,800	4,800	3,000
Public Safety Grant Programs	40,757	0	40,757	39,167	40,594	(163)
Other Public Safety	155,946	0	155,946	166,851	166,851	10,905
<u>Public Health and Welfare</u>						
Local Health Center	66,193	0	66,193	67,313	67,313	1,120
Rabies and Animal Control	56,086	0	56,086	59,713	59,713	3,627
Ambulance/Emergency Medical Services	1,094,407	0	1,094,407	1,156,113	1,156,113	61,706
Dental Health Program	113,429	0	113,429	93,870	116,520	3,091
Alcohol and Drug Programs	5,000	0	5,000	5,000	5,000	0
Other Local Health Services	19,983	0	19,983	8,444	22,341	2,358
<u>Social, Cultural, and Recreational Services</u>						
Libraries	0	0	0	54,198	0	0

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Social, Cultural, and Recreational Services (Cont.)</u>						
Parks and Fair Boards	\$ 661,735	\$ 8,875	\$ 670,610	\$ 699,357	\$ 744,907	\$ 74,297
Other Social, Cultural, and Recreational	117,556	0	117,556	19,200	125,525	7,969
<u>Agriculture &amp; Natural Resources</u>						
Agriculture Extension Service	133,014	0	133,014	134,883	137,763	4,749
Forest Service	2,000	0	2,000	2,000	2,000	0
Soil Conservation	88,252	0	88,252	89,824	89,824	1,572
<u>Other Operations</u>						
Industrial Development	59,226	0	59,226	36,000	62,000	2,774
Veterans' Services	2,521	0	2,521	2,750	2,750	229
Other Charges	40,266	0	40,266	41,074	41,074	808
Contributions to Other Agencies	145,828	0	145,828	145,828	145,828	0
Miscellaneous	260,592	0	260,592	258,000	271,000	10,408
<u>Principal on Debt</u>						
General Government	48,862	0	48,862	0	48,862	0
Total Expenditures	\$ 8,398,730	\$ 8,875	\$ 8,407,605	\$ 8,677,748	\$ 8,835,803	\$ 428,198
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 363,524	\$ (8,875)	\$ 354,649	\$ (112,623)	\$ (507,661)	\$ 862,310
<u>Other Financing Sources (Uses)</u>						
Capital Leases Issued	\$ 138,950	\$ 0	\$ 138,950	\$ 0	\$ 0	\$ 138,950
Insurance Recovery	52,438	0	52,438	100	45,650	6,788
Transfers In	25,000	0	25,000	0	25,000	0
Transfers Out	(60,509)	0	(60,509)	(60,509)	(60,509)	0
Total Other Financing Sources (Uses)	\$ 155,879	\$ 0	\$ 155,879	\$ (60,409)	\$ 10,141	\$ 145,738
Net Change in Fund Balance						
Fund Balance, July 1, 2006	\$ 2,252,790	\$ (8,875)	\$ 2,252,790	\$ (173,032)	\$ (497,520)	\$ 1,008,048
Fund Balance, June 30, 2007	\$ 2,772,193	\$ (8,875)	\$ 2,763,318	\$ 2,001,150	\$ 1,676,662	\$ 1,086,656

Exhibit F-2

Haywood County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 583,646	\$ 0	\$ 583,646	\$ 591,846	\$ 591,846	\$ (8,200)
Charges for Current Services	47	0	47	65	65	(18)
Other Local Revenues	222,782	0	222,782	249,500	249,500	(26,718)
State of Tennessee	2,188,202	0	2,188,202	2,177,151	2,177,151	11,051
Federal Government	8,896	0	8,896	0	0	8,896
<b>Total Revenues</b>	<b>\$ 3,003,573</b>	<b>\$ 0</b>	<b>\$ 3,003,573</b>	<b>\$ 3,018,562</b>	<b>\$ 3,018,562</b>	<b>\$ (14,989)</b>
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 166,056	\$ 0	\$ 166,056	\$ 172,289	\$ 174,789	\$ 8,733
Highway and Bridge Maintenance	1,513,489	0	1,513,489	1,682,747	1,689,247	175,758
Operation and Maintenance of Equipment	636,716	0	636,716	837,800	794,800	158,084
Other Charges	116,284	0	116,284	145,000	145,000	28,716
Employee Benefits	188,254	0	188,254	222,500	222,500	34,246
Capital Outlay	487,357	71,910	559,267	707,188	741,188	181,921
<b>Total Expenditures</b>	<b>\$ 3,108,156</b>	<b>\$ 71,910</b>	<b>\$ 3,180,066</b>	<b>\$ 3,767,524</b>	<b>\$ 3,767,524</b>	<b>\$ 587,458</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ (104,583)	\$ (71,910)	\$ (176,493)	\$ (748,962)	\$ (748,962)	\$ 572,469
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 3,784	\$ 0	\$ 3,784	\$ 0	\$ 0	\$ 3,784
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 3,784</b>	<b>\$ 0</b>	<b>\$ 3,784</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 3,784</b>
Net Change in Fund Balance	\$ (100,799)	\$ (71,910)	\$ (172,709)	\$ (748,962)	\$ (748,962)	\$ 576,253
Fund Balance, July 1, 2006	1,058,608	0	1,058,608	1,037,759	1,037,759	20,849
<b>Fund Balance, June 30, 2007</b>	<b>\$ 957,809</b>	<b>\$ (71,910)</b>	<b>\$ 885,899</b>	<b>\$ 288,797</b>	<b>\$ 288,797</b>	<b>\$ 597,102</b>

Exhibit F-3

Haywood County, Tennessee  
Schedule of Funding Progress – Pension Plan  
June 30, 2007

**Required Supplementary Information**

Schedule of Funding Progress for Haywood County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$ 17,696	\$ 18,097	\$ 401	97.79 %	\$ 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

**HAYWOOD COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2007**

**A. BUDGETARY INFORMATION**

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the 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/Executive, Election Commission, 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.

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

General Fund expenditures exceeded appropriations approved by the County Commission in the Sheriff's Department (\$97,653) and Public Safety Grant Programs (\$163) major appropriation categories (the legal level of control). Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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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.

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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

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

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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 and grants provided for the construction of housing for low income families.

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

Exhibit G-1

Haywood County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2007

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>ASSETS</u>								
Cash	\$ 0	\$ 0	\$ 89,264	\$ 89,264	\$ 0	\$ 0	\$ 0	\$ 89,264
Equity in Pooled Cash and Investments	53,980	13,253	0	67,233	31,523	146,437	177,960	245,193
Accounts Receivable	9,854	0	166	10,020	0	0	0	10,020
Due from Other Governments	835	0	0	835	0	0	0	835
<b>Total Assets</b>	<b>\$ 64,669</b>	<b>\$ 13,253</b>	<b>\$ 89,430</b>	<b>\$ 167,352</b>	<b>\$ 31,523</b>	<b>\$ 146,437</b>	<b>\$ 177,960</b>	<b>\$ 345,312</b>
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities</u>								
Accounts Payable	\$ 813	\$ 0	\$ 0	\$ 813	\$ 0	\$ 0	\$ 0	\$ 813
Payroll Deductions Payable	922	0	0	922	0	0	0	922
Contracts Payable	0	0	0	0	3,000	0	3,000	3,000
Due to Other Funds	0	0	6,658	6,658	0	0	0	6,658
<b>Total Liabilities</b>	<b>\$ 1,735</b>	<b>\$ 0</b>	<b>\$ 6,658</b>	<b>\$ 8,393</b>	<b>\$ 3,000</b>	<b>\$ 0</b>	<b>\$ 3,000</b>	<b>\$ 11,393</b>
<u>Fund Balances</u>								
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 56,440	\$ 0	\$ 56,440	\$ 56,440
Unreserved (Deficit)	62,934	13,253	82,772	158,959	(27,917)	146,437	118,520	277,479
<b>Total Fund Balances</b>	<b>\$ 62,934</b>	<b>\$ 13,253</b>	<b>\$ 82,772</b>	<b>\$ 158,959</b>	<b>\$ 28,523</b>	<b>\$ 146,437</b>	<b>\$ 174,960</b>	<b>\$ 333,919</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 64,669</b>	<b>\$ 13,253</b>	<b>\$ 89,430</b>	<b>\$ 167,352</b>	<b>\$ 31,523</b>	<b>\$ 146,437</b>	<b>\$ 177,960</b>	<b>\$ 345,312</b>

Exhibit G-2

Haywood County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2007

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	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	\$ 1,519	\$ 0	\$ 1,519	\$ 0	\$ 0	\$ 0	\$ 1,519
Charges for Current Services	352,714	0	327,361	680,075	0	0	0	680,075
Other Local Revenues	751	0	0	751	0	0	0	751
State of Tennessee	28,539	0	0	28,539	0	0	0	28,539
Federal Government	0	0	0	0	270,341	0	270,341	270,341
Other Governments and Citizens Groups	0	500	0	500	1,500	186,700	188,200	188,700
<b>Total Revenues</b>	<b>\$ 382,004</b>	<b>\$ 2,019</b>	<b>\$ 327,361</b>	<b>\$ 711,384</b>	<b>\$ 271,841</b>	<b>\$ 186,700</b>	<b>\$ 458,541</b>	<b>\$ 1,169,925</b>
<u>Expenditures</u>								
Current:								
Finance	\$ 0	\$ 0	\$ 333,470	\$ 333,470	\$ 0	\$ 0	\$ 0	\$ 333,470
Administration of Justice	0	0	6,670	6,670	0	0	0	6,670
Public Safety	0	765	0	765	0	0	0	765
Public Health and Welfare	203,180	0	0	203,180	0	0	0	203,180
Other Operations	59,519	0	0	59,519	0	0	0	59,519
Debt Service:								
Principal on Debt	38,557	0	0	38,557	0	0	0	38,557
Interest on Debt	4,887	0	0	4,887	0	0	0	4,887
Capital Projects	0	0	0	0	276,170	40,433	316,603	316,603
<b>Total Expenditures</b>	<b>\$ 306,143</b>	<b>\$ 765</b>	<b>\$ 340,140</b>	<b>\$ 647,048</b>	<b>\$ 276,170</b>	<b>\$ 40,433</b>	<b>\$ 316,603</b>	<b>\$ 963,651</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 75,861	\$ 1,254	\$ (12,779)	\$ 64,336	\$ (4,329)	\$ 146,267	\$ 141,938	\$ 206,274
<u>Other Financing Sources (Uses)</u>								
Transfers Out	\$ (118,305)	\$ (25,000)	\$ 0	\$ (143,305)	\$ 0	\$ 0	\$ 0	\$ (143,305)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (118,305)</b>	<b>\$ (25,000)</b>	<b>\$ 0</b>	<b>\$ (143,305)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (143,305)</b>
Net Change in Fund Balances	\$ (42,444)	\$ (23,746)	\$ (12,779)	\$ (78,969)	\$ (4,329)	\$ 146,267	\$ 141,938	\$ 62,969
Fund Balance, July 1, 2006	105,378	36,999	95,551	237,928	32,852	170	33,022	270,950
<b>Fund Balance, June 30, 2007</b>	<b>\$ 62,934</b>	<b>\$ 13,253</b>	<b>\$ 82,772</b>	<b>\$ 158,959</b>	<b>\$ 28,523</b>	<b>\$ 146,437</b>	<b>\$ 174,960</b>	<b>\$ 333,919</b>

Exhibit G-3

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 352,714	\$ 357,500	\$ 357,500	\$ (4,786)
Other Local Revenues	751	250	250	501
State of Tennessee	28,539	27,437	27,437	1,102
Total Revenues	<u>\$ 382,004</u>	<u>\$ 385,187</u>	<u>\$ 385,187</u>	<u>\$ (3,183)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 203,180	\$ 239,850	\$ 196,406	\$ (6,774)
<u>Other Operations</u>				
Other Charges	25,037	25,700	25,700	663
Employee Benefits	34,482	40,029	40,029	5,547
<u>Principal on Debt</u>				
General Government	38,557	0	38,557	0
<u>Interest on Debt</u>				
General Government	4,887	0	4,887	0
Total Expenditures	<u>\$ 306,143</u>	<u>\$ 305,579</u>	<u>\$ 305,579</u>	<u>\$ (564)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 75,861</u>	<u>\$ 79,608</u>	<u>\$ 79,608</u>	<u>\$ (3,747)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (118,305)	\$ (153,880)	\$ (153,880)	\$ 35,575
Total Other Financing Sources (Uses)	<u>\$ (118,305)</u>	<u>\$ (153,880)</u>	<u>\$ (153,880)</u>	<u>\$ 35,575</u>
Net Change in Fund Balance	\$ (42,444)	\$ (74,272)	\$ (74,272)	\$ 31,828
Fund Balance, July 1, 2006	<u>105,378</u>	<u>110,277</u>	<u>110,277</u>	<u>(4,899)</u>
Fund Balance, June 30, 2007	<u>\$ 62,934</u>	<u>\$ 36,005</u>	<u>\$ 36,005</u>	<u>\$ 26,929</u>

Exhibit G-4

Haywood County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 1,519	\$ 7,000	\$ 7,000	\$ (5,481)
Other Governments and Citizens Groups	500	0	0	500
Total Revenues	<u>\$ 2,019</u>	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>\$ (4,981)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 765	\$ 6,590	\$ 6,590	\$ 5,825
Total Expenditures	<u>\$ 765</u>	<u>\$ 6,590</u>	<u>\$ 6,590</u>	<u>\$ 5,825</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,254</u>	<u>\$ 410</u>	<u>\$ 410</u>	<u>\$ 844</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (25,000)	\$ 0	\$ (25,000)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (25,000)</u>	<u>\$ 0</u>	<u>\$ (25,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (23,746)	\$ 410	\$ (24,590)	\$ 844
Fund Balance, July 1, 2006	<u>36,999</u>	<u>36,999</u>	<u>36,999</u>	<u>0</u>
Fund Balance, June 30, 2007	<u><u>\$ 13,253</u></u>	<u><u>\$ 37,409</u></u>	<u><u>\$ 12,409</u></u>	<u><u>\$ 844</u></u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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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.

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Exhibit H

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 526,340	\$ 510,586	\$ 507,818	\$ 18,522
Other Local Revenues	187,724	36,652	36,652	151,072
Other Governments and Citizens Groups	264,592	240,000	240,000	24,592
Total Revenues	<u>\$ 978,656</u>	<u>\$ 787,238</u>	<u>\$ 784,470</u>	<u>\$ 194,186</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 823,328	\$ 823,336	\$ 823,336	\$ 8
<u>Interest on Debt</u>				
General Government	188,185	285,723	285,723	97,538
<u>Other Debt Service</u>				
General Government	6,866	10,900	10,900	4,034
Total Expenditures	<u>\$ 1,018,379</u>	<u>\$ 1,119,959</u>	<u>\$ 1,119,959</u>	<u>\$ 101,580</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (39,723)</u>	<u>\$ (332,721)</u>	<u>\$ (335,489)</u>	<u>\$ 295,766</u>
Net Change in Fund Balance	\$ (39,723)	\$ (332,721)	\$ (335,489)	\$ 295,766
Fund Balance, July 1, 2006	<u>4,825,468</u>	<u>4,865,429</u>	<u>4,865,429</u>	<u>(39,961)</u>
Fund Balance, June 30, 2007	<u>\$ 4,785,745</u>	<u>\$ 4,532,708</u>	<u>\$ 4,529,940</u>	<u>\$ 255,805</u>

# Fiduciary Funds

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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.

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

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

Exhibit I-1

Haywood County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2007

	<u>Agency Funds</u>		
	Cities - Sales Tax	Constitu- tional Officers - Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,604,804	\$ 1,604,804
Due from Other Governments	187,767	0	187,767
Total Assets	<u>\$ 187,767</u>	<u>\$ 1,604,804</u>	<u>\$ 1,792,571</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 187,767	\$ 0	\$ 187,767
Due to Litigants, Heirs, and Others	0	1,604,804	1,604,804
Total Liabilities	<u>\$ 187,767</u>	<u>\$ 1,604,804</u>	<u>\$ 1,792,571</u>

Exhibit I-2

Haywood County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,112,593	\$ 1,112,593	\$ 0
Due from Other Governments	186,527	187,767	186,527	187,767
<b>Total Assets</b>	<b>\$ 186,527</b>	<b>\$ 1,300,360</b>	<b>\$ 1,299,120</b>	<b>\$ 187,767</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 186,527	\$ 1,300,360	\$ 1,299,120	\$ 187,767
<b>Total Liabilities</b>	<b>\$ 186,527</b>	<b>\$ 1,300,360</b>	<b>\$ 1,299,120</b>	<b>\$ 187,767</b>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,552,320	\$ 5,742,581	\$ 5,690,097	\$ 1,604,804
<b>Total Assets</b>	<b>\$ 1,552,320</b>	<b>\$ 5,742,581</b>	<b>\$ 5,690,097</b>	<b>\$ 1,604,804</b>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,552,320	\$ 5,742,581	\$ 5,690,097	\$ 1,604,804
<b>Total Liabilities</b>	<b>\$ 1,552,320</b>	<b>\$ 5,742,581</b>	<b>\$ 5,690,097</b>	<b>\$ 1,604,804</b>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,112,593	\$ 1,112,593	\$ 0
Cash	1,552,320	5,742,581	5,690,097	1,604,804
Due from Other Governments	186,527	187,767	186,527	187,767
<b>Total Assets</b>	<b>\$ 1,738,847</b>	<b>\$ 7,042,941</b>	<b>\$ 6,989,217</b>	<b>\$ 1,792,571</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 186,527	\$ 1,300,360	\$ 1,299,120	\$ 187,767
Due to Litigants, Heirs, and Others	1,552,320	5,742,581	5,690,097	1,604,804
<b>Total Liabilities</b>	<b>\$ 1,738,847</b>	<b>\$ 7,042,941</b>	<b>\$ 6,989,217</b>	<b>\$ 1,792,571</b>

# Haywood County School Department

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

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

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

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

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

Exhibit J-1

Haywood County, Tennessee  
Statement of Activities  
Discretely Presented Haywood County School Department  
For the Year Ended June 30, 2007

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	\$ 16,364,095	\$ 22,949	\$ 2,077,464	\$ 1,216,684	\$ (13,046,998)
Support Services	6,979,437	0	84,393	146,655	(6,748,389)
Operation of Non-Instructional Services	2,482,835	335,948	1,907,573	144,704	(94,610)
Other Debt Service	264,592	0	0	0	(264,592)
<b>Total Governmental Activities</b>	<b>\$ 26,090,959</b>	<b>\$ 358,897</b>	<b>\$ 4,069,430</b>	<b>\$ 1,508,043</b>	<b>\$ (20,154,589)</b>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 3,444,001
Local Option Sales Tax					1,471,553
Other Local Taxes					330,359
Grants and Contributions Not Restricted to Specific Programs					16,049,252
Miscellaneous					24,100
<b>Total General Revenues</b>					<b>\$ 21,319,265</b>
Change in Net Assets					\$ 1,164,676
Net Assets, July 1, 2006					12,250,623
<b>Net Assets, June 30, 2007</b>					<b>\$ 13,415,299</b>

Exhibit J-2

Haywood County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Haywood County School Department  
June 30, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	General Purpose School	Other Govern- mental Funds	Total Govern- mental Funds
<b><u>ASSETS</u></b>			
Equity in Pooled Cash and Investments	\$ 3,207,937	\$ 507,021	\$ 3,714,958
Accounts Receivable	30,057	0	30,057
Due from Other Governments	316,523	3,432	319,955
Due from Primary Government	0	67,528	67,528
Property Taxes Receivable	3,853,502	0	3,853,502
Allowance for Uncollectible Property Taxes	(260,945)	0	(260,945)
Total Assets	<u>\$ 7,147,074</u>	<u>\$ 577,981</u>	<u>\$ 7,725,055</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 3,966	\$ 37,062	\$ 41,028
Payroll Deductions Payable	473,912	52,113	526,025
Due to Primary Government	21,897	0	21,897
Deferred Revenue - Current Property Taxes	3,424,239	0	3,424,239
Deferred Revenue - Delinquent Property Taxes	155,095	0	155,095
Other Deferred Revenues	128,255	0	128,255
Total Liabilities	<u>\$ 4,207,364</u>	<u>\$ 89,175</u>	<u>\$ 4,296,539</u>
<b><u>Fund Balances</u></b>			
Reserved for Encumbrances	\$ 531,147	\$ 25,124	\$ 556,271
Reserved for Career Ladder Program	8,651	0	8,651
Reserved for Title I Grants to Local Education Agencies	0	10,422	10,422
Reserved for Innovative Education Program Strategies	0	978	978
Reserved for Special Education - Grants to States	0	11,574	11,574
Other Federal Reserves	0	9,323	9,323
Unreserved, Reported In:			
General Fund	2,399,912	0	2,399,912
Special Revenue Funds	0	408,138	408,138
Capital Projects Fund	0	23,247	23,247
Total Fund Balances	<u>\$ 2,939,710</u>	<u>\$ 488,806</u>	<u>\$ 3,428,516</u>
Total Liabilities and Fund Balances	<u>\$ 7,147,074</u>	<u>\$ 577,981</u>	<u>\$ 7,725,055</u>

Exhibit J-3

Haywood County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Assets  
Discretely Presented Haywood County School Department  
June 30, 2007

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	3,428,516
(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: buildings and improvements net of accumulated depreciation		7,871,876	
Add: other capital assets net of accumulated depreciation		<u>1,653,387</u>	9,703,433
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>283,350</u>
Net assets of governmental activities (Exhibit A)		\$	<u>13,415,299</u>

Exhibit J-4

Haywood County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Haywood County School Department  
For the Year Ended June 30, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 5,471,100	\$ 0	\$ 5,471,100
Licenses and Permits	1,368	0	1,368
Charges for Current Services	22,949	335,948	358,897
Other Local Revenues	363,977	3,909	367,886
State of Tennessee	15,762,973	22,714	15,785,687
Federal Government	293,957	3,518,243	3,812,200
Other Governments and Citizens Groups	0	1,449,000	1,449,000
Total Revenues	<u>\$ 21,916,324</u>	<u>\$ 5,329,814</u>	<u>\$ 27,246,138</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 13,246,397	\$ 1,749,495	\$ 14,995,892
Support Services	7,468,217	407,753	7,875,970
Operation of Non-Instructional Services	322,542	1,873,392	2,195,934
Capital Outlay	128,983	0	128,983
Debt Service:			
Other Debt Service	264,592	0	264,592
Capital Projects	0	1,315,490	1,315,490
Total Expenditures	<u>\$ 21,430,731</u>	<u>\$ 5,346,130</u>	<u>\$ 26,776,861</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 485,593</u>	<u>\$ (16,316)</u>	<u>\$ 469,277</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 14,440	\$ 0	\$ 14,440
Total Other Financing Sources (Uses)	<u>\$ 14,440</u>	<u>\$ 0</u>	<u>\$ 14,440</u>
Net Change in Fund Balances	\$ 500,033	\$ (16,316)	\$ 483,717
Fund Balance, July 1, 2006	<u>2,439,677</u>	<u>505,122</u>	<u>2,944,799</u>
Fund Balance, June 30, 2007	<u>\$ 2,939,710</u>	<u>\$ 488,806</u>	<u>\$ 3,428,516</u>

Exhibit J-5

Haywood County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Discretely Presented Haywood County School Department  
For the Year Ended June 30, 2007

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

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 483,717
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,480,346	
Less: current year depreciation expense	<u>(729,164)</u>	751,182
(2) The net effect of various miscellaneous transactions involving capital assets (sales and trade-ins) is to decrease net assets.		
Less: proceeds received from the disposal of capital assets	\$ (1,000)	
Less: loss on disposal of capital assets	<u>(4,175)</u>	(5,175)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2007	\$ 283,350	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(348,398)</u>	<u>(65,048)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,164,676</u>

Exhibit J-6

Haywood County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Haywood County School Department  
June 30, 2007

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>School Federal Projects</u>	<u>Central Cafeteria</u>	<u>Total</u>	<u>Education Capital Projects</u>	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 129,370	\$ 354,404	\$ 483,774	\$ 23,247	\$ 507,021
Due from Other Governments	3,432	0	3,432	0	3,432
Due from Primary Government	0	67,528	67,528	0	67,528
Total Assets	<u>\$ 132,802</u>	<u>\$ 421,932</u>	<u>\$ 554,734</u>	<u>\$ 23,247</u>	<u>\$ 577,981</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 37,062	\$ 0	\$ 37,062	\$ 0	\$ 37,062
Payroll Deductions Payable	38,319	13,794	52,113	0	52,113
Total Liabilities	<u>\$ 75,381</u>	<u>\$ 13,794</u>	<u>\$ 89,175</u>	<u>\$ 0</u>	<u>\$ 89,175</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 25,124	\$ 0	\$ 25,124	\$ 0	\$ 25,124
Reserved for Title I Grants to Local Education Agencies	10,422	0	10,422	0	10,422
Reserved for Innovative Education Program Strategies	978	0	978	0	978
Reserved for Special Education - Grants to States	11,574	0	11,574	0	11,574
Other Federal Reserves	9,323	0	9,323	0	9,323
Unreserved	0	408,138	408,138	23,247	431,385
Total Fund Balances	<u>\$ 57,421</u>	<u>\$ 408,138</u>	<u>\$ 465,559</u>	<u>\$ 23,247</u>	<u>\$ 488,806</u>
Total Liabilities and Fund Balances	<u>\$ 132,802</u>	<u>\$ 421,932</u>	<u>\$ 554,734</u>	<u>\$ 23,247</u>	<u>\$ 577,981</u>

Exhibit J-7

Haywood County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Haywood County School Department  
For the Year Ended June 30, 2007

	<u>Special Revenue Funds</u>			<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>School</u> <u>Federal</u> <u>Projects</u>	<u>Central</u> <u>Cafeteria</u>	<u>Total</u>	<u>Education</u> <u>Capital</u> <u>Projects</u>	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 335,948	\$ 335,948	\$ 0	\$ 335,948
Other Local Revenues	0	3,909	3,909	0	3,909
State of Tennessee	0	22,714	22,714	0	22,714
Federal Government	2,026,859	1,491,384	3,518,243	0	3,518,243
Other Governments and Citizens Groups	0	0	0	1,449,000	1,449,000
<b>Total Revenues</b>	<b>\$ 2,026,859</b>	<b>\$ 1,853,955</b>	<b>\$ 3,880,814</b>	<b>\$ 1,449,000</b>	<b>\$ 5,329,814</b>
<u>Expenditures</u>					
Current:					
Instruction	\$ 1,749,495	\$ 0	\$ 1,749,495	\$ 0	\$ 1,749,495
Support Services	274,157	96	274,253	133,500	407,753
Operation of Non-Instructional Services	1,599	1,871,793	1,873,392	0	1,873,392
Capital Projects	0	0	0	1,315,490	1,315,490
<b>Total Expenditures</b>	<b>\$ 2,025,251</b>	<b>\$ 1,871,889</b>	<b>\$ 3,897,140</b>	<b>\$ 1,448,990</b>	<b>\$ 5,346,130</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,608	\$ (17,934)	\$ (16,326)	\$ 10	\$ (16,316)
Net Change in Fund Balances	\$ 1,608	\$ (17,934)	\$ (16,326)	\$ 10	\$ (16,316)
Fund Balance, July 1, 2006	55,813	426,072	481,885	23,237	505,122
Fund Balance, June 30, 2007	\$ 57,421	\$ 408,138	\$ 465,559	\$ 23,247	\$ 488,806

Exhibit J-8

Haywood County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Haywood County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 5,471,100	\$ 0	\$ 0	\$ 5,471,100	\$ 5,406,515	\$ 5,406,515	\$ 64,585
Licenses and Permits	1,368	0	0	1,368	2,000	2,000	(632)
Charges for Current Services	22,949	0	0	22,949	30,000	30,000	(7,051)
Other Local Revenues	363,977	0	0	363,977	229,663	287,930	76,047
State of Tennessee	15,762,973	0	0	15,762,973	15,387,910	15,775,634	(12,661)
Federal Government	293,957	0	0	293,957	210,979	226,979	66,978
Total Revenues	\$ 21,916,324	\$ 0	\$ 0	\$ 21,916,324	\$ 21,267,067	\$ 21,729,058	\$ 187,266
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 10,981,438	\$ (16,915)	\$ 56,737	\$ 11,021,260	\$ 11,001,993	\$ 11,106,041	\$ 84,781
Alternative Instruction Program	275,136	0	0	275,136	290,760	290,760	15,624
Special Education Program	1,413,042	0	8,939	1,421,981	1,512,477	1,495,651	73,670
Vocational Education Program	530,318	(3,599)	0	526,719	514,174	526,718	(1)
Adult Education Program	46,463	0	0	46,463	49,381	49,382	2,919
<u>Support Services</u>							
Attendance	92,185	0	0	92,185	94,246	94,246	2,061
Health Services	58,759	(1,840)	0	56,919	61,565	61,565	4,646
Other Student Support	501,666	0	0	501,666	485,967	506,139	4,473
Regular Instruction Program	672,627	0	0	672,627	700,630	700,631	28,004
Alternative Instruction Program	68,752	0	0	68,752	70,635	70,634	1,882
Special Education Program	151,493	0	34	151,527	136,864	153,690	2,163
Vocational Education Program	146,351	0	0	146,351	137,592	150,576	4,225
Adult Programs	121,534	0	0	121,534	122,607	122,606	1,072
Board of Education	383,542	(307)	277	383,512	418,969	418,969	35,457
Director of Schools	337,901	(3,539)	82	334,444	369,334	369,334	34,890

(Continued)

Exhibit J-8

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	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	\$ 1,412,494	\$ (3,797)	\$ 0	\$ 1,408,697	\$ 1,440,520	\$ 1,442,520	\$ 33,823
Fiscal Services	273,430	(2,907)	0	270,523	273,938	273,938	3,415
Operation of Plant	1,358,366	0	0	1,358,366	1,389,573	1,389,573	31,207
Maintenance of Plant	570,278	(123,593)	108,993	555,678	463,027	573,658	17,980
Transportation	1,318,839	0	356,085	1,674,924	1,332,814	1,704,882	29,958
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	322,542	0	0	322,542	130,000	322,542	0
<u>Capital Outlay</u>							
Regular Capital Outlay	128,983	0	0	128,983	181,000	181,000	52,017
<u>Other Debt Service</u>							
Education	264,592	0	0	264,592	270,000	270,000	5,408
Total Expenditures	\$ 21,430,731	\$ (156,497)	\$ 531,147	\$ 21,805,381	\$ 21,448,066	\$ 22,275,055	\$ 469,674
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 485,593	\$ 156,497	\$ (531,147)	\$ 110,943	\$ (180,999)	\$ (545,997)	\$ 656,940
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 14,440	\$ 0	\$ 0	\$ 14,440	\$ 0	\$ 10,000	\$ 4,440
Total Other Financing Sources (Uses)	\$ 14,440	\$ 0	\$ 0	\$ 14,440	\$ 0	\$ 10,000	\$ 4,440
Net Change in Fund Balance							
Fund Balance, July 1, 2006	\$ 500,033	\$ 156,497	\$ (531,147)	\$ 125,383	\$ (180,999)	\$ (535,997)	\$ 661,380
	2,439,677	(156,497)	0	2,283,180	2,364,972	2,364,972	(81,792)
Fund Balance, June 30, 2007							
	\$ 2,939,710	\$ 0	\$ (531,147)	\$ 2,408,563	\$ 2,183,973	\$ 1,828,975	\$ 579,588

Exhibit J-9

Haywood County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Haywood County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,026,859	\$ 0	\$ 0	\$ 2,026,859	\$ 2,172,881	\$ 2,170,361	\$ (143,502)
<b>Total Revenues</b>	<b>\$ 2,026,859</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,026,859</b>	<b>\$ 2,172,881</b>	<b>\$ 2,170,361</b>	<b>\$ (143,502)</b>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,064,449	\$ (916)	\$ 21,600	\$ 1,085,133	\$ 1,191,287	\$ 1,178,478	\$ 93,345
Alternative Instruction Program	3,527	0	0	3,527	3,524	3,537	10
Special Education Program	615,825	0	0	615,825	631,463	631,463	15,638
Vocational Education Program	65,694	0	0	65,694	60,468	65,694	0
<u>Support Services</u>							
Other Student Support	38,400	(3,000)	0	35,400	37,734	35,980	580
Regular Instruction Program	85,545	0	3,524	89,069	137,745	144,913	55,844
Special Education Program	126,968	0	0	126,968	123,173	127,756	788
Vocational Education Program	15,687	0	0	15,687	16,500	15,687	0
Transportation	7,557	0	0	7,557	14,905	10,322	2,765
<u>Operation of Non-Instructional Services</u>							
Community Services	1,599	0	0	1,599	8,428	8,428	6,829
<b>Total Expenditures</b>	<b>\$ 2,025,251</b>	<b>\$ (3,916)</b>	<b>\$ 25,124</b>	<b>\$ 2,046,459</b>	<b>\$ 2,225,227</b>	<b>\$ 2,222,258</b>	<b>\$ 175,799</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,608	\$ 3,916	\$ (25,124)	\$ (19,600)	\$ (52,346)	\$ (51,897)	\$ 32,297
Net Change in Fund Balance	\$ 1,608	\$ 3,916	\$ (25,124)	\$ (19,600)	\$ (52,346)	\$ (51,897)	\$ 32,297
Fund Balance, July 1, 2006	55,813	(3,916)	0	51,897	52,346	51,897	0
<b>Fund Balance, June 30, 2007</b>	<b>\$ 57,421</b>	<b>\$ 0</b>	<b>\$ (25,124)</b>	<b>\$ 32,297</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 32,297</b>

Exhibit J-10

Haywood County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Haywood County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 335,948	\$ 346,500	\$ 346,500	\$ (10,552)
Other Local Revenues	3,909	4,000	4,000	(91)
State of Tennessee	22,714	24,000	24,000	(1,286)
Federal Government	1,491,384	1,512,000	1,512,000	(20,616)
Total Revenues	<u>\$ 1,853,955</u>	<u>\$ 1,886,500</u>	<u>\$ 1,886,500</u>	<u>\$ (32,545)</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 96	\$ 432	\$ 432	\$ 336
<u>Operation of Non-Instructional Services</u>				
Food Service	1,871,793	1,886,068	1,886,068	14,275
Total Expenditures	<u>\$ 1,871,889</u>	<u>\$ 1,886,500</u>	<u>\$ 1,886,500</u>	<u>\$ 14,611</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (17,934)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (17,934)</u>
Net Change in Fund Balance	\$ (17,934)	\$ 0	\$ 0	\$ (17,934)
Fund Balance, July 1, 2006	426,072	398,652	398,652	27,420
Fund Balance, June 30, 2007	<u>\$ 408,138</u>	<u>\$ 398,652</u>	<u>\$ 398,652</u>	<u>\$ 9,486</u>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Haywood County, Tennessee  
Schedule of Changes in Capital Leases, Other Loans, and Bonds  
For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-07
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Fund</u>								
Sheriff's Vehicles (6)	\$ 138,950	5.6 %	10-4-06	10-4-08	\$ 0	\$ 138,950	\$ 48,862	\$ 90,088
<u>Payable through Solid Waste/Sanitation Fund</u>								
Sanitation Truck	157,083	5.4	4-15-05	4-25-09	114,484	0	38,557	75,927
Total Capital Leases Payable					\$ 114,484	\$ 138,950	\$ 87,419	\$ 166,015
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Public Works/School Projects	(1)	Variable	5-1-05	6-1-16	\$ 2,733,531	\$ 1,449,000	\$ 425,000	\$ 3,757,531
Total Other Loans Payable					\$ 2,733,531	\$ 1,449,000	\$ 425,000	\$ 3,757,531
<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	\$ 517,356	\$ 0	\$ 7,352	\$ 510,004
Waterline (USDA Rural Development)	72,300	4.75	6-4-1999	6-4-37	66,616	0	976	65,640
General Obligation Refunding	1,375,000	1.05 to 2.4	1-1-03	6-1-08	495,000	0	245,000	250,000
General Obligation Improvements	1,000,000	1.25 to 3.25	1-1-03	6-1-10	610,000	0	145,000	465,000
Total Bonds Payable					\$ 1,688,972	\$ 0	\$ 398,328	\$ 1,290,644

(1) Total amount authorized was \$5,000,000, of which \$392,469 remains available for draws as of June 30, 2007.

Exhibit K-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
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	3,161	77	3,238
Total	\$ 1,290,644	\$ 564,103	\$ 1,854,747

Exhibit K-3

Haywood County, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Public Library	To provide funds for operations	\$ 60,509
Drug Control	General	To provide funds for Sheriff's Department equipment	25,000
Solid Waste/Sanitation	Solid Waste Disposal	To provide funds for solid waste disposal	<u>118,305</u>
Total Transfers			<u>\$ 203,814</u>

Exhibit K-4

Haywood County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Haywood County School Department  
For the Year Ended June 30, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and County Commission	\$ 83,937 (1,2)	\$ 50,000	State Automobile Mutual Insurance Company
Chief Administrative Highway Officer	Section 8-24-102, <u>TCA</u> , and County Commission	63,702 (1)	100,000	"
Director of Schools	State Board of Education and Haywood County Board of Education	90,286 (3)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u> , and County Commission	56,029 (1)	833,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u> , and County Commission	56,029 (1)	10,000	Auto Owners Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u> , and County Commission	56,029 (1)	50,000	State Automobile Mutual Insurance Company
Circuit Court Clerk: Joe Moore (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u> , and County Commission	11,438 (1)	50,000	"
Elma Pirtle (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u> , and County Commission	44,591	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , County Commission and Chancery Court Judge	62,699 (1,4)	70,000	"
Register	Section 8-24-102, <u>TCA</u> , and County Commission	56,029 (1)	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	61,379 (1)	25,000	"
Employee Blanket Bonds:				
Office of County Mayor and Highway Department:				
All Employees			150,000	Local Government Property and Casualty Fund
Office of Director of Schools:				
All Employees			150,000	Tennessee School Boards Risk Management Trust

- (1) Includes certified public administrator supplement of \$2,520.
- (2) Includes county commission chairman compensation of \$18,000.
- (3) Includes chief executive officer training supplement of \$1,000.
- (4) Includes special commissioner fees of \$6,670.

Exhibit K-5

Haywood County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2007

	Special Revenue Funds					Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Capital Projects	
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 3,252,412	\$ 0	\$ 0	\$ 0	\$ 406,528	\$ 145,208	\$ 0	\$ 0	\$ 3,804,148
Discount on Property Taxes	(30,404)	0	0	0	(3,800)	(1,357)	0	0	(35,561)
Trustee's Collections - Prior Year	203,094	0	0	0	25,655	9,608	0	0	238,357
Trustee's Collections - Bankruptcy	545	0	0	0	68	24	0	0	637
Circuit/Clerk & Master Collections - Prior Years	105,974	0	0	0	13,247	4,731	0	0	123,952
Interest and Penalty	36,757	0	0	0	4,865	1,947	0	0	43,569
Payments in-Lieu-of Taxes - T.V.A.	584	0	0	0	73	26	0	0	683
Payments in-Lieu-of Taxes - Local Utilities	56,528	0	0	0	0	0	0	0	56,528
Payments in-Lieu-of Taxes - Other	167,061	0	0	0	0	14,239	0	0	181,300
<u>County Local Option Taxes</u>									
Local Option Sales Tax	88,854	0	0	0	0	267,265	0	0	356,119
Hotel/Motel Tax	42,137	0	0	0	0	0	0	0	42,137
Wheel Tax	417,877	0	0	0	137,010	0	0	0	554,887
Litigation Tax - General	281,783	0	0	0	0	0	0	0	281,783
Litigation Tax - Special Purpose	4,385	0	0	0	0	0	0	0	4,385
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	84,649	0	0	84,649
Business Tax	119,943	0	0	0	0	0	0	0	119,943
Other County Local Option Taxes	36,499	0	0	0	0	0	0	0	36,499
<u>Statutory Local Taxes</u>									
Bank Excise Tax	19,928	0	0	0	0	0	0	0	19,928
Wholesale Beer Tax	86,264	0	0	0	0	0	0	0	86,264
Beer Privilege Tax	2,518	0	0	0	0	0	0	0	2,518
<b>Total Local Taxes</b>	<b>\$ 4,892,739</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 583,646</b>	<b>\$ 526,340</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 6,002,725</b>
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Animal Registration	\$ 1,402	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,402
Cable TV Franchise	955	0	0	0	0	0	0	0	955
<u>Permits</u>									
Beer Permits	2,850	0	0	0	0	0	0	0	2,850
Building Permits	30,411	0	0	0	0	0	0	0	30,411
Other Permits	75	0	0	0	0	0	0	0	75
<b>Total Licenses and Permits</b>	<b>\$ 35,693</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 35,693</b>

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Officers Costs	\$ 4,892	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,892
Game and Fish Fines	112	0	0	0	0	0	0	0	112
Drug Control Fines	3,358	0	152	0	0	0	0	0	3,510
Drug Court Fees	266	0	0	0	0	0	0	0	266
Jail Fees	2,806	0	0	0	0	0	0	0	2,806
Data Entry Fee - Circuit Court	207	0	0	0	0	0	0	0	207
<u>General Sessions Court</u>									
Fines	14,796	0	0	0	0	0	0	0	14,796
Officers Costs	37,631	0	0	0	0	0	0	0	37,631
Game and Fish Fines	85	0	0	0	0	0	0	0	85
Drug Control Fines	879	0	307	0	0	0	0	0	1,186
Drug Court Fees	2,717	0	0	0	0	0	0	0	2,717
Jail Fees	22,808	0	0	0	0	0	0	0	22,808
DUI Treatment Fines	4,964	0	0	0	0	0	0	0	4,964
Data Entry Fee - General Sessions Court	18,591	0	0	0	0	0	0	0	18,591
<u>Juvenile Court</u>									
Fines	2,513	0	0	0	0	0	0	0	2,513
Officers Costs	10,640	0	0	0	0	0	0	0	10,640
Data Entry Fee - Juvenile Court	1,332	0	0	0	0	0	0	0	1,332
<u>Chancery Court</u>									
Officers Costs	3,566	0	0	0	0	0	0	0	3,566
Data Entry Fee - Chancery Court	1,760	0	0	0	0	0	0	0	1,760
Courtroom Security Fee	166	0	0	0	0	0	0	0	166
<u>Judicial District Drug Program</u>									
Drug Task Force Forfeitures and Seizures	0	0	1,060	0	0	0	0	0	1,060
Total Fines, Forfeitures, and Penalties	\$ 134,089	\$ 0	\$ 1,519	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	135,608
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Residential Waste Collection Charge	\$ 0	\$ 352,714	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	352,714
Patient Charges	641,768	0	0	0	0	0	0	0	641,768
Zoning Studies	120	0	0	0	0	0	0	0	120

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Highway / Public Works		General Debt Service	Community Development/ Industrial Park	
<u>Charges for Current Services (Cont.)</u>									
<u>General Service Charges (Cont.)</u>									
Other General Service Charges	\$ 5,100	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,100
<u>Fees</u>									
Recreation Fees	23,278	0	0	0	0	0	0	0	23,278
Copy Fees	1,089	0	0	0	0	0	0	0	1,089
Telephone Commissions	5,269	0	0	0	0	0	0	0	5,269
Vending Machine Collections	2,720	0	0	0	47	0	0	0	2,767
Constitutional Officers' Fees and Commissions	0	0	0	327,361	0	0	0	0	327,361
Data Processing Fee - Register	8,104	0	0	0	0	0	0	0	8,104
Data Processing Fee - Sheriff	4,878	0	0	0	0	0	0	0	4,878
Sexual Offender Registration Fees - Sheriff	160	0	0	0	0	0	0	0	160
<b>Total Charges for Current Services</b>	<b>\$ 692,486</b>	<b>\$ 352,714</b>	<b>\$ 0</b>	<b>\$ 327,361</b>	<b>\$ 47</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,372,608</b>
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	\$ 403,473	\$ 0	\$ 0	\$ 0	\$ 0	\$ 151,071	\$ 0	\$ 0	\$ 554,544
Lease/Rentals	18,750	0	0	0	0	0	0	0	18,750
Sale of Materials and Supplies	60,814	0	0	0	37,887	0	0	0	98,701
Commissary Sales	20,728	0	0	0	0	0	0	0	20,728
Sale of Gasoline	0	0	0	0	184,571	0	0	0	184,571
Miscellaneous Refunds	17,046	751	0	0	324	0	0	0	18,121
<u>Nonrecurring Items</u>									
Contributions & Gifts	7,696	0	0	0	0	0	0	0	7,696
<u>Other Local Revenues</u>									
Other Local Revenues	0	0	0	0	0	36,653	0	0	36,653
<b>Total Other Local Revenues</b>	<b>\$ 528,507</b>	<b>\$ 751</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 222,782</b>	<b>\$ 187,724</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 939,764</b>
<u>Fees Received from County Officials</u>									
<u>Excess Fees</u>									
County Clerk	\$ 19,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,000
Trustee	150,000	0	0	0	0	0	0	0	150,000
<u>Fees-In-Lieu of Salary</u>									
Circuit Court Clerk	31,539	0	0	0	0	0	0	0	31,539

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works		General Debt Service	Community Development/ Industrial Park	
<u>Fees Received from County Officials (Cont.)</u>									
<u>Fees-In-Lieu of Salary (Cont.)</u>									
General Sessions Court Clerk	\$ 469,987	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 469,987
Clerk and Master	105,316	0	0	0	0	0	0	0	105,316
Juvenile Court Clerk	73,353	0	0	0	0	0	0	0	73,353
Register	94,004	0	0	0	0	0	0	0	94,004
Sheriff	7,954	0	0	0	0	0	0	0	7,954
Total Fees Received from County Officials	\$ 951,153	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 951,153
<u>State of Tennessee</u>									
<u>General Government Grants</u>									
Juvenile Services Program	\$ 9,540	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,540
State Reappraisal Grant	7,192	0	0	0	0	0	0	0	7,192
<u>Health and Welfare Grants</u>									
Health Department Programs	110,822	0	0	0	0	0	0	0	110,822
Other Health and Welfare Grants	27,881	0	0	0	0	0	0	0	27,881
<u>Public Works Grants</u>									
Bridge Program	0	0	0	0	392,750	0	0	0	392,750
Litter Program	0	28,539	0	0	0	0	0	0	28,539
<u>Other State Revenues</u>									
Income Tax	19,784	0	0	0	0	0	0	0	19,784
Beer Tax	18,753	0	0	0	0	0	0	0	18,753
Alcoholic Beverage Tax	39,154	0	0	0	0	0	0	0	39,154
Mixed Drink Tax	7,326	0	0	0	0	0	0	0	7,326
State Revenue Sharing - T.V.A.	177,477	0	0	0	26,586	0	0	0	204,063
Contracted Prisoner Boarding	307,793	0	0	0	0	0	0	0	307,793
Gasoline and Motor Fuel Tax	0	0	0	0	1,752,941	0	0	0	1,752,941
Petroleum Special Tax	0	0	0	0	15,925	0	0	0	15,925
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0	16,380
Other State Grants	4,700	0	0	0	0	0	0	0	4,700
Other State Revenues	1,390	0	0	0	0	0	0	0	1,390
Total State of Tennessee	\$ 748,192	\$ 28,539	\$ 0	\$ 0	\$ 2,188,202	\$ 0	\$ 0	\$ 0	\$ 2,964,933

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund	Capital Projects Funds		Total
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Capital Projects	
<u>Federal Government</u>									
<u>Federal Through State</u>									
USDA - Other	\$ 75,766	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 75,766
Community Development	0	0	0	0	0	0	42,364	0	42,364
Disaster Relief	2,609	0	0	0	8,896	0	0	0	11,505
Homeland Security Grants	28,133	0	0	0	0	0	0	0	28,133
Other Federal through State	0	0	0	0	0	0	227,977	0	227,977
<u>Direct Federal Revenue</u>									
Forest Service	41,196	0	0	0	0	0	0	0	41,196
Other Direct Federal Revenue	18,600	0	0	0	0	0	0	0	18,600
Total Federal Government	\$ 166,304	\$ 0	\$ 0	\$ 0	\$ 8,896	\$ 0	\$ 270,341	\$ 0	\$ 445,541
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Prisoner Board	\$ 68,693	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 68,693
Contributions	393,651	0	500	0	0	264,592	1,500	186,700	846,943
Contracted Services	150,747	0	0	0	0	0	0	0	150,747
Total Other Governments and Citizens Groups	\$ 613,091	\$ 0	\$ 500	\$ 0	\$ 0	\$ 264,592	\$ 1,500	\$ 186,700	\$ 1,066,383
Total	\$ 8,762,254	\$ 382,004	\$ 2,019	\$ 327,361	\$ 3,003,573	\$ 978,656	\$ 271,841	\$ 186,700	\$ 13,914,408

Exhibit K-6

Haywood County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Haywood County School Department  
For the Year Ended June 30, 2007

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,165,303	\$ 0	\$ 0	\$ 0	\$ 3,165,303
Discount on Property Taxes	(29,590)	0	0	0	(29,590)
Trustee's Collections - Prior Year	199,762	0	0	0	199,762
Trustee's Collections - Bankruptcy	533	0	0	0	533
Circuit/Clerk & Master Collections - Prior Years	103,135	0	0	0	103,135
Interest and Penalty	37,265	0	0	0	37,265
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	1,469,956	0	0	0	1,469,956
Wheel Tax	274,020	0	0	0	274,020
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	4,673	0	0	0	4,673
Other Statutory Local Taxes	51,775	0	0	0	51,775
<b>Total Local Taxes</b>	<b>\$ 5,471,100</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 5,471,100</b>
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,368	\$ 0	\$ 0	\$ 0	\$ 1,368
<b>Total Licenses and Permits</b>	<b>\$ 1,368</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,368</b>
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 80,024	\$ 0	\$ 80,024
Lunch Payments - Adults	0	0	40,884	0	40,884
Income from Breakfast	0	0	5,902	0	5,902
A la carte Sales	0	0	75,254	0	75,254
Receipts from Individual Schools	22,949	0	0	0	22,949
<u>Other Charges for Services</u>					
Other Charges for Services	0	0	133,884	0	133,884
<b>Total Charges for Current Services</b>	<b>\$ 22,949</b>	<b>\$ 0</b>	<b>\$ 335,948</b>	<b>\$ 0</b>	<b>\$ 358,897</b>
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 3,909	\$ 0	\$ 3,909
Lease/Rentals	2,000	0	0	0	2,000
Sale of Materials and Supplies	797	0	0	0	797
Refund of Telecommunication & Internet Fees (E-Rate)	315,916	0	0	0	315,916
Miscellaneous Refunds	9,669	0	0	0	9,669
<u>Nonrecurring Items</u>					
Sale of Equipment	11,519	0	0	0	11,519
Damages Recovered from Individuals	1,115	0	0	0	1,115
Contributions & Gifts	372	0	0	0	372
<u>Other Local Revenues</u>					
Other Local Revenues	22,589	0	0	0	22,589
<b>Total Other Local Revenues</b>	<b>\$ 363,977</b>	<b>\$ 0</b>	<b>\$ 3,909</b>	<b>\$ 0</b>	<b>\$ 367,886</b>

(Continued)

Exhibit K-6

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 14,758,298	\$ 0	\$ 0	\$ 0	\$ 14,758,298
Early Childhood Education	314,021	0	0	0	314,021
School Food Service	0	0	22,714	0	22,714
Driver Education	3,488	0	0	0	3,488
Other State Education Funds	138,077	0	0	0	138,077
Career Ladder Program	198,167	0	0	0	198,167
Career Ladder - Extended Contract	71,933	0	0	0	71,933
Other Vocational	6,742	0	0	0	6,742
<u>Other State Revenues</u>					
Mixed Drink Tax	6,209	0	0	0	6,209
State Revenue Sharing - T.V.A.	206,995	0	0	0	206,995
Other State Grants	1,963	0	0	0	1,963
Other State Revenues	57,080	0	0	0	57,080
Total State of Tennessee	\$ 15,762,973	\$ 0	\$ 22,714	\$ 0	\$ 15,785,687
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 987,114	\$ 0	\$ 987,114
Breakfast	0	0	493,117	0	493,117
USDA - Other	0	0	11,153	0	11,153
Adult Education State Grant Program	109,486	0	0	0	109,486
Vocational Education - Basic Grants to States	0	103,967	0	0	103,967
Title I Grants to Local Education Agencies	0	805,013	0	0	805,013
Innovative Education Program Strategies	0	76,724	0	0	76,724
Special Education - Grants to States	12,784	717,984	0	0	730,768
Special Education Preschool Grants	0	43,937	0	0	43,937
Safe and Drug-Free Schools - State Grants	22,986	0	0	0	22,986
Eisenhower Professional Development State Grants	0	245,030	0	0	245,030
Disaster Relief	25,661	0	0	0	25,661
Other Federal through State	39,131	34,204	0	0	73,335
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	83,909	0	0	0	83,909
Total Federal Government	\$ 293,957	\$ 2,026,859	\$ 1,491,384	\$ 0	\$ 3,812,200
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 1,449,000	\$ 1,449,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 1,449,000	\$ 1,449,000
Total	\$ 21,916,324	\$ 2,026,859	\$ 1,853,955	\$ 1,449,000	\$ 27,246,138

Exhibit K-7

Haywood County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2007

General Fund

General Government

County Commission

Other Salaries & Wages	\$	18,000	
Board and Committee Members Fees		24,925	
Social Security		2,675	
State Retirement		251	
Other Fringe Benefits		3,600	
Audit Services		4,590	
Dues and Memberships		5,444	
Travel		225	
Other Contracted Services		15,273	
Other Charges		29,797	
Total County Commission			\$ 104,780

Beer Board

Secretary to Board	\$	600	
Board and Committee Members Fees		1,750	
Legal Notices, Recording, and Court Costs		307	
Total Beer Board			2,657

County Mayor/Executive

County Official/Administrative Officer	\$	63,417	
Accountants/Bookkeepers		62,116	
Secretary(ies)		19,937	
Educational Incentive - Official/Admin Officer		2,520	
Social Security		12,409	
State Retirement		21,482	
Employee and Dependent Insurance		10,998	
Unemployment Compensation		197	
Other Fringe Benefits		1,260	
Communication		4,366	
Data Processing Services		6,289	
Dues and Memberships		1,533	
Postal Charges		4,241	
Travel		6,002	
Library Books/Media		816	
Office Supplies		3,175	
Premiums on Corporate Surety Bonds		87	
Workers' Compensation Insurance		200	
Office Equipment		713	
Total County Mayor/Executive			221,758

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

County Official/Administrative Officer	\$	3,825	
Social Security		258	
Operating Lease Payments		1,244	
Legal Services		9,175	
Duplicating Supplies		124	
Library Books/Media		7,240	
Total County Attorney			\$ 21,866

Election Commission

County Official/Administrative Officer	\$	51,436	
Part-time Personnel		4,723	
Election Commission		3,500	
Election Workers		26,009	
Social Security		4,103	
State Retirement		6,080	
Employee and Dependent Insurance		5,521	
Unemployment Compensation		150	
Communication		3,376	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		2,997	
Maintenance Agreements		8,319	
Postal Charges		1,611	
Printing, Stationery, and Forms		1,896	
Travel		3,821	
Office Supplies		1,956	
Workers' Compensation Insurance		187	
Other Charges		335	
Data Processing Equipment		128	
Total Election Commission			126,298

Register of Deeds

County Official/Administrative Officer	\$	53,509
Deputy(ies)		26,865
Educational Incentive - Official/Admin Officer		2,520
Social Security		6,219
State Retirement		10,555
Employee and Dependent Insurance		3,629
Unemployment Compensation		56
Other Fringe Benefits		630
Communication		1,088

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Dues and Memberships	\$	519	
Postal Charges		311	
Printing, Stationery, and Forms		2,242	
Rentals		1,117	
Travel		1,193	
Maintenance and Repair Services - Records		2,566	
Duplicating Supplies		171	
Office Supplies		222	
Premiums on Corporate Surety Bonds		94	
Workers' Compensation Insurance		300	
Data Processing Equipment		7,160	
Total Register of Deeds			\$ 120,966

Development

Supervisor/Director	\$	28,270	
Secretary(ies)		1,200	
Social Security		2,284	
State Retirement		3,766	
Unemployment Compensation		56	
Other Fringe Benefits		630	
Communication		502	
Contracts with Government Agencies		7,000	
Dues and Memberships		35	
Maintenance & Repair Services - Vehicles		59	
Travel		275	
Gasoline		969	
Office Supplies		75	
Workers' Compensation Insurance		2,361	
Total Development			47,482

County Buildings

Supervisor/Director	\$	4,785	
Custodial Personnel		40,939	
Other Salaries & Wages		17,308	
Social Security		5,246	
State Retirement		8,376	
Employee and Dependent Insurance		7,678	
Unemployment Compensation		228	
Other Fringe Benefits		9,030	
Communication		120	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Maintenance Agreements	\$	25,388	
Rentals		500	
Travel		276	
Custodial Supplies		4,318	
Duplicating Supplies		1,165	
Gasoline		220	
Utilities		49,496	
Other Supplies and Materials		41,078	
Workers' Compensation Insurance		3,554	
Building Improvements		21,551	
Motor Vehicles		5,388	
Total County Buildings			\$ 246,644

Finance

Accounting and Budgeting

Board and Committee Members Fees	\$	5,550	
Total Accounting and Budgeting			5,550

Property Assessor's Office

County Official/Administrative Officer	\$	53,509	
Deputy(ies)		106,292	
Educational Incentive - Official/Admin Officer		2,520	
Board and Committee Members Fees		807	
Social Security		11,900	
State Retirement		20,313	
Employee and Dependent Insurance		10,888	
Unemployment Compensation		251	
Other Fringe Benefits		1,680	
Communication		2,830	
Contracts with Private Agencies		27,642	
Data Processing Services		6,125	
Dues and Memberships		1,468	
Maintenance & Repair Services - Buildings		71	
Maintenance & Repair Services - Vehicles		710	
Postal Charges		1,432	
Rentals		7,200	
Travel		2,686	
Duplicating Supplies		1,342	
Gasoline		1,390	
Office Supplies		1,764	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Utilities	\$	6,048	
Premiums on Corporate Surety Bonds		50	
Workers' Compensation Insurance		1,198	
Data Processing Equipment		6,036	
Office Equipment		1,391	
Other Equipment		4,181	
Total Property Assessor's Office			\$ 281,724

Reappraisal Program

Other Salaries & Wages	\$	8,558	
Social Security		744	
State Retirement		1,167	
Unemployment Compensation		14	
Communication		90	
Data Processing Services		1,977	
Postal Charges		2,663	
Travel		22	
Gasoline		352	
Office Supplies		2,014	
Workers' Compensation Insurance		2,845	
Total Reappraisal Program			20,446

County Trustee's Office

Educational Incentive - Official/Admin Officer	\$	2,520	
Social Security		10,856	
State Retirement		18,785	
Employee and Dependent Insurance		15,896	
Unemployment Compensation		224	
Other Fringe Benefits		1,890	
Communication		4,662	
Data Processing Services		5,874	
Dues and Memberships		1,162	
Maintenance Agreements		3,200	
Maintenance & Repair Services - Office Equipment		496	
Postal Charges		6,743	
Printing, Stationery, and Forms		1,926	
Office Supplies		2,476	
Premiums on Corporate Surety Bonds		1,918	
Workers' Compensation Insurance		577	
Other Charges		1,331	
Total County Trustee's Office			80,536

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

Part-time Personnel	\$	200	
Educational Incentive - Official/Admin Officer		2,520	
Social Security		12,386	
State Retirement		16,088	
Employee and Dependent Insurance		16,929	
Unemployment Compensation		303	
Other Fringe Benefits		2,100	
Communication		1,832	
Dues and Memberships		369	
Operating Lease Payments		1,047	
Maintenance Agreements		12,681	
Postal Charges		2,841	
Printing, Stationery, and Forms		992	
Office Supplies		2,553	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		726	
Other Charges		238	
Data Processing Equipment		600	
Office Equipment		1,975	
Total County Clerk's Office			\$ 76,480

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	53,509
Deputy(ies)		243,132
Educational Incentive - Official/Admin Officer		2,520
Board and Committee Members Fees		1,182
Jury and Witness Fees		10,295
Social Security		22,392
State Retirement		36,420
Employee and Dependent Insurance		30,192
Unemployment Compensation		648
Other Fringe Benefits		5,040
Communication		2,885
Data Processing Services		17,065
Dues and Memberships		669
Maintenance & Repair Services - Office Equipment		170
Postal Charges		1,750
Printing, Stationery, and Forms		3,947
Rentals		4,585

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Office Supplies	\$	2,648	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		1,150	
Other Charges		45	
Office Equipment		690	
Total Circuit Court			\$ 441,034

General Sessions Judge

Judge(s)	\$	129,933	
Secretary(ies)		25,651	
In-Service Training		876	
Social Security		10,790	
State Retirement		20,355	
Employee and Dependent Insurance		8,776	
Unemployment Compensation		56	
Other Fringe Benefits		630	
Communication		143	
Dues and Memberships		428	
Postal Charges		124	
Travel		514	
Library Books/Media		458	
Office Supplies		474	
Workers' Compensation Insurance		576	
Office Equipment		455	
Total General Sessions Judge			200,239

General Sessions Court Clerk

Postal Charges	\$	1,561	
Printing, Stationery, and Forms		4,092	
Office Supplies		1,099	
Total General Sessions Court Clerk			6,752

Chancery Court

County Official/Administrative Officer	\$	53,509	
Deputy(ies)		49,355	
Educational Incentive - Official/Admin Officer		2,520	
Jury and Witness Fees		1,454	
Social Security		7,975	
State Retirement		12,686	
Employee and Dependent Insurance		3,405	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Unemployment Compensation	\$	187	
Other Fringe Benefits		1,260	
Communication		1,026	
Dues and Memberships		764	
Postal Charges		1,172	
Printing, Stationery, and Forms		1,373	
Travel		289	
Other Contracted Services		250	
Office Supplies		1,902	
Premiums on Corporate Surety Bonds		350	
Workers' Compensation Insurance		387	
Total Chancery Court			\$ 139,864

Juvenile Court

Youth Service Officer(s)	\$	26,664	
Social Security		2,027	
State Retirement		3,475	
Employee and Dependent Insurance		3,629	
Unemployment Compensation		56	
Communication		2,166	
Dues and Memberships		297	
Legal Services		2,525	
Postal Charges		109	
Travel		677	
Office Supplies		1,236	
Workers' Compensation Insurance		99	
Other Charges		370	
Total Juvenile Court			43,330

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	58,859	
Supervisor/Director		36,712	
Deputy(ies)		141,412	
Detective(s)		38,479	
Investigator(s)		36,367	
Lieutenant(s)		104,064	
Sergeant(s)		88,571	
Salary Supplements		7,162	
Guards		35,873	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Secretary(ies)	\$	48,008	
Educational Incentive - Official/Admin Officer		2,520	
Overtime Pay		13,203	
Social Security		44,097	
State Retirement		71,328	
Employee and Dependent Insurance		62,248	
Unemployment Compensation		1,124	
Other Fringe Benefits		7,770	
Communication		17,258	
Dues and Memberships		1,400	
Maintenance Agreements		4,051	
Maintenance & Repair Services - Equipment		8,194	
Maintenance & Repair Services - Office Equipment		3,411	
Maintenance & Repair Services - Vehicles		17,390	
Medical and Dental Services		880	
Postal Charges		767	
Printing, Stationery, and Forms		548	
Travel		2,451	
Tuition		1,120	
Gasoline		65,901	
Instructional Supplies and Materials		180	
Law Enforcement Supplies		2,482	
Library Books/Media		225	
Office Supplies		3,902	
Tires and Tubes		4,727	
Uniforms		6,490	
Other Supplies and Materials		2,426	
Premiums on Corporate Surety Bonds		62	
Workers' Compensation Insurance		18,097	
Other Charges		771	
Law Enforcement Equipment		93,939	
Motor Vehicles		169,208	
Other Equipment		17,483	
Total Sheriff's Department			\$ 1,241,160

Special Patrols

Deputy(ies)	\$	29,469
Overtime Pay		177
Social Security		2,255
State Retirement		3,578

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Special Patrols (Cont.)

Employee and Dependent Insurance	\$	4,211	
Unemployment Compensation		97	
Maintenance & Repair Services - Vehicles		800	
Gasoline		3,929	
Uniforms		424	
Workers' Compensation Insurance		1,188	
Total Special Patrols			\$ 46,128

Drug Enforcement

Remittance of Revenue Collected	\$	2,983	
Total Drug Enforcement			2,983

Jail

Assistant(s)	\$	31,073	
Supervisor/Director		35,127	
Deputy(ies)		348,005	
Secretary(ies)		25,865	
Cafeteria Personnel		60,486	
Overtime Pay		1,061	
Social Security		36,951	
State Retirement		60,006	
Employee and Dependent Insurance		51,090	
Unemployment Compensation		1,372	
Other Fringe Benefits		8,190	
Communication		6,255	
Maintenance Agreements		2,976	
Maintenance & Repair Services - Equipment		24,567	
Maintenance & Repair Services - Office Equipment		3,825	
Maintenance & Repair Services - Vehicles		1,284	
Medical and Dental Services		277,953	
Postal Charges		47	
Printing, Stationery, and Forms		651	
Travel		3,026	
Tuition		180	
Custodial Supplies		8,886	
Drugs and Medical Supplies		74,642	
Food Supplies		103,749	
Gasoline		2,139	
Library Books/Media		81	
Office Supplies		2,158	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Prisoners Clothing	\$	4,521	
Uniforms		5,492	
Utilities		64,312	
Other Supplies and Materials		1,941	
Workers' Compensation Insurance		13,338	
Building Improvements		7,545	
Food Service Equipment		2,394	
Office Equipment		783	
Total Jail			\$ 1,271,971

Workhouse

County Official/Administrative Officer	\$	36,380	
Assistant(s)		21,424	
Laborers		19,386	
Social Security		5,992	
State Retirement		9,052	
Employee and Dependent Insurance		13,300	
Unemployment Compensation		198	
Other Fringe Benefits		1,260	
Communication		1,931	
Maintenance & Repair Services - Buildings		711	
Maintenance & Repair Services - Equipment		20,677	
Other Contracted Services		3,459	
Diesel Fuel		9,880	
Fertilizer, Lime, and Seed		24,778	
Gasoline		3,395	
Utilities		7,481	
Workers' Compensation Insurance		6,446	
Total Workhouse			185,750

Fire Prevention and Control

Other Per Diem & Fees	\$	12,000	
Social Security		903	
State Retirement		1,485	
Unemployment Compensation		75	
Contracts with Government Agencies		184,233	
Contributions		6,670	
Maintenance & Repair Services - Equipment		13,890	
Maintenance & Repair Services - Vehicles		7,297	
Tuition		400	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Diesel Fuel	\$	5,844	
Gasoline		2,298	
Other Supplies and Materials		26,662	
Vehicle and Equipment Insurance		30,883	
Workers' Compensation Insurance		2,955	
Total Fire Prevention and Control			\$ 295,595

Civil Defense

County Official/Administrative Officer	\$	29,784	
Part-time Personnel		9,772	
Social Security		3,078	
Unemployment Compensation		110	
Other Fringe Benefits		630	
Vehicle and Equipment Insurance		872	
Workers' Compensation Insurance		2,538	
Total Civil Defense			46,784

Rescue Squad

Contributions	\$	6,500	
Total Rescue Squad			6,500

County Coroner/Medical Examiner

Medical Personnel	\$	1,800	
Total County Coroner/Medical Examiner			1,800

Public Safety Grant Programs

Deputy(ies)	\$	30,136	
Salary Supplements		200	
Social Security		2,327	
State Retirement		3,992	
Employee and Dependent Insurance		3,626	
Unemployment Compensation		56	
Other Fringe Benefits		420	
Total Public Safety Grant Programs			40,757

Other Public Safety

Contracts with Government Agencies	\$	155,946	
Total Other Public Safety			155,946

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	14,158	
Social Security		934	
State Retirement		1,927	
Employee and Dependent Insurance		4,876	
Unemployment Compensation		98	
Other Fringe Benefits		630	
Communication		3,076	
Contracts with Government Agencies		15,673	
Maintenance & Repair Services - Buildings		5,878	
Postal Charges		3,859	
Custodial Supplies		1,116	
Drugs and Medical Supplies		1,512	
Office Supplies		3,366	
Utilities		8,400	
Workers' Compensation Insurance		690	
Total Local Health Center			\$ 66,193

Rabies and Animal Control

Contracts with Government Agencies	\$	56,086	
Total Rabies and Animal Control			56,086

Ambulance/Emergency Medical Services

Assistant(s)	\$	40,815	
Supervisor/Director		51,428	
Medical Personnel		1,000	
Paraprofessionals		253,101	
Secretary(ies)		25,421	
Attendants		229,219	
Part-time Personnel		19,539	
Overtime Pay		39,231	
In-Service Training		2,850	
Social Security		49,124	
State Retirement		79,465	
Employee and Dependent Insurance		46,681	
Unemployment Compensation		1,346	
Other Fringe Benefits		8,200	
Communication		6,529	
Data Processing Services		56	
Dues and Memberships		190	
Laundry Service		2,314	

(Continued)

Exhibit K-7

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.)

Licenses	\$	1,136	
Maintenance Agreements		8,234	
Maintenance & Repair Services - Buildings		4,778	
Maintenance & Repair Services - Vehicles		20,296	
Postal Charges		950	
Travel		1,286	
Tuition		1,800	
Custodial Supplies		1,928	
Drugs and Medical Supplies		23,564	
Gasoline		21,507	
Office Supplies		5,555	
Uniforms		5,629	
Utilities		9,001	
Other Supplies and Materials		1,531	
Liability Insurance		21,772	
Refunds		1,381	
Workers' Compensation Insurance		56,264	
Motor Vehicles		46,954	
Other Equipment		4,332	
Total Ambulance/Emergency Medical Services			\$ 1,094,407

Dental Health Program

Paraprofessionals	\$	44,351	
Clerical Personnel		41,855	
Social Security		6,436	
State Retirement		9,833	
Employee and Dependent Insurance		7,259	
Unemployment Compensation		241	
Other Fringe Benefits		1,260	
Travel		1,934	
Workers' Compensation Insurance		260	
Total Dental Health Program			113,429

Alcohol and Drug Programs

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

Other Local Health Services

Part-time Personnel	\$	8,712	
Contributions		3,000	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services (Cont.)

Postal Charges	\$	247	
Travel		1,127	
Instructional Supplies and Materials		6,128	
Other Charges		769	
Total Other Local Health Services			\$ 19,983

Social, Cultural, and Recreational Services

Parks and Fair Boards

County Official/Administrative Officer	\$	42,757
Supervisor/Director		17,644
Foremen		28,291
Laborers		113,586
Secretary(ies)		28,086
Temporary Personnel		38,932
Overtime Pay		3,163
Social Security		20,322
State Retirement		29,153
Employee and Dependent Insurance		32,699
Unemployment Compensation		909
Other Fringe Benefits		4,200
Communication		5,421
Dues and Memberships		1,113
Maintenance & Repair Services - Buildings		16,905
Maintenance & Repair Services - Equipment		5,342
Maintenance & Repair Services - Office Equipment		979
Maintenance & Repair Services - Vehicles		5,797
Pest Control		1,136
Postal Charges		357
Travel		2,865
Custodial Supplies		10,661
Fertilizer, Lime, and Seed		27,366
Gasoline		11,747
Office Supplies		5,609
Utilities		78,090
Other Supplies and Materials		13,597
Refunds		8,145
Vehicle and Equipment Insurance		6,481
Workers' Compensation Insurance		8,824
Other Charges		1,938
Building Improvements		11,556

(Continued)

Exhibit K-7

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.)

Heating and Air Conditioning Equipment	\$	55,365	
Maintenance Equipment		3,450	
Site Development		19,249	
Total Parks and Fair Boards			\$ 661,735

Other Social, Cultural, and Recreational

Attendants	\$	7,098	
Payments to Schools - Other USDA		91,805	
Other Supplies and Materials		8,067	
Other Charges		3,711	
Site Development		6,875	
Total Other Social, Cultural, and Recreational			117,556

Agriculture & Natural Resources

Agriculture Extension Service

Salary Supplements	\$	108,059	
Custodial Personnel		535	
Part-time Personnel		9,724	
Social Security		1,418	
Unemployment Compensation		103	
Communication		4,793	
Licenses		788	
Travel		3,310	
Custodial Supplies		617	
Other Supplies and Materials		3,420	
Data Processing Equipment		247	
Total Agriculture Extension Service			133,014

Forest Service

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

Soil Conservation

Secretary(ies)	\$	21,759	
Other Salaries & Wages		39,012	
Social Security		3,697	
State Retirement		8,083	
Employee and Dependent Insurance		12,082	
Unemployment Compensation		112	
Other Fringe Benefits		1,260	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Soil Conservation (Cont.)

Workers' Compensation Insurance	\$ 2,247	
Total Soil Conservation	<u>                    </u>	\$ 88,252

Other Operations

Industrial Development

Other Charges	\$ 20,981	
Site Development	<u>38,245</u>	
Total Industrial Development		59,226

Veterans' Services

Other Salaries & Wages	\$ 2,521	
Total Veterans' Services		2,521

Other Charges

Supervisor/Director	\$ 23,754	
Social Security	1,966	
State Retirement	3,888	
Employee and Dependent Insurance	3,629	
Unemployment Compensation	56	
Other Fringe Benefits	4,200	
Communication	428	
Maintenance Agreements	1,332	
Workers' Compensation Insurance	<u>1,013</u>	
Total Other Charges		40,266

Contributions to Other Agencies

Contributions	\$ 145,828	
Total Contributions to Other Agencies		145,828

Miscellaneous

Life Insurance	\$ 20,359	
Building and Contents Insurance	45,000	
Liability Insurance	42,478	
Trustee's Commission	97,099	
Vehicle and Equipment Insurance	39,684	
Other Charges	<u>15,972</u>	
Total Miscellaneous		260,592

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Principal on Debt

General Government

Principal on Capital Leases	\$ 48,862	
Total General Government		<u>\$ 48,862</u>

Total General Fund \$ 8,398,730

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Equipment Operators	\$ 92,526	
Overtime Pay	2,192	
Other Fringe Benefits	4,620	
Legal Notices, Recording, and Court Costs	4,803	
Maintenance & Repair Services - Equipment	83	
Maintenance & Repair Services - Office Equipment	3,143	
Postal Charges	4,879	
Printing, Stationery, and Forms	826	
Diesel Fuel	34,036	
Equipment and Machinery Parts	21,288	
Gasoline	9,353	
Lubricants	662	
Office Supplies	934	
Tires and Tubes	10,479	
Other Supplies and Materials	2,426	
Other Charges	1,462	
Maintenance Equipment	<u>9,468</u>	
Total Waste Pickup		\$ 203,180

Other Operations

Other Charges

Trustee's Commission	\$ 3,532	
Vehicle and Equipment Insurance	13,817	
Workers' Compensation Insurance	<u>7,688</u>	
Total Other Charges		25,037

Employee Benefits

Social Security	\$ 6,752	
State Retirement	11,119	
Employee and Dependent Insurance	16,290	
Unemployment Compensation	<u>321</u>	
Total Employee Benefits		34,482

(Continued)

Exhibit K-7

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

Solid Waste/Sanitation Fund (Cont.)

Principal on Debt

General Government

Principal on Capital Leases	\$ 38,557	
Total General Government		\$ 38,557

Interest on Debt

General Government

Interest on Capital Leases	\$ 4,887	
Total General Government		<u>4,887</u>

Total Solid Waste/Sanitation Fund		\$ 306,143
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Drug Control Fund

Public Safety

Drug Enforcement

Law Enforcement Supplies	\$ 750	
Trustee's Commission	<u>15</u>	
Total Drug Enforcement		<u>\$ 765</u>

Total Drug Control Fund		765
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Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 162,527	
Total County Trustee's Office		\$ 162,527

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 170,943	
Total County Clerk's Office		170,943

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 6,670	
Total Chancery Court		<u>6,670</u>

Total Constitutional Officers - Fees Fund		340,140
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 61,182	
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(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Accountants/Bookkeepers	\$	54,677	
Educational Incentive - Official/Admin Officer		2,520	
Longevity Pay		210	
Board and Committee Members Fees		13,200	
Communication		4,202	
Data Processing Services		5,968	
Dues and Memberships		3,338	
Legal Notices, Recording, and Court Costs		1,937	
Postal Charges		495	
Travel		2,087	
Drugs and Medical Supplies		1,059	
Electricity		10,408	
Office Supplies		1,010	
Other Charges		3,763	
Total Administration			\$ 166,056

Highway and Bridge Maintenance

Laborers	\$	407,953	
Asphalt		251,116	
Asphalt - Hot Mix		498,586	
Crushed Stone		200,769	
Fertilizer, Lime, and Seed		78,631	
Other Road Supplies		15,987	
Pipe		56,130	
Road Signs		2,872	
Wood Products		1,445	
Total Highway and Bridge Maintenance			1,513,489

Operation and Maintenance of Equipment

Laborers	\$	106,962	
Diesel Fuel		236,487	
Equipment and Machinery Parts		142,824	
Gasoline		109,043	
Lubricants		8,911	
Tires and Tubes		32,489	
Total Operation and Maintenance of Equipment			636,716

Other Charges

Liability Insurance	\$	11,955	
Trustee's Commission		28,053	

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Vehicle and Equipment Insurance	\$	41,874	
Workers' Compensation Insurance		34,402	
Total Other Charges			\$ 116,284

Employee Benefits

Social Security	\$	46,723	
State Retirement		81,721	
Employee and Dependent Insurance		56,797	
Unemployment Compensation		418	
Other Fringe Benefits		2,595	
Total Employee Benefits			188,254

Capital Outlay

Engineering Services	\$	41,423	
Bridge Construction		402,784	
Highway Equipment		40,885	
Other Capital Outlay		2,265	
Total Capital Outlay			487,357

Total Highway/Public Works Fund \$ 3,108,156

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	398,328	
Principal on Other Loans		425,000	
Total General Government			\$ 823,328

Interest on Debt

General Government

Interest on Bonds	\$	56,981	
Interest on Other Loans		131,204	
Total General Government			188,185

Other Debt Service

General Government

Trustee's Commission	\$	6,866	
Total General Government			6,866

Total General Debt Service Fund 1,018,379

(Continued)

Exhibit K-7

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

General Capital Projects Fund

Capital Projects

General Administration Projects

Architects	\$	2,800	
Equipment and Machinery Parts		8,300	
Building Improvements		<u>26,900</u>	
Total General Administration Projects	\$		38,000

Education Capital Projects

Architects	\$	15,676	
Contributions		1,449,000	
Building Construction		<u>6,468</u>	
Total Education Capital Projects			<u>1,471,144</u>

Total General Capital Projects Fund \$ 1,509,144

Community Development/Industrial Park Fund

Capital Projects

Public Health and Welfare Projects

Contracts with Private Agencies	\$	32,731	
Engineering Services		33,760	
Other Contracted Services		<u>209,679</u>	
Total Public Health and Welfare Projects	\$		<u>276,170</u>

Total Community Development/Industrial Park Fund 276,170

Other Capital Projects Fund

Capital Projects

Other General Government Projects

Other Construction	\$	<u>40,433</u>	
Total Other General Government Projects	\$		<u>40,433</u>

Total Other Capital Projects Fund 40,433

Total Governmental Funds - Primary Government \$ 14,998,060

Exhibit K-8

Haywood County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Haywood County School Department  
For the Year Ended June 30, 2007

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,315,658	
Career Ladder Program	108,629	
Career Ladder Extended Contracts	46,571	
Educational Assistants	582,635	
Other Salaries & Wages	8,147	
Certified Substitute Teachers	31,175	
Non-certified Substitute Teachers	69,620	
Social Security	474,106	
State Retirement	523,001	
Medical Insurance	812,913	
Dental Insurance	53,808	
Unemployment Compensation	9,205	
Employer Medicare	111,507	
Maintenance & Repair Services - Equipment	71,840	
Other Contracted Services	109,080	
Instructional Supplies and Materials	170,232	
Textbooks	220,982	
Other Supplies and Materials	57,088	
Other Charges	5,220	
Regular Instruction Equipment	200,021	
Total Regular Instruction Program		\$ 10,981,438

Alternative Instruction Program

Teachers	\$ 146,205	
Career Ladder Program	2,000	
Career Ladder Extended Contracts	13,976	
Other Salaries & Wages	49,173	
Certified Substitute Teachers	195	
Non-certified Substitute Teachers	1,195	
Social Security	12,113	
State Retirement	16,349	
Medical Insurance	27,621	
Dental Insurance	1,189	
Unemployment Compensation	247	
Employer Medicare	2,834	
Other Contracted Services	1,969	
Other Charges	70	
Total Alternative Instruction Program		275,136

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	990,592	
Career Ladder Program		9,001	
Homebound Teachers		21,617	
Educational Assistants		13,329	
Speech Pathologist		44,261	
Other Salaries & Wages		6,455	
Certified Substitute Teachers		2,722	
Non-certified Substitute Teachers		7,790	
Social Security		63,873	
State Retirement		67,164	
Medical Insurance		116,661	
Dental Insurance		7,638	
Unemployment Compensation		1,180	
Employer Medicare		14,948	
Contracts with Other School Systems		24,765	
Contracts with Private Agencies		7,600	
Other Contracted Services		4,658	
Instructional Supplies and Materials		3,785	
Textbooks		4,003	
Special Education Equipment		1,000	
Total Special Education Program			\$ 1,413,042

Vocational Education Program

Teachers	\$	395,572	
Career Ladder Program		4,000	
Other Salaries & Wages		1,746	
Certified Substitute Teachers		1,532	
Non-certified Substitute Teachers		7,732	
Social Security		24,627	
State Retirement		24,611	
Medical Insurance		18,597	
Dental Insurance		2,431	
Unemployment Compensation		453	
Employer Medicare		5,767	
Maintenance & Repair Services - Equipment		3,521	
Instructional Supplies and Materials		22,131	
T&I Construction Materials		6,781	
Textbooks		3,000	
Vocational Instruction Equipment		7,817	
Total Vocational Education Program			530,318

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program

Teachers	\$	38,200	
Social Security		371	
State Retirement		367	
Unemployment Compensation		115	
Employer Medicare		554	
Instructional Supplies and Materials		<u>6,856</u>	
Total Adult Education Program			\$ 46,463

Support Services

Attendance

Supervisor/Director	\$	66,039	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		600	
Social Security		4,253	
State Retirement		4,269	
Medical Insurance		3,665	
Dental Insurance		311	
Unemployment Compensation		37	
Employer Medicare		995	
Travel		3,691	
Other Contracted Services		4,364	
Other Charges		739	
Attendance Equipment		<u>222</u>	
Total Attendance			92,185

Health Services

Medical Personnel	\$	41,351	
Social Security		2,234	
State Retirement		2,535	
Medical Insurance		7,499	
Dental Insurance		306	
Unemployment Compensation		36	
Employer Medicare		523	
Travel		1,413	
Drugs and Medical Supplies		402	
Other Supplies and Materials		296	
Health Equipment		<u>2,164</u>	
Total Health Services			58,759

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

Career Ladder Program	\$	5,000	
Guidance Personnel		306,828	
Attendants		24,010	
Other Salaries & Wages		1,617	
Social Security		19,520	
State Retirement		22,342	
Medical Insurance		30,905	
Dental Insurance		1,868	
Unemployment Compensation		348	
Employer Medicare		4,565	
Contracts with Government Agencies		6,000	
Evaluation and Testing		37,392	
Travel		643	
Other Contracted Services		17,915	
Other Charges		11,710	
Other Equipment		11,003	
Total Other Student Support			\$ 501,666

Regular Instruction Program

Supervisor/Director	\$	157,481	
Career Ladder Program		12,001	
Career Ladder Extended Contracts		200	
Librarians		232,233	
Instructional Computer Personnel		119,885	
Social Security		29,124	
State Retirement		29,605	
Medical Insurance		34,770	
Dental Insurance		3,061	
Unemployment Compensation		465	
Employer Medicare		7,292	
Travel		7,839	
Library Books/Media		30,834	
Other Supplies and Materials		154	
In Service/Staff Development		2,262	
Other Charges		800	
Other Equipment		4,621	
Total Regular Instruction Program			672,627

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Alternative Instruction Program

Supervisor/Director	\$	57,809	
Career Ladder Program		1,000	
Social Security		3,617	
State Retirement		3,605	
Medical Insurance		660	
Dental Insurance		311	
Unemployment Compensation		37	
Employer Medicare		846	
Travel		547	
Other Supplies and Materials		320	
Total Alternative Instruction Program			\$ 68,752

Special Education Program

Supervisor/Director	\$	62,537	
Career Ladder Program		2,985	
Assessment Personnel		49,572	
Social Security		6,770	
State Retirement		7,055	
Medical Insurance		9,624	
Dental Insurance		623	
Unemployment Compensation		75	
Employer Medicare		1,583	
Travel		9,863	
In Service/Staff Development		806	
Total Special Education Program			151,493

Vocational Education Program

Supervisor/Director	\$	62,831
Career Ladder Program		3,000
Career Ladder Extended Contracts		600
Secretary(ies)		36,196
Social Security		6,172
State Retirement		8,788
Medical Insurance		3,605
Dental Insurance		311
Unemployment Compensation		111
Employer Medicare		1,443
Travel		6,311
Other Contracted Services		3,404

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Other Supplies and Materials	\$	4,342	
In Service/Staff Development		<u>9,237</u>	
Total Vocational Education Program			\$ 146,351

Adult Programs

Supervisor/Director	\$	65,023	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		600	
Other Salaries & Wages		23,651	
Social Security		5,591	
State Retirement		7,288	
Medical Insurance		3,840	
Dental Insurance		311	
Unemployment Compensation		74	
Employer Medicare		1,307	
Travel		278	
In Service/Staff Development		3,573	
Other Charges		6,509	
Other Equipment		<u>489</u>	
Total Adult Programs			121,534

Board of Education

Secretary to Board	\$	3,018	
Board and Committee Members Fees		5,415	
Social Security		518	
State Retirement		185	
Medical Insurance		24	
Dental Insurance		12	
Unemployment Compensation		1	
Employer Medicare		121	
Audit Services		5,250	
Dues and Memberships		8,166	
Legal Services		1,332	
Travel		14,391	
Other Contracted Services		29,857	
Liability Insurance		24,573	
Premiums on Corporate Surety Bonds		87	
Trustee's Commission		136,934	
Workers' Compensation Insurance		146,105	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Criminal Investigation of Applicants - TBI	\$	2,256	
Other Charges		<u>5,297</u>	
Total Board of Education			\$ 383,542

Director of Schools

County Official/Administrative Officer	\$	89,286	
Assistant(s)		78,973	
Career Ladder Program		1,000	
Clerical Personnel		70,208	
Social Security		14,563	
State Retirement		19,524	
Medical Insurance		4,349	
Dental Insurance		300	
Unemployment Compensation		184	
Employer Medicare		3,406	
Communication		15,597	
Dues and Memberships		2,099	
Postal Charges		7,851	
Travel		9,212	
Other Contracted Services		6,491	
Office Supplies		5,765	
Other Charges		4,254	
Administration Equipment		<u>4,839</u>	
Total Director of Schools			337,901

Office of the Principal

Principals	\$	370,165	
Career Ladder Program		16,996	
Accountants/Bookkeepers		34,363	
Career Ladder Extended Contracts		37,022	
Assistant Principals		414,334	
Secretary(ies)		210,935	
Social Security		62,419	
State Retirement		80,574	
Medical Insurance		98,631	
Dental Insurance		4,009	
Unemployment Compensation		1,107	
Employer Medicare		14,598	
Communication		34,230	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Dues and Memberships	\$	2,700	
Travel		3,363	
Other Contracted Services		9,631	
Other Supplies and Materials		2,571	
In Service/Staff Development		1,632	
Other Charges		7,946	
Administration Equipment		5,268	
Total Office of the Principal			\$ 1,412,494

Fiscal Services

Supervisor/Director	\$	71,373	
Accountants/Bookkeepers		68,788	
Clerical Personnel		52,433	
Social Security		10,936	
State Retirement		25,095	
Medical Insurance		17,405	
Unemployment Compensation		186	
Employer Medicare		2,558	
Data Processing Services		832	
Maintenance & Repair Services - Equipment		518	
Travel		977	
Other Contracted Services		6,908	
Data Processing Supplies		3,795	
Other Supplies and Materials		417	
In Service/Staff Development		75	
Administration Equipment		11,134	
Total Fiscal Services			273,430

Operation of Plant

Other Salaries & Wages	\$	1,400	
Social Security		87	
Unemployment Compensation		7	
Employer Medicare		20	
Other Contracted Services		574,239	
Custodial Supplies		253	
Electricity		450,180	
Natural Gas		174,934	
Water and Sewer		47,152	
Boiler Insurance		5,616	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Building and Contents Insurance	\$	102,328	
Other Charges		<u>2,150</u>	
Total Operation of Plant			\$ 1,358,366

Maintenance of Plant

Supervisor/Director	\$	39,648	
Maintenance Personnel		112,136	
Social Security		8,939	
State Retirement		19,778	
Medical Insurance		14,723	
Unemployment Compensation		223	
Employer Medicare		2,091	
Laundry Service		2,034	
Maintenance & Repair Services - Buildings		243,864	
Maintenance & Repair Services - Equipment		16,949	
Other Contracted Services		67,339	
Other Supplies and Materials		41,331	
Other Charges		<u>1,223</u>	
Total Maintenance of Plant			570,278

Transportation

Supervisor/Director	\$	36,949	
Mechanic(s)		127,631	
Bus Drivers		539,113	
Social Security		42,995	
State Retirement		80,548	
Medical Insurance		8,937	
Dental Insurance		186	
Unemployment Compensation		1,826	
Employer Medicare		10,055	
Communication		19,092	
Contracts with Parents		8,222	
Laundry Service		2,079	
Maintenance & Repair Services - Vehicles		31,375	
Medical and Dental Services		9,484	
Diesel Fuel		187,400	
Equipment and Machinery Parts		1,862	
Gasoline		33,268	
Lubricants		2,722	

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Tires and Tubes	\$	42,082	
Vehicle Parts		51,819	
Other Supplies and Materials		26,478	
Vehicle and Equipment Insurance		31,593	
In Service/Staff Development		1,051	
Other Charges		11,672	
Transportation Equipment		10,400	
Total Transportation			\$ 1,318,839

Operation of Non-Instructional Services

Early Childhood Education

Teachers	\$	162,915	
Educational Assistants		57,067	
Non-certified Substitute Teachers		200	
Social Security		12,288	
State Retirement		15,877	
Medical Insurance		28,335	
Dental Insurance		1,223	
Unemployment Compensation		309	
Employer Medicare		2,874	
Instructional Supplies and Materials		39,341	
In Service/Staff Development		1,113	
Other Charges		1,000	
Total Early Childhood Education			322,542

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	128,983	
Total Regular Capital Outlay			128,983

Other Debt Service

Education

Contributions	\$	264,592	
Total Education			264,592

Total General Purpose School Fund \$ 21,430,731

(Continued)

Exhibit K-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	574,665	
Educational Assistants		209,334	
Other Salaries & Wages		2,397	
Certified Substitute Teachers		1,480	
Non-certified Substitute Teachers		1,898	
Social Security		46,675	
State Retirement		52,936	
Medical Insurance		61,219	
Dental Insurance		3,917	
Unemployment Compensation		1,165	
Employer Medicare		10,935	
Other Contracted Services		6,282	
Instructional Supplies and Materials		78,050	
Other Supplies and Materials		4,796	
Regular Instruction Equipment		8,700	
Total Regular Instruction Program			\$ 1,064,449

Alternative Instruction Program

Other Salaries & Wages	\$	2,920	
Social Security		181	
State Retirement		380	
Unemployment Compensation		4	
Employer Medicare		42	
Total Alternative Instruction Program			3,527

Special Education Program

Teachers	\$	38,398	
Educational Assistants		408,449	
Social Security		25,853	
State Retirement		44,446	
Medical Insurance		23,358	
Unemployment Compensation		1,108	
Employer Medicare		6,046	
Maintenance & Repair Services - Equipment		446	
Other Contracted Services		49,174	
Instructional Supplies and Materials		9,599	
Textbooks		5,244	
Other Supplies and Materials		3,704	
Total Special Education Program			615,825

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	10,598	
Other Salaries & Wages		4,609	
Social Security		943	
State Retirement		932	
Unemployment Compensation		37	
Employer Medicare		221	
Instructional Supplies and Materials		43,790	
Vocational Instruction Equipment		4,564	
Total Vocational Education Program			\$ 65,694

Support Services

Other Student Support

Other Salaries & Wages	\$	10,695	
Unemployment Compensation		37	
Employer Medicare		155	
Travel		9,337	
Other Contracted Services		12,265	
In Service/Staff Development		5,911	
Total Other Student Support			38,400

Regular Instruction Program

Supervisor/Director	\$	32,890	
In-Service Training		576	
Social Security		2,075	
State Retirement		2,052	
Unemployment Compensation		1	
Employer Medicare		485	
In Service/Staff Development		47,466	
Total Regular Instruction Program			85,545

Special Education Program

Psychological Personnel	\$	47,814	
Assessment Personnel		48,515	
Social Security		5,581	
State Retirement		5,905	
Medical Insurance		11,308	
Dental Insurance		623	
Unemployment Compensation		71	
Employer Medicare		1,305	

(Continued)

Exhibit K-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Travel	\$	2,630	
Other Supplies and Materials		1,790	
In Service/Staff Development		1,426	
Total Special Education Program			\$ 126,968

Vocational Education Program

Travel	\$	10,390	
In Service/Staff Development		5,297	
Total Vocational Education Program			15,687

Transportation

Bus Drivers	\$	3,798	
Social Security		235	
State Retirement		479	
Unemployment Compensation		5	
Employer Medicare		55	
Contracts with Parents		2,985	
Total Transportation			7,557

Operation of Non-Instructional Services

Community Services

Food Supplies	\$	302	
In Service/Staff Development		1,297	
Total Community Services			1,599

Total School Federal Projects Fund \$ 2,025,251

Central Cafeteria Fund

Support Services

Board of Education

Refund to Applicant for Criminal Investigation	\$	96	
Total Board of Education			\$ 96

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	53,908
Accountants/Bookkeepers		34,137
Clerical Personnel		27,221
Cafeteria Personnel		638,740

(Continued)

Exhibit K-8

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Other Salaries & Wages	\$	20,768	
Social Security		45,262	
State Retirement		92,267	
Medical Insurance		32,772	
Unemployment Compensation		2,193	
Employer Medicare		10,586	
Other Fringe Benefits		24,777	
Communication		4,237	
Maintenance & Repair Services - Equipment		37,219	
Transportation - Other than Students		8,607	
Travel		7,438	
Other Contracted Services		8,296	
Food Preparation Supplies		62,573	
Food Supplies		713,537	
Office Supplies		5,107	
Uniforms		5,034	
Other Supplies and Materials		24,431	
In Service/Staff Development		2,489	
Other Charges		750	
Food Service Equipment		9,444	
Total Food Service			\$ 1,871,793

Total Central Cafeteria Fund \$ 1,871,889

Education Capital Projects Fund

Support Services

Transportation

Transportation Equipment	\$	133,500	
Total Transportation			\$ 133,500

Capital Projects

Education Capital Projects

Building Improvements	\$	1,315,490	
Total Education Capital Projects			1,315,490

Total Education Capital Projects Fund 1,448,990

Total Governmental Funds - Haywood County School Department \$ 26,776,861

Exhibit K-9

Haywood County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2007

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,112,593
Total Cash Receipts	<u>\$ 1,112,593</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,101,467
Trustee's Commission	11,126
Total Cash Disbursements	<u>\$ 1,112,593</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2006	<u>0</u>
 Cash Balance, June 30, 2007	<u><u>\$ 0</u></u>

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**SINGLE AUDIT SECTION**

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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 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

November 1, 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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Haywood County, Tennessee, as of and for the year ended June 30, 2007, which collectively comprise Haywood County's basic financial statements and have issued our report thereon dated November 1, 2007. Our report on the aggregate discretely presented component units' financial statements was qualified due to not including the financial statements of the Haywood County Utility District and the Haywood County Emergency Communications District, discretely presented component units, which were not available from other auditors as of the date of this report. Our report on the aggregate remaining fund information financial statements was qualified due to not including the financial statements of the Elma Ross Public Library, a nonmajor special revenue fund, which were not available from other auditors as of the date of this report. 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 internal control over financial reporting as a basis for designing our auditing procedures for the purpose of

expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Haywood County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Haywood County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 07.02, 07.04, and 07.05.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Haywood County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be significant weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

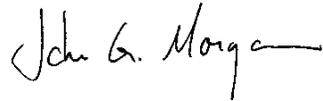
### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Haywood County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items: 07.01 and 07.03.

We consider item 07.06 described in the accompanying Schedule of Findings and Questioned Costs to be a noteworthy control deficiency over financial operations. We also noted certain matters that we reported to management of Haywood County in separate communications.

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

Very truly yours,

A handwritten signature in black ink 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/yu



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF COUNTY AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

November 1, 2007

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Haywood County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. Haywood County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Haywood County's management. Our responsibility is to express an opinion on Haywood County's compliance based on our audit.

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

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

In our opinion, Haywood County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

#### Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Haywood County as of and for the year ended June 30, 2007, and have issued our report thereon dated November 1, 2007. Our report on the aggregate discretely presented component units' financial statements was qualified due to not including the financial statements of the Haywood County Utility District and the Haywood County Emergency Communications District, discretely presented component units, which were not available from other auditors as of the date of this report. Our report

on the aggregate remaining fund information financial statements was qualified due to not including the financial statements of the Elma Ross Public Library, a nonmajor special revenue fund, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Haywood County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Yours very truly,

A handwritten signature in black ink that reads "John G. Morgan" with a long horizontal flourish extending to the right.

John G. Morgan  
Comptroller of the Treasury

JGM/yu

Haywood County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1)  
For the Year Ended June 30, 2007

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	\$ 75,545
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	493,117
National School Lunch Program	10.555	N/A	987,114
Summer Food Service Program for Children	10.559	N/A	11,153
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	(3)	75,766
Total U.S. Department of Agriculture			<u>\$ 1,642,695</u>
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	GG-07-02487-00	\$ 42,364
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	DG0702028	227,977
Total U.S. Department of Housing and Urban Development			<u>\$ 270,341</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Z-07-036540	\$ 9,540
Total U.S. Department of Justice			<u>\$ 9,540</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-07-033700-00	\$ 109,486
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	825,522
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	719,194
Special Education - Preschool Grants	84.173	N/A	43,937
Vocational Education - Basic Grants to States	84.048	N/A	103,967
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	39,636
State Grants for Innovative Programs	84.298	N/A	69,671
Education Technology State Grants	84.318	(2)	9,946
English Language Acquisition Grants	84.365	N/A	17,554
Improving Teacher Quality State Grants	84.367	N/A	231,593
Hurricane Education Recovery	84.938	N/A	25,661
Total U.S. Department of Education			<u>\$ 2,196,167</u>
U.S. Elections Assistance Commission:			
Passed-through Tennessee Secretary of State's Office:			
Help America Vote Act Requirement Payments	90.401	Z-07-037438-00	\$ 4,700
Total U.S. Elections Assistance Commission			<u>\$ 4,700</u>
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
Promoting Safe and Stable Families	93.556	(2)	\$ 54,650
Passed-through State Department of Education:			
Temporary Assistance for Needy Families	93.558	Z-07-034227-00	23,131
Total U.S. Department of Labor			<u>\$ 77,781</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	GB6AAX	\$ 1,964
Total U.S. Department of Health and Human Services			<u>\$ 1,964</u>
U.S. Corporation for National and Community Service:			
Passed-through State Department of Education:			
Learn and Serve America - School and Community Based Programs	94.004	09-07-1	\$ 3,000
Total U.S. Corporation for National and Community Service			<u>\$ 3,000</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(4)	\$ 11,505
Assistance to Firefighters Grant	97.044	EMW-2006-FG-05784	28,133
Total U.S. Department of Homeland Security			<u>\$ 39,638</u>
Total Expenditures of Federal Awards			<u>\$ 4,245,826</u>
<u>State Grants</u>			
Reappraisal Program - Comptroller of the Treasury	N/A	Contract Number (2)	\$ 7,192
Preventive Health and Human Services - State Department of Health	N/A	Z-07-031556-01	110,822
Litter Program - State Department of Transportation	N/A	(5)	28,539
High Schools That Work - State Department of Education	N/A	(2)	6,742
Total State Grants			<u>\$ 153,295</u>

CFDA = Catalog of Federal Domestic Assistance  
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.  
(2) Information not available.  
(3) DA0600110: \$1,282; DA0700143: \$74,484.  
(4) FEMA-1464-DR-TN: \$2,609; Z-06-034042-00: \$8,896.  
(5) Z-06-027968: \$81; Z-07-033806: \$28,458.

Haywood County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2007

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, 2006, which have not been corrected.

**OFFICE OF COUNTY MAYOR**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.02	13	The Solid Waste Disposal Fund had a deficit in unrestricted net assets
06.03	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>
06.05	14	The Highway Department did not maintain a system to account for materials used on some types of road projects

**OTHER FINDING**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
06.08	15	A central system of accounting, budgeting, and purchasing had not been adopted

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**HAYWOOD COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2007**

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

1. Our reports on the aggregate discretely presented component units and the aggregate remaining fund information are qualified. Our report on the governmental activities, the business-type activities, and each major fund is unqualified.
2. The audit of the financial statements of Haywood County disclosed significant deficiencies in internal control. None of these conditions was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Haywood County.
4. The audit disclosed no significant deficiency 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: School Breakfast Program, National School Lunch Program, and Summer Food Service for Children (CFDA Nos. 10.553, 10.555, and 10.559); the Title I Grants to Local Educational Agencies (CFDA No. 84.010); and the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Haywood County did not qualify as a low-risk auditee.

## PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

### **OFFICE OF COUNTY MAYOR**

#### **FINDING 07.01      **EXPENDITURES EXCEEDED APPROPRIATIONS**** (Noncompliance Under Government Auditing Standards)

General Fund expenditures and encumbrances exceeded appropriations approved by the County Commission in the Sheriff's Department (\$97,653) major appropriation category (the legal level of control). Also, expenditures exceeded total appropriations in the Solid Waste/Sanitation Fund by \$564. Section 5-9-401, Tennessee Code Annotated, states that "All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices, and agencies of county government shall be appropriated to such use by the county legislative bodies."

#### **RECOMMENDATION**

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

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#### **FINDING 07.02      **THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET ASSETS**** (Internal Control – Significant Deficiency Under Government Auditing Standards)

The Solid Waste Disposal Fund had a deficit of \$1,361,025 in unrestricted net assets at June 30, 2007. This deficit resulted from the recognition of a liability (\$1,832,089) 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.

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**FINDING 07.03      THE COUNTY FAILED TO COMPLY WITH STATE STATUTES WHEN ENTERING INTO A LEASE-PURCHASE AGREEMENT  
(Material Noncompliance Under Government Auditing Standards)**

On October 4, 2006, the office entered into a two-year lease-purchase agreement for six sheriff's vehicles (\$138,950) without the approval of the County Commission. Section 7-51-904, Tennessee Code Annotated (TCA), requires lease-purchase agreements to be approved by the County Commission. Additionally, the office did not file a Report on Debt Obligation with the state director of Local Finance. Section 9-21-151, TCA, requires that within 45 days following the issuance of debt, the county must provide to the state director of Local Finance certain information, such as a description of the purchase/construction for which the debt was issued, and a description of the debt obligation.

**RECOMMENDATION**

Lease-purchase agreements should be approved the County Commission, and the county should file a Report on Debt Obligation with the state director of Local Finance within 45 days of the issuance of the debt.

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**FINDING 07.04      THE OFFICE DID NOT ALWAYS ISSUE PURCHASE ORDERS  
(Internal Control – Significant Deficiency 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.

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**OFFICE OF CHIEF ADMINISTRATIVE HIGHWAY OFFICER**

**FINDING 07.05      THE HIGHWAY DEPARTMENT DID NOT MAINTAIN A SYSTEM TO ACCOUNT FOR MATERIALS USED ON SOME TYPES OF ROAD PROJECTS  
(Internal Control – Significant Deficiency 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.

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**OTHER FINDING AND RECOMMENDATION**

**FINDING 07.06**      **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**  
(Internal Control – Control Deficiency 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**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2007**

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