



ANNUAL FINANCIAL REPORT HAYWOOD COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2008



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**ANNUAL FINANCIAL REPORT
HAYWOOD COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2008**

***DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury***

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

***JAMES R. ARNETTE
Director***

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Audit Manager***

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Auditor 4***

***B. KEITH RICE, CGFM
ELISHA CROWELL, CFE
State Auditors***

This financial report is available at 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, 2008

Scope

We have audited the basic financial statements of Haywood County as of and for the year ended June 30, 2008.

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 eight 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:

HAYWOOD COUNTY AND HAYWOOD COUNTY SCHOOL DEPARTMENT

- ◆ Haywood County and the Haywood County School Department do not have the resources to produce financial statements and notes to the financial statements.

OFFICE OF COUNTY MAYOR

- ◆ The Solid Waste Disposal Fund had a deficit of \$1,421,258 in unrestricted net assets at June 30, 2008.
 - ◆ The Ambulance Authority and the Solid Waste/Landfill Office had deficiencies in computer system backup procedures.
-

OFFICE OF CHIEF ADMINISTRATIVE HIGHWAY OFFICER

- ◆ The Highway/Public Works Fund required material audit adjustments for proper financial statement presentation.
 - ◆ The Highway Department did not maintain a system to account for materials used on some types of road projects.
-

OFFICE OF JUVENILE COURT CLERK

- ◆ The office had deficiencies in computer system backup procedures.
-

OFFICES OF TRUSTEE, COUNTY CLERK, AND CIRCUIT COURT CLERK

- ◆ The trustee, county clerk, and circuit court clerk did not review their software audit logs.
-

OTHER FINDING

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

INTRODUCTORY SECTION

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Haywood County Officials

June 30, 2008

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	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 19, 2008

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, 2008, 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. In addition, 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 the 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, 2008, and the results of operations of the aggregate discretely presented component units 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, 2008, 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2008, 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.

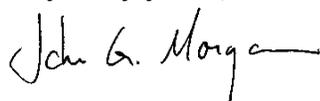
As described in Note V.B., Haywood County implemented the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures.

The management of Haywood County did not prepare a 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 States of America.

The budgetary comparison, pension, and postemployment information on pages 73 through 79 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/sb

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BASIC FINANCIAL STATEMENTS

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Exhibit A

Haywood County, Tennessee
Statement of Net Assets
June 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Haywood County School Department
<u>ASSETS</u>				
Cash	\$ 77,994	\$ 0	\$ 77,994	\$ 0
Equity in Pooled Cash and Investments	11,306,950	380,052	11,687,002	3,550,203
Accounts Receivable	878,742	153,937	1,032,679	25,540
Allowance for Uncollectibles	(331,009)	(36,867)	(367,876)	0
Due from Other Governments	739,601	0	739,601	621,450
Due from Primary Government	0	0	0	79,279
Due from Component Unit	24,721	0	24,721	0
Property Taxes Receivable	4,677,725	0	4,677,725	3,892,274
Allowance for Uncollectible Property Taxes	(272,876)	0	(272,876)	(227,056)
Deferred Charges - Debt Issuance Costs	104,207	0	104,207	0
Capital Assets:				
Assets Not Depreciated:				
Land	2,392,704	235,000	2,627,704	178,170
Construction in Progress	530,710	0	530,710	54,983
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	2,929,537	140,524	3,070,061	7,878,576
Infrastructure	11,189,060	0	11,189,060	0
Other Capital Assets	1,859,905	195,351	2,055,256	1,839,864
Total Assets	<u>\$ 36,107,971</u>	<u>\$ 1,067,997</u>	<u>\$ 37,175,968</u>	<u>\$ 17,893,283</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 273,544	\$ 37,303	\$ 310,847	\$ 30,818
Payroll Deductions Payable	27,021	724	27,745	550,284
Contracts Payable	83,446	0	83,446	133,200
Retainage Payable	0	0	0	14,800
Accrued Interest Payable	44,541	0	44,541	0
Due to Primary Government	0	0	0	23,461
Due to Component Unit	79,279	0	79,279	0
Due to State of Tennessee	3,154	27	3,181	0
Deferred Revenue - Current Property Taxes	4,188,356	0	4,188,356	3,485,077
Other Deferred Revenue	0	86,022	86,022	0
Noncurrent Liabilities:				
Due Within One Year	538,374	43,552	581,926	0
Due in More Than One Year	8,996,541	1,750,752	10,747,293	142,234
Total Liabilities	<u>\$ 14,234,256</u>	<u>\$ 1,918,380</u>	<u>\$ 16,152,636</u>	<u>\$ 4,379,874</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	\$ 17,097,692	\$ 0	\$ 17,097,692	\$ 0
Invested in Capital Assets Restricted for:	0	570,875	570,875	9,951,593
Solid Waste/Sanitation	75,231	0	75,231	0
Drug Control	19,869	0	19,869	0
Constitutional Officers - Fees	73,599	0	73,599	0
Highway/Public Works	1,405,675	0	1,405,675	0
School Federal Projects	0	0	0	146,052
Central Cafeteria	0	0	0	374,712
Debt Service	4,573,236	0	4,573,236	0
Capital Projects	3,914,808	0	3,914,808	465,773
Other Purposes	31,802	0	31,802	9,595
Alcohol and Drug Treatment	17,091	0	17,091	0
Sexual Offender Registration	360	0	360	0
Courtroom Security	17,326	0	17,326	0
Computer System - Register	83,667	0	83,667	0
Automation Purposes - Circuit Court	1,836	0	1,836	0
Automation Purposes - General Sessions Court	90,908	0	90,908	0
Automation Purposes - Juvenile Court	2,876	0	2,876	0
Automation Purposes - Chancery Court	6,198	0	6,198	0
Automation Purposes - Sheriff	13,824	0	13,824	0
Unrestricted	(5,552,283)	(1,421,258)	(6,973,541)	2,565,684
Total Net Assets	\$ 21,873,715	\$ (850,383)	\$ 21,023,332	\$ 13,513,409

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, 2008

Functions/Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Assets			Component Unit Haywood County School Department
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Governmental Activities	Business- type Activities	Total	
					Operating Grants and Contributions	Capital Grants and Contributions				
Primary Government:										
Governmental Activities:										
General Government	\$ 23,130	\$ 143,799	\$ 33,239	\$ 1,773	\$ 155,681	\$ 0	\$ 0	\$ 155,681	\$ 0	\$ 0
Finance	814,726	497,259	7,210	0	(310,257)	0	0	(310,257)	0	0
Administration of Justice	901,571	697,961	17,315	0	(186,295)	0	0	(186,295)	0	0
Public Safety	3,533,891	590,444	67,985	28,463	(2,846,999)	0	0	(2,846,999)	0	0
Public Health and Welfare	2,356,284	1,162,847	159,838	505,234	(528,365)	0	0	(528,365)	0	0
Social, Cultural, and Recreational Services	879,002	22,743	559,144	86,125	(210,990)	0	0	(210,990)	0	0
Agriculture and Natural Resources	322,359	0	0	0	(322,359)	0	0	(322,359)	0	0
Other Operations	1,624,287	9,379	0	4,880	(1,610,028)	0	0	(1,610,028)	0	0
Highways/Public Works	4,511,491	300,536	1,781,110	486,268	(1,943,577)	0	0	(1,943,577)	0	0
Education	500,000	0	0	0	(500,000)	0	0	(500,000)	0	0
Interest on Long-term Debt	335,298	0	306,101	0	(29,197)	0	0	(29,197)	0	0
Other Debt Service	10,551	0	329	0	(10,222)	0	0	(10,222)	0	0
Total Governmental Activities	\$ 15,812,590	\$ 3,424,968	\$ 2,932,271	\$ 1,112,743	\$ (8,342,608)	\$ 0	\$ 0	\$ (8,342,608)	\$ 0	\$ 0
Business-type Activities:										
Solid Waste Disposal	\$ 816,489	\$ 536,567	\$ 0	\$ 0	\$ 0	\$ (279,922)	\$ 0	\$ (279,922)	\$ 0	\$ 0
Total Primary Government	\$ 16,629,079	\$ 3,961,535	\$ 2,932,271	\$ 1,112,743	\$ (8,342,608)	\$ (279,922)	\$ (279,922)	\$ (8,622,530)	\$ 0	\$ 0
Component Unit:										
Haywood County School Department	\$ 27,450,911	\$ 413,624	\$ 4,808,634	\$ 28,620	\$ 0	\$ 0	\$ 0	\$ 0	\$ (22,200,033)	\$ 0
Total Component Unit	\$ 27,450,911	\$ 413,624	\$ 4,808,634	\$ 28,620	\$ 0	\$ 0	\$ 0	\$ 0	\$ (22,200,033)	\$ 0

(Continued)

Exhibit B

Haywood County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Haywood County School Department
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business- type Activities	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes		\$ 4,180,440	\$ 0	\$ 0	\$ 4,180,440	\$ 3,616,542	
Property Taxes Levied for Debt Service		165,848	0	0	165,848	0	
Local Option Sales Taxes		367,678	0	0	367,678	1,488,843	
Litigation Tax		35,467	0	0	35,467	0	
Wheel Tax		356,084	0	0	356,084	277,259	
Business Tax		561,445	0	0	561,445	0	
Wholesale Beer Tax		90,397	172,591	0	262,988	0	
Other Local Taxes		84,237	64,000	0	148,237	49,918	
Grants and Contributions Not Restricted to Specific Programs		633,412	34,591	0	668,003	16,807,896	
Unrestricted Investment Income		603,421	0	0	603,421	0	
Miscellaneous		33,949	14,212	0	48,161	57,685	
Total General Revenues		\$ 7,112,378	\$ 285,394	\$ 7,397,772	\$ 7,397,772	\$ 22,298,143	
Transfers		\$ (60,000)	\$ 60,000	\$ 0	\$ 0	\$ 0	
Change in Net Assets		\$ (1,290,230)	\$ 65,472	\$ (1,224,758)	\$ 98,110	\$ 98,110	
Net Assets, July 1, 2007		23,163,945	(915,855)	22,248,090	13,415,299	13,415,299	
Net Assets, June 30, 2008		\$ 21,873,715	\$ (850,383)	\$ 21,023,332	\$ 13,513,409	\$ 13,513,409	

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

Haywood County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2008

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway /	General	General	General	Other	Governmental Funds	
		Public Works	Debt Service	Capital Projects	Capital Projects			
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 77,994	\$ 77,994	
Equity in Pooled Cash and Investments	1,584,602	1,105,066	4,536,663	3,935,804	144,815	11,306,950	11,306,950	
Accounts Receivable	856,674	3,187	0	0	13,924	873,785	873,785	
Allowance for Uncollectibles	(331,009)	0	0	0	0	0	(331,009)	
Due from Other Governments	230,735	445,710	47,476	0	2,120	726,041	726,041	
Due from Other Funds	18,087	4,957	0	0	0	23,044	23,044	
Due from Component Units	0	1,260	23,461	0	0	24,721	24,721	
Property Taxes Receivable	3,989,202	500,047	178,476	0	0	4,677,725	4,677,725	
Allowance for Uncollectible Property Taxes	(233,294)	(29,170)	(10,412)	0	0	(272,876)	(272,876)	
Total Assets	\$ 6,124,997	\$ 2,031,057	\$ 4,775,664	\$ 3,935,804	\$ 238,853	\$ 17,106,375		

ASSETS

Cash
Equity in Pooled Cash and Investments
Accounts Receivable
Allowance for Uncollectibles
Due from Other Governments
Due from Other Funds
Due from Component Units
Property Taxes Receivable
Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities
Accounts Payable
Payroll Deductions Payable
Contracts Payable
Due to Other Funds
Due to Component Units
Due to State of Tennessee
Deferred Revenue - Current Property Taxes
Deferred Revenue - Delinquent Property Taxes
Other Deferred Revenues
Total Liabilities

Fund Balances
Reserved for Encumbrances
Reserved for Alcohol and Drug Treatment
Reserved for Sexual Offender Registration
Reserved for Courtroom Security
Reserved for Computer System - Register
Reserved for Automation Purposes - Circuit Court

\$ 118,346	\$ 152,814	\$ 0	\$ 0	\$ 0	\$ 2,384	\$ 273,544
26,228	0	0	0	0	793	27,021
0	0	0	83,446	0	0	83,446
0	0	0	0	4,527	0	4,527
79,279	0	0	0	0	0	79,279
3,154	0	0	0	0	0	3,154
3,580,818	447,734	159,804	0	0	0	4,188,356
171,638	21,472	7,660	0	0	0	200,770
392,787	146,773	23,779	0	0	0	563,339
\$ 4,372,250	\$ 768,793	\$ 191,243	\$ 83,446	\$ 7,704	\$ 5,423,436	
\$ 0	\$ 0	\$ 0	\$ 902,493	\$ 0	\$ 0	902,493
17,091	0	0	0	0	0	17,091
360	0	0	0	0	0	360
17,326	0	0	0	0	0	17,326
83,667	0	0	0	0	0	83,667
1,836	0	0	0	0	0	1,836

(Continued)

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds		
						General	Other	
\$ 90,908	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 90,908	
2,876	0	0	0	0	0	0	2,876	
6,198	0	0	0	0	0	0	6,198	
13,824	0	0	0	0	0	0	13,824	
21,979	0	0	0	0	0	0	21,979	
1,496,682	0	0	0	0	0	0	1,496,682	
0	1,262,264	0	0	0	168,699	0	1,430,963	
0	0	4,584,421	0	0	0	0	4,584,421	
0	0	0	2,949,865	0	62,450	0	3,012,315	
\$ 1,752,747	\$ 1,262,264	\$ 4,584,421	\$ 3,852,358	\$ 231,149	\$ 231,149	\$ 11,682,939		
\$ 6,124,997	\$ 2,031,057	\$ 4,775,664	\$ 3,935,804	\$ 238,853	\$ 17,106,375			

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances (Cont.)
Reserved for Automation Purposes - General Sessions Court
Reserved for Automation Purposes - Juvenile Court
Reserved for Automation Purposes - Chancery Court
Reserved for Automation Purposes - Sheriff
Reserved for Other General Purposes
Unreserved, Reported In:
General Fund
Special Revenue Funds
Debt Service Fund
Capital Projects Funds
Total Fund Balances

Total Liabilities and Fund Balances

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, 2008

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)		\$ 11,682,939
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,392,704	
Add: construction in progress	530,710	
Add: buildings and improvements net of accumulated depreciation	2,929,537	
Add: infrastructure net of accumulated depreciation	11,189,060	
Add: other capital assets net of accumulated depreciation	<u>1,859,905</u>	18,901,916
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: capital leases payable	\$ (81,652)	
Less: other loans payable	(3,599,431)	
Less: bonds payable	(5,815,888)	
Less: compensated absences payable	(24,834)	
Add: deferred charges - debt issuance costs	104,207	
Less: accrued interest on bonds, other loans, and capital leases	(44,541)	
Less: other deferred revenues - premium on bonds	<u>(13,110)</u>	(9,475,249)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>764,109</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 21,873,715</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, 2008

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway /	General	General	Governmental	Funds	
		Public Works	Debt Service	Capital Projects			
Revenues							
Local Taxes	\$ 4,969,410	\$ 601,856	\$ 522,029	\$ 0	\$ 0	\$ 0	\$ 6,093,295
Licenses and Permits	30,798	0	0	0	0	0	30,798
Fines, Forfeitures, and Penalties	112,439	0	0	0	8,258	0	120,697
Charges for Current Services	762,063	93	0	0	721,523	0	1,483,679
Other Local Revenues	506,053	310,250	256,481	356	6,291	0	1,079,431
Fees Received from County Officials	828,221	0	0	0	0	0	828,221
State of Tennessee	946,245	2,315,110	0	0	29,796	0	3,291,151
Federal Government	284,766	425	0	0	430,984	0	716,175
Other Governments and Citizens Groups	623,721	0	267,384	0	4,880	0	895,985
Total Revenues	\$ 9,063,716	\$ 3,227,734	\$ 1,045,894	\$ 356	\$ 1,201,732	\$ 14,539,432	
Expenditures							
Current:							
General Government	\$ 888,585	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 888,585
Finance	492,400	0	0	0	347,559	0	839,959
Administration of Justice	863,448	0	0	0	8,640	0	872,088
Public Safety	3,530,771	0	0	0	1,214	0	3,531,985
Public Health and Welfare	1,479,214	0	0	0	224,846	0	1,704,060
Social, Cultural, and Recreational Services	1,005,501	0	0	0	0	0	1,005,501
Agriculture and Natural Resources	257,072	0	0	0	0	0	257,072
Other Operations	1,599,623	0	0	0	64,174	0	1,663,797
Highways	0	2,923,279	0	0	0	0	2,923,279
Debt Service:							
Principal on Debt	43,817	0	924,756	0	40,546	0	1,009,119
Interest on Debt	5,045	0	315,029	0	2,899	0	322,973
Other Debt Service	0	0	7,433	107,325	0	0	114,758
Capital Projects	0	0	0	1,089,336	718,002	0	1,807,338
Total Expenditures	\$ 10,165,476	\$ 2,923,279	\$ 1,247,218	\$ 1,196,661	\$ 1,407,880	\$ 16,940,514	
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,101,760)	\$ 304,455	\$ (201,324)	\$ (1,196,305)	\$ (206,148)	\$ (2,401,082)	

(Continued)

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway /	General	General	Capital Projects	Other		
		Public Works	Debt Service	Debt Service		Governmental Funds	Governmental Funds	
\$	0	0	0	0	5,000,000	0	0	5,000,000
	0	0	0	0	13,439	0	0	13,439
	227,900	0	0	0	0	64,000	0	291,900
	18,285	0	0	0	0	0	0	18,285
	0	0	0	0	0	99,378	0	99,378
	(163,871)	0	0	0	0	(60,000)	0	(223,871)
\$	82,314	0	0	0	5,013,439	103,378	5	5,199,131
\$	(1,019,446)	304,455	(201,324)	(201,324)	3,817,134	(102,770)	5	2,798,049
	2,772,193	957,809	4,785,745	35,224	333,919	8,884,890		
\$	1,752,747	1,262,264	4,584,421	3,852,358	231,149	11,682,939		

Other Financing Sources (Uses)

Bonds Issued	
Premiums on Debt Issued	
Other Loans Issued	
Insurance Recovery	
Transfers In	
Transfers Out	
Total Other Financing Sources (Uses)	

Net Change in Fund Balances

Fund Balance, July 1, 2007

Fund Balance, June 30, 2008

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, 2008

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)		\$ 2,798,049
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,992,368	
Less: current year depreciation expense	<u>(2,917,652)</u>	74,716
(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, 2008	\$ 764,109	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(721,511)</u>	42,598
(3) The issuance of long-term debt (e.g., other loans, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Less: other loan proceeds	\$ (291,900)	
Less: bond proceeds	(5,000,000)	
Add: change in deferred debt issuance costs	104,207	
Less: change in premium on bond issuance	(13,110)	
Add: principal payments on capital leases	84,363	
Add: principal payments on other loan	450,000	
Add: principal payments on bonds	<u>474,756</u>	(4,191,684)
(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	\$ (12,325)	
Change in compensated absences payable	<u>(1,584)</u>	<u>(13,909)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (1,290,230)</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, 2008

	<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	\$ 510,870
Sale of Materials and Supplies	21,838
Miscellaneous Refunds	3,859
Total Operating Revenues	<u>\$ 536,567</u>
<u>Operating Expenses</u>	
Supervisor/Director	\$ 31,900
Equipment Operators	84,895
Secretary(ies)	25,795
Overtime Pay	4,361
Social Security	5,461
State Retirement	21,119
Employee and Dependent Insurance	25,934
Life Insurance	835
Unemployment Compensation	237
Other Fringe Benefits	6,510
Communication	2,505
Contracts with Government Agencies	3,569
Contracts with Private Agencies	424,906
Engineering Services	156
Evaluation and Testing	16,280
Legal Notices, Recording, and Court Costs	25
Licenses	4,830
Maintenance and Repair Services - Equipment	415
Maintenance and Repair Services - Office Equipment	1,408
Postal Charges	94
Printing, Stationery, and Forms	167
Travel	1,421
Tuition	5,773
Crushed Stone	2,301
Diesel Fuel	10,084
Drugs and Medical Supplies	86
Electricity	4,967
Equipment and Machinery Parts	21,331
Fertilizer, Lime, and Seed	941
Gasoline	7,407
Lubricants	1,128
Office Supplies	1,644
Tires and Tubes	3,266
Other Supplies and Materials	4,008

(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>	
Premiums on Corporate Surety Bonds	\$ 75
Trustee's Commission	6,921
Vehicle and Equipment Insurance	2,668
Workers' Compensation Insurance	9,380
Depreciation	26,623
Other Charges	4,537
Maintenance Equipment	4,475
Plant Operation Equipment	1,899
Other Construction	34,152
Total Operating Expenses	<u>\$ 816,489</u>
Operating Income (Loss)	<u>\$ (279,922)</u>
<u>Nonoperating Revenues</u>	
Wholesale Beer Tax	\$ 172,591
Lease/Rentals	11,937
Gain on Trade-in of Capital Assets	64,000
Disposal of Noncapital Assets	2,275
Solid Waste Grants	34,591
Total Nonoperating Revenues	<u>\$ 285,394</u>
Income Before Transfers	\$ 5,472
Transfers In	<u>60,000</u>
Change in Net Assets	\$ 65,472
Net Assets, July 1, 2007	<u>(915,855)</u>
Net Assets, June 30, 2008	<u><u>\$ (850,383)</u></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, 2008

	<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	\$ 505,308
Receipts from Others	23,482
Payments for Waste Collections and Disposal Activity	(823,838)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (295,048)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	\$ (152,328)
Proceeds from the Sale of Capital Assets	66,276
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (86,052)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Receipts from Wholesale Beer Tax	\$ 171,323
Receipts from Farmland Rental	11,937
Receipts from Grants	36,561
Transfers from Other Funds	60,000
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 279,821</u>
Net Increase (Decrease) in Cash	\$ (101,279)
Cash, July 1, 2007	<u>481,331</u>
Cash, June 30, 2008	<u><u>\$ 380,052</u></u>
<u>Reconciliation of Operating Income (Loss)</u>	
<u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (279,922)
Adjustments to Reconcile Net Operating Income (Loss)	
to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	26,623
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(130,666)
Increase (Decrease) in Allowance for Uncollectibles	36,867
Increase (Decrease) in Other Deferred Revenues	86,022
Increase (Decrease) in Accounts Payable	4,342
Increase (Decrease) in Payroll Deductions Payable	(529)
Increase (Decrease) in Accrued Liability for Landfill Closure	(37,785)
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (295,048)</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, 2008

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,728,067
Accounts Receivable	1,222
Due from Other Governments	<u>194,339</u>
Total Assets	<u>\$ 1,923,628</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 194,339
Due to Litigants, Heirs, and Others	<u>1,729,289</u>
Total Liabilities	<u>\$ 1,923,628</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, 2008

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 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 (\$500,000) were contributed by the county to the School Department during the year ended June 30, 2008.

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 the county's solid waste landfill operations.

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 is used to account for the receipt of debt issued by Haywood County and contributed to the School Department for building construction and renovations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. 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 and General Debt Service funds. Haywood County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment

Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All ambulance, solid waste disposal, and property taxes receivable are shown with an allowance for uncollectibles. Ambulance and solid waste disposal receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 3.17 percent of total taxes levied.

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

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

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

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the

following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Retainage payable in the discretely presented Haywood County School Department's nonmajor governmental fund represents amounts withheld from payments made on a construction contract pending completion of the project. This amount is held by the county trustee as Equity in Pooled Cash and Investments in the nonmajor governmental fund.

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental 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 other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

6. Net Assets and Fund Equity

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

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

As of June 30, 2008, Haywood County had \$3,807,421 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 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, 2008.

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

The Solid Waste Disposal Fund had a deficit of \$1,421,258 in unrestricted net assets at June 30, 2008. This deficit primarily resulted from the recognition of a liability (\$1,794,304) for costs associated with closing the county's landfill and monitoring the landfill for 30 years after closure.

C. Expenditures Exceeded Appropriations

Solid Waste/Sanitation Fund expenditures exceeded appropriations approved by the County Commission in the Waste Pickup (\$3,234) major appropriation category. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balances.

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 reflected on the balance sheets or statements of net assets represents nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; 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, 2008.

B. Capital Assets

Capital assets activity for the year ended June 30, 2008, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets				
Not Depreciated:				
Land	\$ 1,420,042	\$ 972,662	\$ 0	\$ 2,392,704
Construction in Progress	0	530,710	0	530,710
Total Capital Assets				
Not Depreciated	\$ 1,420,042	\$ 1,503,372	\$ 0	\$ 2,923,414
Capital Assets				
Depreciated:				
Buildings				
and Improvements	\$ 7,925,733	\$ 0	\$ 0	\$ 7,925,733
Infrastructure	48,906,459	703,324	0	49,609,783
Other Capital Assets	6,261,429	785,672	(201,038)	6,846,063
Total Capital Assets				
Depreciated	\$ 63,093,621	\$ 1,488,996	\$ (201,038)	\$ 64,381,579
Less Accumulated				
Depreciation For:				
Buildings				
and Improvements	\$ 4,791,760	\$ 204,436	\$ 0	\$ 4,996,196
Infrastructure	36,169,871	2,250,852	0	38,420,723
Other Capital Assets	4,724,832	462,364	(201,038)	4,986,158
Total Accumulated				
Depreciation	\$ 45,686,463	\$ 2,917,652	\$ (201,038)	\$ 48,403,077
Total Capital Assets				
Depreciated, Net	\$ 17,407,158	\$ (1,428,656)	\$ 0	\$ 15,978,502
Governmental Activities				
Capital Assets, Net	\$ 18,827,200	\$ 74,716	\$ 0	\$ 18,901,916

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

Governmental Activities:

General Government	\$ 95,414
Finance	20,337
Administration of Justice	29,483
Public Safety	224,948
Public Health and Welfare	94,516
Social, Cultural, and Recreational Services	33,883
Other Operations	1,158
Highway Department	<u>2,417,913</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,917,652</u></u>

Business-type Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 235,000	\$ 0	\$ 0	\$ 235,000
Total Capital Assets Not Depreciated	<u>\$ 235,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 235,000</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 225,797	\$ 0	\$ 0	\$ 225,797
Other Capital Assets	693,713	152,328	(64,000)	782,041
Total Capital Assets Depreciated	<u>\$ 919,510</u>	<u>\$ 152,328</u>	<u>\$ (64,000)</u>	<u>\$ 1,007,838</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 77,737	\$ 7,536	\$ 0	\$ 85,273
Other Capital Assets	631,603	19,087	(64,000)	586,690
Total Accumulated Depreciation	<u>\$ 709,340</u>	<u>\$ 26,623</u>	<u>\$ (64,000)</u>	<u>\$ 671,963</u>
Total Capital Assets Depreciated, Net	<u>\$ 210,170</u>	<u>\$ 125,705</u>	<u>\$ 0</u>	<u>\$ 335,875</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 445,170</u></u>	<u><u>\$ 125,705</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 570,875</u></u>

Discretely Presented Haywood County School Department

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 178,170	\$ 0	\$ 0	\$ 178,170
Construction in Progress	0	54,983	0	54,983
Total Capital Assets Not Depreciated	\$ 178,170	\$ 54,983	\$ 0	\$ 233,153
Capital Assets Depreciated:				
Buildings and Improvements	\$ 17,651,372	\$ 510,898	\$ 0	\$ 18,162,270
Other Capital Assets	4,166,145	497,733	(195,720)	4,468,158
Total Capital Assets Depreciated	\$ 21,817,517	\$ 1,008,631	\$ (195,720)	\$ 22,630,428
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 9,779,496	\$ 504,198	\$ 0	\$ 10,283,694
Other Capital Assets	2,512,758	297,802	(182,266)	2,628,294
Total Accumulated Depreciation	\$ 12,292,254	\$ 802,000	\$ (182,266)	\$ 12,911,988
Total Capital Assets Depreciated, Net	\$ 9,525,263	\$ 206,631	\$ (13,454)	\$ 9,718,440
Governmental Activities Capital Assets, Net	\$ 9,703,433	\$ 261,614	\$ (13,454)	\$ 9,951,593

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

Governmental Activities:

Instruction	\$ 424,903
Support Services	361,582
Operation of Non-Instructional Services	<u>15,515</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 802,000</u>

C. Construction Commitments

At June 30, 2008, the General Capital Projects Fund had uncompleted construction contracts of \$902,493 for Jail Construction for the Sheriff's Department. Funding has been received for these future expenditures.

At June 30, 2008, the discretely presented General Purpose School Fund had uncompleted construction contracts of \$44,564 for parking lot paving. Funding has been received for these future expenditures.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2008, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental fund	\$ 18,087
Highway/Public Works	General Fund	4,957

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.

The receivable in the Highway/Public Works Fund (\$4,957) was in transit from the General Fund at June 30, 2008.

A portion of the receivable in the General Fund (\$13,560) 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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary government:	Component unit:	
	School Department:	
Highway/Public Works	General Purpose School	\$ 1,260
General Debt Service	General Purpose School	23,461
Component unit:		
School Department:	Primary government:	
Nonmajor governmental fund	General	79,279

The receivable in the Highway/Public Works Fund (\$1,260) was in transit from the General Purpose School Fund at June 30, 2008.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2008, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	Solid Waste Disposal Fund	Nonmajor Governmental Funds
General	\$ 0	\$ 163,871
Nonmajor governmental funds	60,000	0
Total	<u>\$ 60,000</u>	<u>\$ 163,871</u>

Discretely Present Haywood County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School	\$ 0	\$ 113,773
Nonmajor governmental funds	106,819	0
Total	<u>\$ 106,819</u>	<u>\$ 113,773</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 \$64,493 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.

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, 2008, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2009	\$ 85,066
Total Minimum Lease Payments	\$ 85,066
Amount Representing Interest	<u>(3,414)</u>
Present Value of Minimum Lease Payments	<u>\$ 81,652</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, 2008, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, and capital leases outstanding as of June 30, 2008, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-08
General Obligation Bonds	1.25 to 4.875%	\$ 6,560,000	\$ 5,815,888
Other Loans	Variable	4,899,431	3,599,431
Capital Leases	5.4 to 5.6	296,033	81,652

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, 2008, Haywood County had borrowed \$4,899,431 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, 2008, the variable interest rate was 2.75 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, 2008, including interest payments and other fees, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2009	\$ 163,095	\$ 234,597	\$ 397,692
2010	168,495	229,703	398,198
2011	8,914	224,084	232,998
2012	9,354	223,643	232,997
2013	9,816	223,182	232,998
2014-2018	706,841	1,099,149	1,805,990
2019-2023	1,997,317	815,671	2,812,988
2024-2028	2,517,010	370,729	2,887,739
2029-2033	117,066	45,358	162,424
2034-2038	117,980	13,806	131,786
Total	\$ 5,815,888	\$ 3,479,922	\$ 9,295,810

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
2009	\$ 275,000	\$ 98,984	\$ 16,197	\$ 390,181
2010	300,000	91,422	14,960	406,382
2011	475,000	83,172	13,610	571,782
2012	500,000	70,109	11,472	581,581
2013	525,000	56,359	9,222	590,581
2014-16	1,524,431	79,703	13,042	1,617,176
Total	\$ 3,599,431	\$ 479,749	\$ 78,503	\$ 4,157,683

There is \$4,584,421 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$294, based on the 2000 federal census. Debt per capita, including bonds, capital leases, and other loans, totaled \$480, based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

Governmental Activities:

	Bonds	Other Loans
Balance, July 1, 2007	\$ 1,290,644	\$ 3,757,531
Additions	5,000,000	291,900
Deductions	(474,756)	(450,000)
Balance, June 30, 2008	\$ 5,815,888	\$ 3,599,431
Balance Due Within One Year	\$ 163,095	\$ 275,000

	Capital Leases	Compensated Absences
Balance, July 1, 2007	\$ 166,015	\$ 23,250
Additions	0	26,119
Deductions	(84,363)	(24,535)
Balance, June 30, 2008	\$ 81,652	\$ 24,834
Balance Due Within One Year	\$ 81,652	\$ 18,626

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 9,521,805
Less: Balance Due Within One Year	(538,374)
Add: Unamortized Premium on Debt	<u>13,110</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 8,996,541</u></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, 2008, was as follows:

Business-type Activities:

	<u>Closure/ Postclosure Care Costs</u>
Balance, July 1, 2007	\$ 1,832,089
Deductions	<u>(37,785)</u>
Balance, June 30, 2008	<u><u>\$ 1,794,304</u></u>
Balance Due Within One Year	<u><u>\$ 43,552</u></u>

Discretely Presented Haywood County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Haywood County School Department for the year ended June 30, 2008, was as follows:

Governmental Activities:

	<u>Other Postemployment Benefits</u>
Balance, July 1, 2007	\$ 0
Additions	251,707
Deductions	<u>(109,473)</u>
Balance, June 30, 2008	<u>\$ 142,234</u>
Balance Due Within One Year	<u>\$ 0</u>

Other postemployment benefits will be paid from the employing funds, primarily the General Purpose School Fund and the School Federal Projects Fund.

G. On-Behalf Payments – Discretely Presented Haywood County School Departments

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Haywood County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2008, were \$74,471 and \$30,088, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

V. OTHER INFORMATION

A. Risk Management

Primary Government

Employee Health Insurance

It is the policy of the county to purchase commercial insurance for its employees health coverage.

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, Tennessee Code Annotated (TCA), by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the LGWCF for its workers' compensation insurance coverage. The LGWCF is to be self-sustaining through member premiums. The LGWCF reinsures through commercial insurance companies for claims exceeding \$300,000.

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 8-27-301, TCA, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

Liability, Property, Casualty, and Workers' Compensation Insurance

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

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions; Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures were implemented for the year ended June 30, 2008.

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the county's financial statements. In previous years, the Haywood County School Department had only recognized the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented prospectively with a zero net OPEB obligation at transition. The primary government of Haywood County does not currently offer other postemployment benefits.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables or future revenues. This statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose in the notes to the financial statements the nature of any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge receivables or sale of future revenue will not apply to Haywood County. GASB Statement No. 48 had no effect on the financial statements of Haywood County for the year ended June 30, 2008, since the county has not pledged any of its future revenues. However, it is reasonably expected that Haywood County may pledge a future revenue stream toward the payment of debt in subsequent years.

GASB Statement No. 50 amends previous guidance concerning pension information. This statement closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and enhances the information disclosed in the notes to the financial statements or presented as required supplementary information for pension plans. This statement requires Haywood County to provide additional and more detailed pension plan note disclosures than in previous years.

C. Subsequent Events

On August 1, 2008, Haywood County borrowed \$100,569 in other loans to purchase three used fire trucks.

George Chapman resigned as director of schools on August 26, 2008. Doris Scott Battle was appointed interim director of schools effective August 27, 2008.

On September 9, 2008, Haywood County entered into an \$89,080 lease-purchase agreement for four Sheriff's Department vehicles.

D. Contingent Liabilities

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

E. Landfill Closure/Postclosure Care Costs

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. These closure and postclosure care costs are generally paid near or after the date that the landfill stops accepting waste. The Solid Waste Disposal Fund reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The county stopped accepting household waste at the landfill in December 1996. The \$1,794,304 reported as accrued liability for landfill closure/postclosure care costs in the Solid Waste Disposal Fund at June 30, 2008, 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 2008. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Venture

The Brownsville – Haywood County Emergency Management Agency is a joint venture between Haywood County and the City of Brownsville. The agency's three-member board includes the county mayor, the mayor of the City of Brownsville, and one member who is jointly selected by the county mayor and the city mayor. The agency is jointly funded by the county and the City of Brownsville with additional revenues received from the State of Tennessee, the federal government, and private contributions. The county and city do not retain an equity interest in the entity. During the year ended

June 30, 2008, the county provided financial assistance of \$19,788 to the agency. Complete financial statements for the Brownsville – Haywood County Emergency Management Agency can be obtained from its administrative office at the following address:

Administrative Office:

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

G. Retirement Commitments

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, 2008, was 13.03 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, 2008, Haywood County's annual pension cost of \$1,049,433 to TCRS was equal to the 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 postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. 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, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$1,049,433	100%	\$0
6-30-07	984,284	100	0
6-30-06	866,898	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 91.57 percent funded. The actuarial accrued liability for benefits was \$22.67 million, and the actuarial value of assets was \$20.76 million, resulting

in an unfunded actuarial accrued liability (UAAL) of \$1.91 million. The covered payroll (annual payroll of active employees covered by the plan) was \$7.57 million, and the ratio of the UAAL to the covered payroll was 25.25 percent.

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability for benefits.

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

School Teachers

Plan Description

The 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, 2008, was 6.24 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, 2008, 2007, and 2006, were \$783,665, \$754,437, and \$673,580, respectively, equal to the required contributions for each year.

H. Other Postemployment Benefits (OPEB)

Plan Description

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

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employer in the plan develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency

pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare supplement plan. During the year ended June 30, 2008, the discretely presented Haywood County School Department contributed \$109,473, for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 251,707
Interest on the NPO	0
Adjustment to the ARC	0
Annual OPEB cost	<hr/> \$ 251,707
Less: Amount of contribution	(109,473)
Increase/decrease in NPO	<hr/> \$ 142,234
Net OPEB obligation, 7-1-07	<hr/> 0
	<hr/>
Net OPEB obligation, 6-30-08	<u><u>\$ 142,234</u></u>

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
<hr/>				
6-30-08	Local Education Group	\$ 251,707	43 %	\$ 142,234

*Data not available for two preceding years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008, was as follows:

	<u>Local Education Group Plan</u>
Actuarial valuation date	6-30-07
Actuarial accrued liability (AAL)	\$ 2,647,817
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 2,647,817
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 13,208,346
UAAL as a % of covered payroll	20%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

In the June 30, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after 10 years. The rate includes a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

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 \$10,000 (excluding emergency purchases) to be made based on competitive bids solicited through newspaper advertisement.

Office of Chief Administrative Highway Officer

Purchasing procedures for the Highway Department are governed by provisions of Chapter 24, Private Acts of 1991, as amended and Section 54-7-113, TCA (Uniform Road Law), which 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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive I (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 4,969,410	\$ 0	\$ 4,969,410	\$ 5,004,038	\$ 5,004,038	\$ (34,628)
Licenses and Permits	30,798	0	30,798	34,975	34,975	(4,177)
Fines, Forfeitures, and Penalties	112,439	0	112,439	129,050	131,702	(19,263)
Charges for Current Services	762,063	0	762,063	769,750	699,750	62,313
Other Local Revenues	506,053	0	506,053	494,500	500,036	6,017
Fees Received from County Officials	828,221	0	828,221	1,283,000	933,659	(105,438)
State of Tennessee	946,245	0	946,245	641,972	848,870	97,375
Federal Government	284,766	0	284,766	55,500	235,146	49,620
Other Governments and Citizens Groups	623,721	0	623,721	568,000	574,358	49,363
Total Revenues	\$ 9,063,716	\$ 0	\$ 9,063,716	\$ 8,980,785	\$ 8,962,534	\$ 101,182

<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 98,943	\$ 0	\$ 98,943	\$ 119,445	\$ 120,674	\$ 21,731
Beer Board	1,807	0	1,807	3,000	3,000	1,193
County Mayor/Executive	238,168	0	238,168	236,172	239,672	1,504
County Attorney	28,317	0	28,317	29,514	29,514	1,197
Election Commission	103,455	0	103,455	114,472	116,245	12,790
Register of Deeds	119,895	0	119,895	126,507	127,468	7,573
Development	21,539	0	21,539	54,751	54,751	33,212
County Buildings	276,461	0	276,461	302,861	316,532	40,071
<u>Finance</u>						
Accounting and Budgeting	7,750	0	7,750	6,300	7,750	0
Property Assessor's Office	294,555	0	294,555	344,465	345,175	50,620
Reappraisal Program	23,833	0	23,833	32,082	32,082	8,249
County Trustee's Office	81,509	0	81,509	255,989	91,648	10,139
County Clerk's Office	84,753	0	84,753	301,282	97,357	12,604

(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)	Less: Encumbrances 7/1/2007	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	\$ 454,709	\$ 0	\$ 454,709	\$ 492,586	\$ 492,586	\$ 37,877
General Sessions Judge	214,040	0	214,040	223,407	223,407	9,367
General Sessions Court Clerk	6,680	0	6,680	9,000	9,000	2,320
Chancery Court	144,757	0	144,757	154,851	156,281	11,524
Juvenile Court	43,262	0	43,262	50,849	50,849	7,587
<u>Public Safety</u>						
Sheriff's Department	1,165,179	0	1,165,179	1,250,758	1,224,101	58,922
Special Patrols	42,101	0	42,101	53,358	53,783	11,682
Jail	1,273,183	0	1,273,183	1,209,866	1,282,020	8,837
Workhouse	182,246	0	182,246	207,353	208,078	25,832
Fire Prevention and Control	514,681	0	514,681	414,136	554,726	40,045
Civil Defense	108,615	0	108,615	84,909	113,372	4,757
Rescue Squad	7,515	0	7,515	6,500	7,515	0
County Coroner/Medical Examiner	2,800	0	2,800	4,800	4,800	2,000
Public Safety Grant Programs	42,637	0	42,637	43,466	43,466	829
Other Public Safety	191,814	0	191,814	212,685	212,685	20,871
Public Health and Welfare						
<u>Local Health Center</u>						
Rabies and Animal Control	66,213	0	66,213	70,740	70,740	4,527
Ambulance/Emergency Medical Services	59,214	0	59,214	70,000	70,000	10,786
Dental Health Program	1,241,866	0	1,241,866	1,287,688	1,309,863	67,997
Alcohol and Drug Programs	103,421	0	103,421	125,871	125,871	22,450
Other Local Health Services	5,000	0	5,000	5,000	5,000	0
Aid to Dependent Children	3,500	0	3,500	3,500	3,500	0
Social, Cultural, and Recreational Services	0	0	0	3,000	3,000	3,000
Libraries	0	0	0	56,009	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)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive Negative
				Original	Final	
Expenditures (Cont.)						
<u>Social, Cultural, and Recreational Services (Cont.)</u>						
Parks and Fair Boards	\$ 864,862	\$ (8,875)	\$ 855,987	\$ 765,318	\$ 925,591	\$ 69,604
Other Social, Cultural, and Recreational Agriculture and Natural Resources	140,639	0	140,639	46,325	146,615	5,976
Agriculture Extension Service	162,952	0	162,952	159,841	185,841	22,889
Forest Service	2,000	0	2,000	2,000	2,000	0
Soil Conservation	92,120	0	92,120	95,939	95,939	3,819
Other Operations						
Industrial Development	1,119,344	0	1,119,344	50,000	1,118,985	(359)
Veterans' Services	9,219	0	9,219	10,716	10,717	1,498
Other Charges	39,973	0	39,973	41,990	41,990	2,017
Contributions to Other Agencies	218,564	0	218,564	165,570	218,606	42
Miscellaneous	212,523	0	212,523	259,455	251,242	38,719
<u>Principal on Debt</u>						
General Government	43,817	0	43,817	0	43,817	0
Interest on Debt						
General Government	5,045	0	5,045	0	5,045	0
Total Expenditures	\$ 10,165,476	\$ (8,875)	\$ 10,156,601	\$ 9,564,326	\$ 10,852,899	\$ 696,298
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,101,760)	\$ 8,875	\$ (1,092,885)	\$ (583,541)	\$ (1,890,365)	\$ 797,480
Other Financing Sources (Uses)						
Bonds Issued	0	0	0	200,000	200,000	(200,000)
Other Loans Issued	227,900	0	227,900	0	137,900	90,000
Insurance Recovery	18,285	0	18,285	100	13,579	4,706
Transfers Out	(163,871)	0	(163,871)	(64,493)	(163,871)	0
Total Other Financing Sources (Uses)	\$ 82,314	\$ 0	\$ 82,314	\$ 135,607	\$ 187,608	\$ (105,294)
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (1,019,446)	\$ 8,875	\$ (1,010,571)	\$ (447,934)	\$ (1,702,757)	\$ 692,186
Fund Balance, July 1, 2007	2,772,193	(8,875)	2,763,318	2,434,636	2,434,636	328,682
Fund Balance, June 30, 2008	\$ 1,752,747	\$ 0	\$ 1,752,747	\$ 1,986,702	\$ 731,879	\$ 1,020,868

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 601,856	0	\$ 601,856	\$ 602,079	\$ 602,292	\$ (436)
Charges for Current Services	93	0	93	50	50	43
Other Local Revenues	310,250	0	310,250	223,000	253,000	57,250
State of Tennessee	2,315,110	0	2,315,110	2,159,258	2,159,258	155,852
Federal Government	425	0	425	0	0	425
Total Revenues	\$ 3,227,734	0	\$ 3,227,734	\$ 2,984,387	\$ 3,014,600	\$ 213,134
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 170,368	0	\$ 170,368	\$ 181,424	\$ 181,424	\$ 11,056
Highway and Bridge Maintenance	1,057,134	0	1,057,134	1,455,285	1,455,285	398,151
Operation and Maintenance of Equipment	715,529	0	715,529	775,355	805,355	89,826
Other Charges	103,738	0	103,738	125,000	125,000	21,262
Employee Benefits	212,951	0	212,951	220,500	220,500	7,549
Capital Outlay	663,559	(71,910)	591,649	709,304	709,304	117,655
Total Expenditures	\$ 2,923,279	(71,910)	\$ 2,851,369	\$ 3,466,868	\$ 3,496,868	\$ 645,499
Excess (Deficiency) of Revenues Over Expenditures	\$ 304,455	71,910	\$ 376,365	(482,481)	(482,268)	\$ 858,633
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 304,455	71,910	\$ 376,365	(482,481)	(482,268)	\$ 858,633
Fund Balance, June 30, 2008	957,809	(71,910)	885,899	819,659	819,659	66,240
	\$ 1,262,264	0	\$ 1,262,264	\$ 337,178	\$ 337,391	\$ 924,873

Exhibit F-3

Haywood County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 20,764	\$ 22,676	\$ 1,912	91.57 %	\$ 7,573	25.25 %

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year; therefore, only the most current year is presented.

Exhibit F-4

Haywood County, Tennessee
Schedule of Funding Progress - Other Postemployment Benefits Plan
Discretely Presented Haywood County School Department
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
<u>Local Education Group Plan</u>						
6-30-07	\$ 0	\$ 2,648	\$ 2,648	0%	\$ 13,208	20%

*Data not available for two preceding years.

HAYWOOD COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2008

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, County Attorney, etc.). Management may make revisions within major categories, but only the Haywood County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

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Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Capital Projects Funds

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

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

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

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Exhibit G-1

Haywood County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

	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	
\$	0	0	77,994	77,994	0	0	77,994
	62,496	19,869	0	82,365	27,097	35,353	144,815
	13,792	0	132	13,924	0	0	13,924
	2,120	0	0	2,120	0	0	2,120
Total Assets	78,408	19,869	78,126	176,403	27,097	35,353	238,853

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Due from Other Governments

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable
 Payroll Deductions Payable
 Due to Other Funds

Total Liabilities

Fund Balances

Unreserved
 Total Fund Balances

Total Liabilities and Fund Balances

\$	2,384	0	0	2,384	0	0	2,384
	793	0	0	793	0	0	793
	0	0	4,527	4,527	0	0	4,527
Total Liabilities	3,177	0	4,527	7,704	0	0	7,704
Fund Balances	75,231	19,869	73,599	168,699	27,097	35,353	231,149
Total Fund Balances	75,231	19,869	73,599	168,699	27,097	35,353	231,149
Total Liabilities and Fund Balances	78,408	19,869	78,126	176,403	27,097	35,353	238,853

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, 2008

	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	
Revenues								
Fines, Forfeitures, and Penalties	\$ 428 \$	7,830 \$	0 \$	8,258 \$	0 \$	0 \$	0 \$	8,258
Charges for Current Services	374,497	0	347,026	721,523	0	0	0	721,523
Other Local Revenues	41	0	0	41	5,000	1,250	6,250	6,291
State of Tennessee	29,796	0	0	29,796	0	0	0	29,796
Federal Government	0	0	0	0	430,984	0	430,984	430,984
Other Governments and Citizens Groups	0	0	0	0	0	4,880	4,880	4,880
Total Revenues	\$ 404,762 \$	7,830 \$	347,026 \$	759,618 \$	435,984 \$	6,130 \$	442,114 \$	1,201,732
Expenditures								
Current:								
Finance	0 \$	0 \$	347,559 \$	347,559 \$	0 \$	0 \$	0 \$	347,559
Administration of Justice	0	0	8,640	8,640	0	0	0	8,640
Public Safety	0	1,214	0	1,214	0	0	0	1,214
Public Health and Welfare	224,846	0	0	224,846	0	0	0	224,846
Other Operations	64,174	0	0	64,174	0	0	0	64,174
Debt Service:								
Principal on Debt	40,546	0	0	40,546	0	0	0	40,546
Interest on Debt	2,899	0	0	2,899	0	0	0	2,899
Capital Projects	0	0	0	0	600,788	117,214	718,002	718,002
Total Expenditures	\$ 332,465 \$	1,214 \$	356,199 \$	689,878 \$	600,788 \$	117,214 \$	718,002 \$	1,407,880
Excess (Deficiency) of Revenues Over Expenditures	\$ 72,297 \$	6,616 \$	(9,173) \$	69,740 \$	(164,804) \$	(111,084) \$	(275,888) \$	(206,148)
Other Financing Sources (Uses)								
Other Loans Issued	0 \$	0 \$	0 \$	0 \$	64,000 \$	0 \$	64,000 \$	64,000
Transfers In	0	0	0	0	99,378	0	99,378	99,378
Transfers Out	(60,000)	0	0	(60,000)	0	0	0	(60,000)
Total Other Financing Sources (Uses)	\$ (60,000) \$	0 \$	0 \$	(60,000) \$	163,378 \$	0 \$	163,378 \$	103,378
Net Change in Fund Balances Fund Balance, July 1, 2007	\$ 12,297 \$	6,616 \$	(9,173) \$	9,740 \$	(1,426) \$	(111,084) \$	(112,510) \$	(102,770)
	62,934	13,253	82,772	158,959	28,523	146,437	174,960	333,919
Fund Balance, June 30, 2008	\$ 75,231 \$	19,869 \$	73,599 \$	168,699 \$	27,097 \$	35,353 \$	62,450 \$	231,149

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 428	\$ 0	\$ 0	\$ 428
Charges for Current Services	374,497	357,500	357,500	16,997
Other Local Revenues	41	250	250	(209)
State of Tennessee	29,796	27,437	27,437	2,359
Total Revenues	<u>\$ 404,762</u>	<u>\$ 385,187</u>	<u>\$ 385,187</u>	<u>\$ 19,575</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 224,846	\$ 254,536	\$ 221,612	\$ (3,234)
<u>Other Operations</u>				
Other Charges	28,046	28,400	28,400	354
Employee Benefits	36,128	40,807	40,807	4,679
<u>Principal on Debt</u>				
General Government	40,546	0	40,546	0
<u>Interest on Debt</u>				
General Government	2,899	0	2,899	0
Total Expenditures	<u>\$ 332,465</u>	<u>\$ 323,743</u>	<u>\$ 334,264</u>	<u>\$ 1,799</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 72,297</u>	<u>\$ 61,444</u>	<u>\$ 50,923</u>	<u>\$ 21,374</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (60,000)	\$ (60,000)	\$ (60,000)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (60,000)</u>	<u>\$ (60,000)</u>	<u>\$ (60,000)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 12,297	\$ 1,444	\$ (9,077)	\$ 21,374
Fund Balance, July 1, 2007	<u>62,934</u>	<u>70,942</u>	<u>70,942</u>	<u>(8,008)</u>
Fund Balance, June 30, 2008	<u>\$ 75,231</u>	<u>\$ 72,386</u>	<u>\$ 61,865</u>	<u>\$ 13,366</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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 7,830	\$ 7,000	\$ 7,000	\$ 830
Total Revenues	\$ 7,830	\$ 7,000	\$ 7,000	\$ 830
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 1,214	\$ 6,590	\$ 6,590	\$ 5,376
Total Expenditures	\$ 1,214	\$ 6,590	\$ 6,590	\$ 5,376
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,616	\$ 410	\$ 410	\$ 6,206
Net Change in Fund Balance	\$ 6,616	\$ 410	\$ 410	\$ 6,206
Fund Balance, July 1, 2007	13,253	13,253	13,253	0
Fund Balance, June 30, 2008	\$ 19,869	\$ 13,663	\$ 13,663	\$ 6,206

Major Governmental Fund

General Debt Service Fund

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

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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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 522,029	\$ 533,149	\$ 533,149	\$ (11,120)
Other Local Revenues	256,481	186,653	186,653	69,828
Other Governments and Citizens Groups	267,384	240,000	240,000	27,384
Total Revenues	<u>\$ 1,045,894</u>	<u>\$ 959,802</u>	<u>\$ 959,802</u>	<u>\$ 86,092</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 924,756	\$ 858,747	\$ 924,756	\$ 0
<u>Interest on Debt</u>				
General Government	315,029	254,702	343,146	28,117
<u>Other Debt Service</u>				
General Government	7,433	10,900	10,900	3,467
Total Expenditures	<u>\$ 1,247,218</u>	<u>\$ 1,124,349</u>	<u>\$ 1,278,802</u>	<u>\$ 31,584</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (201,324)</u>	<u>\$ (164,547)</u>	<u>\$ (319,000)</u>	<u>\$ 117,676</u>
Net Change in Fund Balance	\$ (201,324)	\$ (164,547)	\$ (319,000)	\$ 117,676
Fund Balance, July 1, 2007	4,785,745	4,768,314	4,768,314	17,431
Fund Balance, June 30, 2008	<u>\$ 4,584,421</u>	<u>\$ 4,603,767</u>	<u>\$ 4,449,314</u>	<u>\$ 135,107</u>

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Fiduciary Funds

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

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

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

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Exhibit I-1

Haywood County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	<u>Agency Funds</u>		
	Cities -	Constitu-	
	Sales	tional	
	Tax	Officers -	
		Agency	Total
	<hr/>		
<u>ASSETS</u>			
Cash	\$ 0	\$ 1,728,067	\$ 1,728,067
Accounts Receivable	0	1,222	1,222
Due from Other Governments	194,339	0	194,339
	<hr/>		
Total Assets	<u>\$ 194,339</u>	<u>\$ 1,729,289</u>	<u>\$ 1,923,628</u>
 <u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 194,339	\$ 0	\$ 194,339
Due to Litigants, Heirs, and Others	0	1,729,289	1,729,289
	<hr/>		
Total Liabilities	<u>\$ 194,339</u>	<u>\$ 1,729,289</u>	<u>\$ 1,923,628</u>

Exhibit I-2

Haywood County, Tennessee
Combining Statement of Changes in Assets and Liabilities - All Agency Funds
For the Year Ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,114,593	\$ 1,114,593	\$ 0
Due from Other Governments	187,767	194,339	187,767	194,339
Total Assets	\$ 187,767	\$ 1,308,932	\$ 1,302,360	\$ 194,339
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 187,767	\$ 1,308,932	\$ 1,302,360	\$ 194,339
Total Liabilities	\$ 187,767	\$ 1,308,932	\$ 1,302,360	\$ 194,339
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,604,804	\$ 5,780,485	\$ 5,657,222	\$ 1,728,067
Accounts Receivable	0	1,222	0	1,222
Total Assets	\$ 1,604,804	\$ 5,781,707	\$ 5,657,222	\$ 1,729,289
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,604,804	\$ 5,781,707	\$ 5,657,222	\$ 1,729,289
Total Liabilities	\$ 1,604,804	\$ 5,781,707	\$ 5,657,222	\$ 1,729,289
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,114,593	\$ 1,114,593	\$ 0
Cash	1,604,804	5,780,485	5,657,222	1,728,067
Accounts Receivable	0	1,222	0	1,222
Due from Other Governments	187,767	194,339	187,767	194,339
Total Assets	\$ 1,792,571	\$ 7,090,639	\$ 6,959,582	\$ 1,923,628
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 187,767	\$ 1,308,932	\$ 1,302,360	\$ 194,339
Due to Litigants, Heirs, and Others	1,604,804	5,781,707	5,657,222	1,729,289
Total Liabilities	\$ 1,792,571	\$ 7,090,639	\$ 6,959,582	\$ 1,923,628

Haywood County School Department

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.

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.

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Exhibit J-1

Haywood County, Tennessee
Statement of Activities
Discretely Presented Haywood County School Department
For the Year Ended June 30, 2008

Functions/Programs	Program Revenues			Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Charges for Services	Operating Grants and Contributions	Total Governmental Activities	
Governmental Activities:								
Instruction	\$ 16,246,880	\$ 42,834	\$ 2,213,046	\$	28,620	\$	(13,962,380)	
Support Services	8,206,733	0	347,949	0	0		(7,858,784)	
Operation of Non-Instructional Services	2,729,914	370,790	2,247,639	0	0		(111,485)	
Other Debt Service	267,384	0	0	0	0		(267,384)	
Total Governmental Activities	\$ 27,450,911	\$ 413,624	\$ 4,808,634	\$	28,620	\$	(22,200,033)	
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes							\$ 3,616,542	
Local Option Sales Taxes							1,488,843	
Wheel Tax							277,259	
Other Local Taxes							49,918	
Grants and Contributions Not Restricted to Specific Programs							16,807,896	
Miscellaneous							57,685	
Total General Revenues							\$ 22,298,143	
Change in Net Assets							\$ 98,110	
Net Assets, July 1, 2007							13,415,299	
Net Assets, June 30, 2008							\$ 13,513,409	

Exhibit J-2

Haywood County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Haywood County School Department
June 30, 2008

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 2,591,351	\$ 958,852	\$ 3,550,203
Accounts Receivable	25,540	0	25,540
Due from Other Governments	471,295	150,155	621,450
Due from Primary Government	0	79,279	79,279
Property Taxes Receivable	3,892,274	0	3,892,274
Allowance for Uncollectible Property Taxes	(227,056)	0	(227,056)
Total Assets	<u>\$ 6,753,404</u>	<u>\$ 1,188,286</u>	<u>\$ 7,941,690</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 28,788	\$ 2,030	\$ 30,818
Payroll Deductions Payable	498,565	51,719	550,284
Contracts Payable	0	133,200	133,200
Retainage Payable	0	14,800	14,800
Due to Primary Government	23,461	0	23,461
Deferred Revenue - Current Property Taxes	3,485,077	0	3,485,077
Deferred Revenue - Delinquent Property Taxes	167,048	0	167,048
Other Deferred Revenues	203,881	3,582	207,463
Total Liabilities	<u>\$ 4,406,820</u>	<u>\$ 205,331</u>	<u>\$ 4,612,151</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 147,060	\$ 406,829	\$ 553,889
Reserved for Career Ladder Program	7,604	0	7,604
Other State Education Reserves	1,991	0	1,991
Reserved for Title I Grants to Local Education Agencies	0	45,561	45,561
Other Federal Reserves	0	33,980	33,980
Unreserved, Reported In:			
General Fund	2,189,929	0	2,189,929
Special Revenue Funds	0	374,712	374,712
Capital Projects Fund	0	121,873	121,873
Total Fund Balances	<u>\$ 2,346,584</u>	<u>\$ 982,955</u>	<u>\$ 3,329,539</u>
Total Liabilities and Fund Balances	<u>\$ 6,753,404</u>	<u>\$ 1,188,286</u>	<u>\$ 7,941,690</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, 2008

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)		\$	3,329,539
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	178,170	
Add: construction in progress		54,983	
Add: buildings and improvements net of accumulated depreciation		7,878,576	
Add: other capital assets net of accumulated depreciation		<u>1,839,864</u>	9,951,593
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: other postemployment benefits			(142,234)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>374,511</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>13,513,409</u></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, 2008

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>Revenues</u>			
Local Taxes	\$ 5,612,128	\$ 0	\$ 5,612,128
Licenses and Permits	1,159	0	1,159
Charges for Current Services	45,834	367,790	413,624
Other Local Revenues	133,197	2,427	135,624
State of Tennessee	16,852,570	21,784	16,874,354
Federal Government	189,996	3,621,601	3,811,597
Other Governments and Citizens Groups	0	500,000	500,000
Total Revenues	<u>\$ 22,834,884</u>	<u>\$ 4,513,602</u>	<u>\$ 27,348,486</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 13,427,069	\$ 1,617,826	\$ 15,044,895
Support Services	8,617,862	267,698	8,885,560
Operation of Non-Instructional Services	574,342	1,969,636	2,543,978
Capital Outlay	555,605	0	555,605
Debt Service:			
Other Debt Service	267,384	0	267,384
Capital Projects	0	171,247	171,247
Total Expenditures	<u>\$ 23,442,262</u>	<u>\$ 4,026,407</u>	<u>\$ 27,468,669</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (607,378)</u>	<u>\$ 487,195</u>	<u>\$ (120,183)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 21,206	\$ 0	\$ 21,206
Transfers In	106,819	113,773	220,592
Transfers Out	(113,773)	(106,819)	(220,592)
Total Other Financing Sources (Uses)	<u>\$ 14,252</u>	<u>\$ 6,954</u>	<u>\$ 21,206</u>
Net Change in Fund Balances	\$ (593,126)	\$ 494,149	\$ (98,977)
Fund Balance, July 1, 2007	<u>2,939,710</u>	<u>488,806</u>	<u>3,428,516</u>
Fund Balance, June 30, 2008	<u>\$ 2,346,584</u>	<u>\$ 982,955</u>	<u>\$ 3,329,539</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, 2008

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)		\$ (98,977)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,063,614	
Less: current year depreciation expense	<u>(802,000)</u>	261,614
(2) The net effect of sales transactions involving capital assets is to decrease net assets.		
Less: proceeds received from the disposal of capital assets	\$ (3,477)	
Less: loss on disposal of capital assets	<u>(9,977)</u>	(13,454)
(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, 2008	\$ 374,511	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(283,350)</u>	91,161
(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.		<u>(142,234)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 98,110</u>

Haywood County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Haywood County School Department
June 30, 2008

	Special Revenue Funds			Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total		Education Capital Projects	Nonmajor Governmental Funds	
\$ 168,168 \$ 176,911 \$ 345,079 \$ 613,773 \$ 958,852							
19,775 130,380 150,155 0 150,155							
0 79,279 79,279 0 79,279							
\$ 187,943 \$ 386,570 \$ 574,513 \$ 613,773 \$ 1,188,286							

ASSETS

Equity in Pooled Cash and Investments
 Due from Other Governments
 Due from Primary Government

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable
 Payroll Deductions Payable
 Contracts Payable
 Retainage Payable
 Other Deferred Revenues

Total Liabilities

Fund Balances

Reserved for Encumbrances
 Reserved for Title I Grants to Local Education Agencies
 Other Federal Reserves
 Unreserved

Total Fund Balances

Total Liabilities and Fund Balances

\$ 2,030 \$ 0 \$ 2,030 \$ 0 \$ 2,030							
39,861 11,858 51,719 0 51,719							
0 0 0 133,200 133,200							
0 0 0 14,800 14,800							
3,582 0 3,582 0 3,582							
\$ 45,473 \$ 11,858 \$ 57,331 \$ 148,000 \$ 205,331							
\$ 62,929 \$ 0 \$ 62,929 \$ 343,900 \$ 406,829							
45,561 0 45,561 0 45,561							
33,980 0 33,980 0 33,980							
0 374,712 374,712 121,873 496,585							
\$ 142,470 \$ 374,712 \$ 517,182 \$ 465,773 \$ 982,955							
\$ 187,943 \$ 386,570 \$ 574,513 \$ 613,773 \$ 1,188,286							

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, 2008

	Special Revenue Funds			Total	Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria			Education Capital Projects		
<u>Revenues</u>							
Charges for Current Services	\$ 0	\$ 367,790	\$ 367,790	\$ 0	\$ 0	\$ 367,790	
Other Local Revenues	0	2,427	2,427	0	0	2,427	
State of Tennessee	0	21,784	21,784	0	0	21,784	
Federal Government	2,077,200	1,544,401	3,621,601	0	0	3,621,601	
Other Governments and Citizens Groups	0	0	0	500,000	0	500,000	
Total Revenues	\$ 2,077,200	\$ 1,936,402	\$ 4,013,602	\$ 500,000	\$ 500,000	\$ 4,513,602	
<u>Expenditures</u>							
Current:							
Instruction	\$ 1,617,826	0	\$ 1,617,826	\$ 0	\$ 0	\$ 1,617,826	
Support Services	267,506	192	267,698	0	0	267,698	
Operation of Non-Instructional Services	0	1,969,636	1,969,636	0	0	1,969,636	
Capital Projects	0	0	0	171,247	0	171,247	
Total Expenditures	\$ 1,885,332	\$ 1,969,828	\$ 3,855,160	\$ 171,247	\$ 171,247	\$ 4,026,407	
Excess (Deficiency) of Revenues Over Expenditures	\$ 191,868	\$ (33,426)	\$ 158,442	\$ 328,753	\$ 328,753	\$ 487,195	
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	0	0	0	113,773	113,773	
Transfers Out	(106,819)	0	(106,819)	0	0	(106,819)	
Total Other Financing Sources (Uses)	\$ (106,819)	\$ 0	\$ (106,819)	\$ 113,773	\$ 113,773	\$ 6,954	
Net Change in Fund Balances	\$ 85,049	\$ (33,426)	\$ 51,623	\$ 442,526	\$ 442,526	\$ 494,149	
Fund Balance, July 1, 2007	57,421	408,138	465,559	23,247	23,247	488,806	
Fund Balance, June 30, 2008	\$ 142,470	\$ 374,712	\$ 517,182	\$ 465,773	\$ 465,773	\$ 982,955	

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 5,612,128	\$ 0	\$ 0	\$ 5,612,128	\$ 5,538,698	\$ 5,538,698	\$ 73,430
Licenses and Permits	1,159	0	0	1,159	2,000	2,000	(841)
Charges for Current Services	45,834	0	0	45,834	30,000	43,000	2,834
Other Local Revenues	133,197	0	0	133,197	160,207	216,339	(83,142)
State of Tennessee	16,852,570	0	0	16,852,570	16,499,188	16,884,270	(31,700)
Federal Government	189,996	0	0	189,996	210,979	207,572	(17,576)
Total Revenues	\$ 22,834,884	\$ 0	\$ 0	\$ 22,834,884	\$ 22,441,072	\$ 22,891,879	\$ (56,995)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 11,075,623	\$ (56,737)	\$ 71,645	\$ 11,090,531	\$ 11,001,993	\$ 11,241,124	\$ 150,593
Alternative Instruction Program	332,817	0	0	332,817	290,760	342,713	9,896
Special Education Program	1,448,663	(8,939)	0	1,439,724	1,512,477	1,488,340	48,616
Vocational Education Program	531,569	0	0	531,569	514,174	551,616	20,047
Adult Education Program	38,397	0	0	38,397	49,381	68,269	29,872
<u>Support Services</u>							
Attendance	96,319	0	0	96,319	94,246	98,513	2,194
Health Services	152,827	0	137	152,964	61,565	163,911	10,947
Other Student Support	610,098	0	160	610,258	485,967	619,162	8,904
Regular Instruction Program	702,172	0	0	702,172	700,630	721,754	19,582
Alternative Instruction Program	73,095	0	0	73,095	70,635	74,234	1,139
Special Education Program	162,269	(34)	0	162,235	136,864	168,252	6,017
Vocational Education Program	147,782	0	0	147,782	137,592	148,556	774
Adult Programs	51,970	0	0	51,970	122,607	90,626	38,656
Other Programs	104,559	0	0	104,559	0	104,559	0
Board of Education	409,795	(277)	202	409,720	418,989	426,759	17,039

(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 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Director of Schools	\$ 345,812	\$ (82)	\$ 0	\$ 345,730	\$ 369,334	\$ 381,828	\$ 36,098
Office of the Principal	1,483,904	0	1,330	1,485,234	1,440,520	1,505,528	20,294
Fiscal Services	274,690	0	0	274,690	273,938	341,776	67,086
Operation of Plant	1,417,768	0	0	1,417,768	1,389,573	1,438,467	20,699
Maintenance of Plant	593,270	(108,993)	60,091	544,368	463,027	566,357	21,989
Transportation	1,991,532	(356,085)	0	1,635,447	1,332,814	1,658,772	23,325
<u>Operation of Non-Instructional Services</u>							
Early Childhood Education	574,342	0	0	574,342	130,000	574,550	208
Capital Outlay							
Regular Capital Outlay	555,605	0	13,495	569,100	181,000	574,612	5,512
<u>Other Debt Service</u>							
Education	267,384	0	0	267,384	270,000	270,000	2,616
Total Expenditures	\$ 23,442,262	\$ (531,147)	\$ 147,060	\$ 23,058,175	\$ 21,448,066	\$ 23,620,278	\$ 562,103
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ (607,378)	\$ 531,147	\$ (147,060)	\$ (223,291)	\$ 993,006	\$ (728,399)	\$ 505,108
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 21,206	\$ 0	\$ 0	\$ 21,206	\$ 0	\$ 21,206	\$ 0
Transfers In	106,819	0	0	106,819	0	106,819	0
Transfers Out	(113,773)	0	0	(113,773)	0	(113,773)	0
Total Other Financing Sources (Uses)	\$ 14,252	\$ 0	\$ 0	\$ 14,252	\$ 0	\$ 14,252	\$ 0
Net Change in Fund Balance	\$ (593,126)	\$ 531,147	\$ (147,060)	\$ (209,039)	\$ 993,006	\$ (714,147)	\$ 505,108
Fund Balance, July 1, 2007	2,939,710	(531,147)	0	2,408,563	4,208,168	4,208,168	(1,799,605)
Fund Balance, June 30, 2008	\$ 2,346,584	\$ 0	\$ (147,060)	\$ 2,199,524	\$ 5,201,174	\$ 3,494,021	\$ (1,294,497)

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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,077,200	\$ 0	\$ 0	\$ 2,077,200	\$ 2,220,967	\$ 2,203,921	\$ (126,721)
Total Revenues	\$ 2,077,200	\$ 0	\$ 0	\$ 2,077,200	\$ 2,220,967	\$ 2,203,921	\$ (126,721)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 989,753	\$ (21,600)	\$ 62,929	\$ 1,031,082	\$ 1,208,732	\$ 1,163,746	\$ 132,664
Alternative Instruction Program	710	0	0	710	35,606	35,606	34,896
Special Education Program	587,730	0	0	587,730	634,212	587,730	0
Vocational Education Program	39,633	0	0	39,633	41,069	39,633	0
<u>Support Services</u>							
Other Student Support	39,033	0	0	39,033	59,998	49,915	10,882
Regular Instruction Program	108,027	(3,524)	0	104,503	120,758	132,324	27,821
Special Education Program	81,799	0	0	81,799	133,960	81,799	0
Vocational Education Program	32,151	0	0	32,151	0	32,151	0
Transportation	6,496	0	0	6,496	14,670	6,497	1
Total Expenditures	\$ 1,885,332	\$ (25,124)	\$ 62,929	\$ 1,923,137	\$ 2,249,005	\$ 2,129,401	\$ 206,264
Excess (Deficiency) of Revenues Over Expenditures	\$ 191,868	\$ 25,124	\$ (62,929)	\$ 154,063	\$ (28,038)	\$ 74,520	\$ 79,543
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (106,819)	\$ 0	\$ 0	\$ (106,819)	\$ 0	\$ (106,819)	\$ 0
Total Other Financing Sources (Uses)	\$ (106,819)	\$ 0	\$ 0	\$ (106,819)	\$ 0	\$ (106,819)	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 85,049	\$ 25,124	\$ (62,929)	\$ 47,244	\$ (28,038)	\$ (32,299)	\$ 79,543
	\$ 57,421	\$ (25,124)	\$ 0	\$ 32,297	\$ 32,299	\$ 32,299	\$ (2)
Fund Balance, June 30, 2008	\$ 142,470	\$ 0	\$ (62,929)	\$ 79,541	\$ 4,261	\$ 0	\$ 79,541

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, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 367,790	\$ 361,900	\$ 361,900	\$ 5,890
Other Local Revenues	2,427	4,000	4,000	(1,573)
State of Tennessee	21,784	23,000	23,000	(1,216)
Federal Government	1,544,401	1,539,756	1,539,756	4,645
Total Revenues	<u>\$ 1,936,402</u>	<u>\$ 1,928,656</u>	<u>\$ 1,928,656</u>	<u>\$ 7,746</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 192	\$ 384	\$ 384	\$ 192
<u>Operation of Non-Instructional Services</u>				
Food Service	1,969,636	1,928,272	1,981,039	11,403
Total Expenditures	<u>\$ 1,969,828</u>	<u>\$ 1,928,656</u>	<u>\$ 1,981,423</u>	<u>\$ 11,595</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (33,426)</u>	<u>\$ 0</u>	<u>\$ (52,767)</u>	<u>\$ 19,341</u>
Net Change in Fund Balance	\$ (33,426)	\$ 0	\$ (52,767)	\$ 19,341
Fund Balance, July 1, 2007	<u>408,138</u>	<u>457,328</u>	<u>457,328</u>	<u>(49,190)</u>
Fund Balance, June 30, 2008	<u>\$ 374,712</u>	<u>\$ 457,328</u>	<u>\$ 404,561</u>	<u>\$ (29,849)</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, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-08
CAPITAL LEASES PAYABLE								
Payable through General Fund								
Sheriffs Vehicles	\$ 138,950	5.6 %	10-4-06	10-4-08	\$ 90,088	0 \$	43,817 \$	46,271
Payable through Solid Waste/Sanitation Fund								
Sanitation Truck	157,083	5.4	4-15-05	4-25-09	75,927	0	40,546	35,381
Total Capital Leases Payable					\$ 166,015	0 \$	84,363 \$	81,652
OTHER LOANS PAYABLE								
Payable through General Debt Service Fund								
Public Works/School Projects	(1)	Variable	5-1-05	6-1-16	\$ 3,757,531	\$ 291,900	\$ 450,000	\$ 3,599,431
Total Other Loans Payable					\$ 3,757,531	\$ 291,900	\$ 450,000	\$ 3,599,431
BONDS PAYABLE								
Payable through General Debt Service Fund								
Waterline (USDA Rural Development)	560,000	4.875	2-5-1998	2-5-38	\$ 510,004	0 \$	9,116 \$	500,888
Waterline (USDA Rural Development)	72,300	4.75	6-4-1999	6-30-08	65,640	0	65,640	0
General Obligation Refunding	1,375,000	1.05 to 2.4	1-1-03	6-1-08	250,000	0	250,000	0
General Obligation Improvements	1,000,000	1.25 to 3.25	1-1-03	6-1-10	465,000	0	150,000	315,000
General Obligation 2007	5,000,000	4 to 4.05	12-20-07	6-1-28	0	5,000,000	0	5,000,000
Total Bonds Payable					\$ 1,290,644	\$ 5,000,000	\$ 474,756	\$ 5,815,888

(1) Total amount approved was \$5,000,000, of which \$100,569 remains available for draws as of June 30, 2008.

Exhibit K-2

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

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Capital Lease Requirements
2009	\$ 81,652	\$ 3,414	\$ 85,066
Total	\$ 81,652	\$ 3,414	\$ 85,066

Year Ending June 30	Other Loan Principal	Other Loan Interest	Other Loan Fees	Total Other Loan Requirements
2009	\$ 275,000	\$ 98,984	\$ 16,197	\$ 390,181
2010	300,000	91,422	14,960	406,382
2011	475,000	83,172	13,610	571,782
2012	500,000	70,109	11,472	581,581
2013	525,000	56,359	9,222	590,581
2014	550,000	41,922	6,860	598,782
2015	575,000	26,797	4,385	606,182
2016	399,431	10,984	1,797	412,212
Total	\$ 3,599,431	\$ 479,749	\$ 78,503	\$ 4,157,683

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2009	\$ 163,095	\$ 234,597	\$ 397,692
2010	168,495	229,703	398,198
2011	8,914	224,084	232,998
2012	9,354	223,643	232,997
2013	9,816	223,182	232,998
2014	10,300	222,698	232,998
2015	10,809	223,189	233,998
2016	11,342	221,656	232,998
2017	336,901	224,097	560,998
2018	337,489	207,509	544,998
2019	363,104	193,893	556,997
2020	388,751	179,247	567,998
2021	389,430	163,568	552,998
2022	415,142	147,855	562,997
2023	440,890	131,108	571,998
2024	466,673	113,325	579,998
2025	492,496	94,502	586,998
2026	493,360	74,638	567,998
2027	519,265	54,732	573,997
2028	545,216	33,532	578,748

(Continued)

Exhibit K-2

Haywood County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2029	\$ 21,214	\$ 11,271	\$ 32,485
2030	22,260	10,224	32,484
2031	23,359	9,126	32,485
2032	24,512	7,973	32,485
2033	25,721	6,764	32,485
2034	26,991	5,494	32,485
2035	28,322	4,162	32,484
2036	29,720	2,765	32,485
2037	31,187	1,299	32,486
2038	1,760	86	1,846
Total	<u>\$ 5,815,888</u>	<u>\$ 3,479,922</u>	<u>\$ 9,295,810</u>

Exhibit K-3

Haywood County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Haywood County School Department
For the Year Ended June 30, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Public Library	Operations	\$ 64,493
General	Community Development/Industrial Park	Operations	99,378
Solid Waste/Sanitation	Solid Waste Disposal	Operations	<u>60,000</u>
Total Transfers Primary Government			<u>\$ 223,871</u>
<u>DISCRETELY PRESENTED HAYWOOD</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Education Capital Projects	Athletic facilities projects	\$ 113,773
School Federal Projects	General Purpose School	Early intervening services	<u>106,819</u>
Total Transfers Discretely Presented Haywood County School Department			<u>\$ 220,592</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, 2008

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> , and County Commission	\$ 87,715 (1,2)	\$ 50,000	State Automobile Mutual Insurance Company
Chief Administrative Highway Officer	Section 8-24-102, <u>TCA</u> , and County Commission	66,786 (1)	100,000	"
Director of Schools	State Board of Education and Haywood County Board of Education	93,045 (3)	50,000	"
Trustee	Section 8-24-102, <u>TCA</u> , and County Commission	58,832 (1)	833,000	State Automobile Mutual Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u> , and County Commission	58,832 (1)	10,000	Auto Owners Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u> , and County Commission	58,832 (1)	50,000	State Automobile Mutual Insurance Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u> , and County Commission	56,312	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , County Commission	58,832 (1,4)	70,000	"
Register	Section 8-24-102, <u>TCA</u> , and County Commission	58,832 (1)	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	65,663 (1,5)	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 Risk Management Trust

- (1) Includes certified public administrator supplement of \$2,520.
- (2) Includes county commission chairman compensation of \$18,540.
- (3) Includes chief executive officer training supplement of \$1,000.
- (4) Does not include special commissioner fees of \$8,640.
- (5) Includes law enforcement training supplement of \$1,200.

Haywood County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2008

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,355,056	\$ 0	\$ 0	\$ 0	419,509
Discount on Property Taxes	(30,288)	0	0	0	(3,787)
Trustee's Collections - Prior Year	222,410	0	0	0	27,806
Trustee's Collections - Bankruptcy	643	0	0	0	69
Circuit/Clerk & Master Collections - Prior Years	121,837	0	0	0	15,231
Interest and Penalty	33,890	0	0	0	4,239
Payments in-Lieu-of Taxes - T.V.A.	584	0	0	0	73
Payments in-Lieu-of Taxes - Local Utilities	63,548	0	0	0	0
Payments in-Lieu-of Taxes - Other	167,758	0	0	0	87
<u>County Local Option Taxes</u>					
Local Option Sales Tax	96,096	0	0	0	0
Hotel/Motel Tax	35,467	0	0	0	0
Wheel Tax	422,816	0	0	0	138,629
Litigation Tax - General	248,212	0	0	0	0
Litigation Tax - Special Purpose	4,607	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Business Tax	90,397	0	0	0	0
Other County Local Option Taxes	30,918	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	16,534	0	0	0	0
Wholesale Beer Tax	86,296	0	0	0	0
Beer Privilege Tax	2,629	0	0	0	0
Total Local Taxes	\$ 4,969,410	\$ 0	\$ 0	\$ 0	\$ 601,856
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Animal Registration	\$ 1,721	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	872	0	0	0	0
Permits					
Beer Permits	2,612	0	0	0	0
Building Permits	25,593	0	0	0	0
Total Licenses and Permits	\$ 30,798	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Officers Costs	2,097 \$	0 \$	0 \$	0 \$	0
Drug Control Fines	2,175	0	24	0	0
Jail Fees	3,664	0	0	0	0
Data Entry Fee - Circuit Court	136	0	0	0	0
Victims Assistance Assessments	84	0	0	0	0
<u>General Sessions Court</u>					
Fines	14,713	428	0	0	0
Officers Costs	39,897	0	0	0	0
Game and Fish Fines	38	0	0	0	0
Drug Control Fines	650	0	610	0	0
Jail Fees	16,313	0	0	0	0
DUI Treatment Fines	4,376	0	0	0	0
Data Entry Fee - General Sessions Court	16,645	0	0	0	0
Victims Assistance Assessments	1,327	0	0	0	0
<u>Juvenile Court</u>					
Fines	2,777	0	0	0	0
Officers Costs	2,839	0	0	0	0
Data Entry Fee - Juvenile Court	1,279	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	1,776	0	0	0	0
Data Entry Fee - Chancery Court	1,620	0	0	0	0
Courtroom Security Fee	33	0	0	0	0
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	0	0	6,671	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	525	0	0
Total Fines, Forfeitures, and Penalties	\$ 112,439 \$	428 \$	7,830 \$	0 \$	0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Other Employee Benefit Charges/Contributions	0 \$	0 \$	0 \$	0 \$	11
Residential Waste Collection Charge	0	371,347	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Charges for Current Services (Cont.)</u>					
<u>General Service Charges (Cont.)</u>					
Patient Charges	\$ 715,419	\$ 0	\$ 0	\$ 0	0
Zoning Studies	395	0	0	0	0
Work Release Charges for Board	0	3,150	0	0	0
Other General Service Charges	3,300	0	0	0	0
<u>Fees</u>					
Recreation Fees	21,544	0	0	0	0
Copy Fees	3,093	0	0	0	0
Telephone Commissions	3,936	0	0	0	0
Vending Machine Collections	2,752	0	0	0	82
Constitutional Officers' Fees and Commissions	0	0	0	347,026	0
Data Processing Fee - Register	7,354	0	0	0	0
Data Processing Fee - Sheriff	4,070	0	0	0	0
Sexual Offender Registration Fees - Sheriff	200	0	0	0	0
Total Charges for Current Services	\$ 762,063	\$ 374,497	\$ 0	\$ 347,026	\$ 93
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 385,301	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	18,037	0	0	0	0
Sale of Materials and Supplies	64,670	0	0	0	52,321
Commissary Sales	13,859	0	0	0	0
Sale of Gasoline	0	0	0	0	248,133
Miscellaneous Refunds	23,275	41	0	0	3,346
<u>Nonrecurring Items</u>					
Sale of Equipment	825	0	0	0	6,450
Contributions and Gifts	86	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	0	0	0	0	0
Total Other Local Revenues	\$ 506,053	\$ 41	\$ 0	\$ 0	\$ 310,250

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 21,000	\$ 0	\$ 0	\$ 0	0
Trustee	135,000	0	0	0	0
<u>Fees in-Lieu-of-Salary</u>					
Circuit Court Clerk	29,177	0	0	0	0
General Sessions Court Clerk	420,739	0	0	0	0
Clerk and Master	87,206	0	0	0	0
Juvenile Court Clerk	40,109	0	0	0	0
Register	85,958	0	0	0	0
Sheriff	9,032	0	0	0	0
Total Fees Received from County Officials	\$ 828,221	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,315	\$ 0	\$ 0	\$ 0	0
State Reappraisal Grant	7,210	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	16,800	0	0	0	0
Other Public Safety Grants	9,960	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	114,486	0	0	0	0
Other Health and Welfare Grants	25,621	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	165,638
State Aid Program	0	0	0	0	320,630
Litter Program	0	29,796	0	0	0
<u>Other State Revenues</u>					
Income Tax	30,742	0	0	0	0
Beer Tax	19,312	0	0	0	0
Alcoholic Beverage Tax	52,224	0	0	0	0
Mixed Drink Tax	2,336	0	0	0	0
State Revenue Sharing - T.V.A.	251,064	0	0	0	30,051
Contracted Prisoner Boarding	279,897	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Gasoline and Motor Fuel Tax	\$ 0 \$	0 \$	0 \$	0 \$	1,782,892
Petroleum Special Tax	0	0	0	0	15,899
Registrar's Salary Supplement	16,380	0	0	0	0
Other State Grants	110,898	0	0	0	0
Total State of Tennessee	\$ 946,245 \$	29,796 \$	0 \$	0 \$	2,315,110
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA - Other	\$ 121,254 \$	0 \$	0 \$	0 \$	0
Community Development	74,250	0	0	0	0
Homeland Security Grants	28,463	0	0	0	0
Other Federal through State	16,434	0	0	0	425
<u>Direct Federal Revenue</u>					
Forest Service	41,225	0	0	0	0
Other Direct Federal Revenue	3,140	0	0	0	0
Total Federal Government	\$ 284,766 \$	0 \$	0 \$	0 \$	425
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Prisoner Board	\$ 37,484 \$	0 \$	0 \$	0 \$	0
Contributions	410,182	0	0	0	0
Contracted Services	152,847	0	0	0	0
<u>Citizens Groups</u>					
Donations	23,208	0	0	0	0
Total Other Governments and Citizens Groups	\$ 623,721 \$	0 \$	0 \$	0 \$	0
Total	\$ 9,063,716 \$	404,762 \$	7,830 \$	347,026 \$	3,227,734

(Continued)

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 149,731	\$ 0	\$ 0	\$ 0	\$ 3,924,296	
Discount on Property Taxes	(1,351)	0	0	0	(35,426)	
Trustee's Collections - Prior Year	9,938	0	0	0	260,154	
Trustee's Collections - Bankruptcy	29	0	0	0	741	
Circuit/Clerk & Master Collections - Prior Years	5,439	0	0	0	142,507	
Interest and Penalty	1,516	0	0	0	39,645	
Payments in-Lieu-of Taxes - T.V.A.	26	0	0	0	683	
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	63,548	
Payments in-Lieu-of Taxes - Other	14,270	0	0	0	182,115	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	270,084	0	0	0	366,180	
Hotel/Motel Tax	0	0	0	0	35,467	
Wheel Tax	0	0	0	0	561,445	
Litigation Tax - General	0	0	0	0	248,212	
Litigation Tax - Special Purpose	0	0	0	0	4,607	
Litigation Tax - Jail, Workhouse, or Courthouse	72,347	0	0	0	72,347	
Business Tax	0	0	0	0	90,397	
Other County Local Option Taxes	0	0	0	0	30,918	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	16,534	
Wholesale Beer Tax	0	0	0	0	86,296	
Beer Privilege Tax	0	0	0	0	2,629	
Total Local Taxes	\$ 522,029	\$ 0	\$ 0	\$ 0	\$ 6,093,295	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,721	
Cable TV Franchise	0	0	0	0	872	
Permits						
Beer Permits	0	0	0	0	2,612	
Building Permits	0	0	0	0	25,593	
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,798	

(Continued)

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Officers Costs	\$	0 \$	0 \$	0 \$	0 \$	2,097
Drug Control Fines		0	0	0	0	2,199
Jail Fees		0	0	0	0	3,664
Data Entry Fee - Circuit Court		0	0	0	0	136
Victims Assistance Assessments		0	0	0	0	84
<u>General Sessions Court</u>						
Fines		0	0	0	0	15,141
Officers Costs		0	0	0	0	39,897
Game and Fish Fines		0	0	0	0	38
Drug Control Fines		0	0	0	0	1,260
Jail Fees		0	0	0	0	16,313
DUI Treatment Fines		0	0	0	0	4,376
Data Entry Fee - General Sessions Court		0	0	0	0	16,645
Victims Assistance Assessments		0	0	0	0	1,327
<u>Juvenile Court</u>						
Fines		0	0	0	0	2,777
Officers Costs		0	0	0	0	2,839
Data Entry Fee - Juvenile Court		0	0	0	0	1,279
<u>Chancery Court</u>						
Officers Costs		0	0	0	0	1,776
Data Entry Fee - Chancery Court		0	0	0	0	1,620
Courtroom Security Fee		0	0	0	0	33
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures		0	0	0	0	6,671
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property		0	0	0	0	525
Total Fines, Forfeitures, and Penalties	\$	0 \$	0 \$	0 \$	0 \$	120,697
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Other Employee Benefit Charges/Contributions	\$	0 \$	0 \$	0 \$	0 \$	11
Residential Waste Collection Charge		0	0	0	0	371,347

(Continued)

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>						
<u>General Service Charges (Cont.)</u>						
Patient Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	715,419
Zoning Studies	0	0	0	0	0	395
Work Release Charges for Board	0	0	0	0	0	3,150
Other General Service Charges	0	0	0	0	0	3,300
<u>Fees</u>						
Recreation Fees	0	0	0	0	0	21,544
Copy Fees	0	0	0	0	0	3,093
Telephone Commissions	0	0	0	0	0	3,936
Vending Machine Collections	0	0	0	0	0	2,834
Constitutional Officers' Fees and Commissions	0	0	0	0	0	347,026
Data Processing Fee - Register	0	0	0	0	0	7,354
Data Processing Fee - Sheriff	0	0	0	0	0	4,070
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	200
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,483,679
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 217,764	\$ 356	\$ 0	\$ 0	\$ 0	603,421
Lease/Rentals	0	0	0	1,250	0	19,287
Sale of Materials and Supplies	0	0	0	0	0	116,991
Commissary Sales	0	0	0	0	0	13,859
Sale of Gasoline	0	0	0	0	0	248,133
Miscellaneous Refunds	0	0	0	0	0	26,662
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	0	0	7,275
Contributions and Gifts	0	0	5,000	0	0	5,086
<u>Other Local Revenues</u>						
Other Local Revenues	38,717	0	0	0	0	38,717
Total Other Local Revenues	\$ 256,481	\$ 356	\$ 5,000	\$ 1,250	\$ 0	\$ 1,079,431

(Continued)

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	General Capital Projects	Community Development/Industrial Park	Other Capital Projects	
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	21,000
Trustee	0	0	0	0	0	135,000
<u>Fees in-Lieu-of Salary</u>						
Circuit Court Clerk	0	0	0	0	0	29,177
General Sessions Court Clerk	0	0	0	0	0	420,739
Clerk and Master	0	0	0	0	0	87,206
Juvenile Court Clerk	0	0	0	0	0	40,109
Register	0	0	0	0	0	85,958
Sheriff	0	0	0	0	0	9,032
Total Fees Received from County Officials	0 \$	0 \$	0 \$	0 \$	0 \$	828,221
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	0 \$	0 \$	0 \$	0 \$	0 \$	9,315
State Reappraisal Grant	0	0	0	0	0	7,210
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	16,800
Other Public Safety Grants	0	0	0	0	0	9,960
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	114,486
Other Health and Welfare Grants	0	0	0	0	0	25,621
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	0	165,638
State Aid Program	0	0	0	0	0	320,630
Litter Program	0	0	0	0	0	29,796
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	30,742
Beer Tax	0	0	0	0	0	19,312
Alcoholic Beverage Tax	0	0	0	0	0	52,224
Mixed Drink Tax	0	0	0	0	0	2,336
State Revenue Sharing - T.V.A.	0	0	0	0	0	281,115
Contracted Prisoner Boarding	0	0	0	0	0	279,897

(Continued)

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

	Debt Service Fund	Capital Projects Funds				Total
		General Debt Service	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Gasoline and Motor Fuel Tax	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	1,782,892
Petroleum Special Tax	0	0	0	0	0	15,899
Registrar's Salary Supplement	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	110,898
Total State of Tennessee	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	3,291,151
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA - Other	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	121,254
Community Development	0	0	430,984	0	0	505,234
Homeland Security Grants	0	0	0	0	0	28,463
Other Federal through State	0	0	0	0	0	16,859
<u>Direct Federal Revenue</u>						
Forest Service	0	0	0	0	0	41,225
Other Direct Federal Revenue	0	0	0	0	0	3,140
Total Federal Government	\$ 0 \$	0 \$	430,984 \$	0 \$	0 \$	716,175
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	37,484
Contributions	267,384	0	0	4,880	0	682,446
Contracted Services	0	0	0	0	0	152,847
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	23,208
Total Other Governments and Citizens Groups	\$ 267,384 \$	0 \$	0 \$	4,880 \$	0 \$	895,985
Total	\$ 1,045,894 \$	356 \$	435,984 \$	6,130 \$	14,539,432	

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, 2008

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 3,265,352	\$ 0	\$ 0	\$ 0	\$ 3,265,352
Discount on Property Taxes	(29,478)	0	0	0	(29,478)
Trustee's Collections - Prior Year	216,511	0	0	0	216,511
Trustee's Collections - Bankruptcy	626	0	0	0	626
Circuit/Clerk & Master Collections - Prior Years	118,574	0	0	0	118,574
Interest and Penalty	33,004	0	0	0	33,004
Payments in-Lieu-of Taxes - T.V.A.	568	0	0	0	568
Payments in-Lieu-of Taxes - Other	194,378	0	0	0	194,378
<u>County Local Option Taxes</u>					
Local Option Sales Tax	1,485,466	0	0	0	1,485,466
Wheel Tax	277,259	0	0	0	277,259
<u>Statutory Local Taxes</u>					
Interstate Telecommunications Tax	3,637	0	0	0	3,637
Other Statutory Local Taxes	46,231	0	0	0	46,231
Total Local Taxes	\$ 5,612,128	\$ 0	\$ 0	\$ 0	\$ 5,612,128
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,159	\$ 0	\$ 0	\$ 0	\$ 1,159
Total Licenses and Permits	\$ 1,159	\$ 0	\$ 0	\$ 0	\$ 1,159
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 82,439	\$ 0	\$ 82,439
Lunch Payments - Adults	0	0	39,084	0	39,084
Income from Breakfast	0	0	5,566	0	5,566
A la carte Sales	0	0	83,921	0	83,921
Receipts from Individual Schools	42,834	0	0	0	42,834
<u>Other Charges for Services</u>					
Other Charges for Services	3,000	0	156,780	0	159,780
Total Charges for Current Services	\$ 45,834	\$ 0	\$ 367,790	\$ 0	\$ 413,624
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 2,427	\$ 0	\$ 2,427
Lease/Rentals	2,000	0	0	0	2,000
Sale of Materials and Supplies	3	0	0	0	3
Refund of Telecommunication and Internet Fees (E-Rate)	41,314	0	0	0	41,314
Miscellaneous Refunds	46,206	0	0	0	46,206
<u>Nonrecurring Items</u>					
Sale of Equipment	12,171	0	0	0	12,171
Damages Recovered from Individuals	782	0	0	0	782
<u>Other Local Revenues</u>					
Other Local Revenues	30,721	0	0	0	30,721
Total Other Local Revenues	\$ 133,197	\$ 0	\$ 2,427	\$ 0	\$ 135,624

(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>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 104,559	\$ 0	\$ 0	\$ 0	104,559
<u>State Education Funds</u>					
Basic Education Program	15,558,001	0	0	0	15,558,001
Early Childhood Education	497,509	0	0	0	497,509
School Food Service	0	0	21,784	0	21,784
Driver Education	3,250	0	0	0	3,250
Other State Education Funds	54,030	0	0	0	54,030
Career Ladder Program	179,421	0	0	0	179,421
Career Ladder - Extended Contract	71,933	0	0	0	71,933
<u>Other State Revenues</u>					
Mixed Drink Tax	2,335	0	0	0	2,335
State Revenue Sharing - T.V.A.	233,912	0	0	0	233,912
Other State Grants	119,000	0	0	0	119,000
Other State Revenues	28,620	0	0	0	28,620
Total State of Tennessee	\$ 16,852,570	\$ 0	\$ 21,784	\$ 0	16,874,354
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,017,013	\$ 0	1,017,013
Breakfast	0	0	516,664	0	516,664
USDA - Other	0	0	10,724	0	10,724
Adult Education State Grant Program	86,930	0	0	0	86,930
Vocational Education - Basic Grants to States	0	77,094	0	0	77,094
Other Vocational	0	12,418	0	0	12,418
Title I Grants to Local Education Agencies	0	813,792	0	0	813,792
Innovative Education Program Strategies	0	4,315	0	0	4,315
Special Education - Grants to States	16,785	712,133	0	0	728,918
Special Education Preschool Grants	0	59,136	0	0	59,136
English Language Acquisition Grants	0	20,805	0	0	20,805
Safe and Drug-Free Schools - State Grants	0	14,451	0	0	14,451
Rural Education	0	103,683	0	0	103,683
Eisenhower Professional Development State Grants	0	259,373	0	0	259,373
Other Federal through State	3,000	0	0	0	3,000
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	83,281	0	0	0	83,281
Total Federal Government	\$ 189,996	\$ 2,077,200	\$ 1,544,401	\$ 0	3,811,597
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 500,000	500,000
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 500,000	500,000
Total	\$ 22,834,884	\$ 2,077,200	\$ 1,936,402	\$ 500,000	27,348,486

Exhibit K-7

Haywood County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2008

General Fund

General Government

County Commission

Other Salaries and Wages	\$	18,540	
Board and Committee Members Fees		30,050	
Social Security		3,060	
State Retirement		293	
Life Insurance		1,154	
Other Fringe Benefits		4,500	
Audit Services		4,590	
Dues and Memberships		5,132	
Travel		709	
Other Contracted Services		1,918	
Other Charges		28,997	
Total County Commission			\$ 98,943

Beer Board

Secretary to Board	\$	400	
Board and Committee Members Fees		1,150	
Legal Notices, Recording, and Court Costs		257	
Total Beer Board			1,807

County Mayor/Executive

County Official/Administrative Officer	\$	66,655	
Accountants/Bookkeepers		63,979	
Secretary(ies)		21,381	
Educational Incentive - Official/Admin Officer		2,520	
Social Security		13,129	
State Retirement		22,954	
Employee and Dependent Insurance		13,627	
Life Insurance		650	
Unemployment Compensation		124	
Other Fringe Benefits		1,890	
Communication		4,925	
Data Processing Services		6,511	
Dues and Memberships		2,299	
Maintenance and Repair Services - Office Equipment		120	
Postal Charges		4,810	
Travel		7,062	
Library Books/Media		503	
Office Supplies		3,257	
Premiums on Corporate Surety Bonds		87	
Workers' Compensation Insurance		671	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Office Equipment	\$ 1,014	
Total County Mayor/Executive		\$ 238,168

County Attorney

County Official/Administrative Officer	\$ 5,400	
Social Security	413	
Operating Lease Payments	1,465	
Legal Services	13,982	
Duplicating Supplies	151	
Library Books/Media	6,906	
Total County Attorney		28,317

Election Commission

County Official/Administrative Officer	\$ 42,840	
Part-time Personnel	3,921	
Election Commission	4,000	
Election Workers	13,836	
Social Security	3,755	
State Retirement	3,682	
Life Insurance	161	
Unemployment Compensation	84	
Communication	3,505	
Data Processing Services	6,250	
Dues and Memberships	150	
Legal Notices, Recording, and Court Costs	1,814	
Maintenance Agreements	7,215	
Postal Charges	1,730	
Printing, Stationery, and Forms	1,446	
Travel	4,162	
Office Supplies	1,430	
Workers' Compensation Insurance	177	
Other Charges	27	
Data Processing Equipment	3,270	
Total Election Commission		103,455

Register of Deeds

County Official/Administrative Officer	\$ 56,312
Deputy(ies)	28,262
Temporary Personnel	98
Educational Incentive - Official/Admin Officer	2,520

(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.)

Social Security	\$	6,664	
State Retirement		11,129	
Employee and Dependent Insurance		3,712	
Life Insurance		324	
Unemployment Compensation		43	
Other Fringe Benefits		840	
Communication		1,371	
Dues and Memberships		599	
Postal Charges		286	
Printing, Stationery, and Forms		2,429	
Rentals		1,293	
Travel		973	
Office Supplies		112	
Premiums on Corporate Surety Bonds		44	
Workers' Compensation Insurance		340	
Data Processing Equipment		2,544	
Total Register of Deeds			\$ 119,895

Development

Supervisor/Director	\$	6,047	
Secretary(ies)		1,200	
Social Security		643	
State Retirement		788	
Life Insurance		66	
Unemployment Compensation		2	
Communication		586	
Contracts with Government Agencies		7,750	
Maintenance and Repair Services - Vehicles		1,055	
Gasoline		433	
Office Supplies		248	
Workers' Compensation Insurance		2,721	
Total Development			21,539

County Buildings

Supervisor/Director	\$	22,852
Custodial Personnel		42,489
Other Salaries and Wages		17,828
Social Security		6,956
State Retirement		10,592
Employee and Dependent Insurance		13,938

(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.)

Life Insurance	\$	451	
Unemployment Compensation		198	
Other Fringe Benefits		9,240	
Communication		658	
Maintenance Agreements		28,807	
Rentals		2,600	
Travel		1,489	
Custodial Supplies		3,930	
Duplicating Supplies		1,726	
Gasoline		306	
Utilities		51,411	
Other Supplies and Materials		34,609	
Vehicle and Equipment Insurance		435	
Workers' Compensation Insurance		4,525	
Building Improvements		10,617	
Office Equipment		10,804	
Total County Buildings			\$ 276,461

Finance

Accounting and Budgeting

Board and Committee Members Fees	\$	7,750	
Total Accounting and Budgeting			7,750

Property Assessor's Office

County Official/Administrative Officer	\$	56,312	
Deputy(ies)		104,914	
Educational Incentive - Official/Admin Officer		2,520	
Board and Committee Members Fees		694	
Social Security		12,439	
State Retirement		21,148	
Employee and Dependent Insurance		11,137	
Life Insurance		752	
Unemployment Compensation		160	
Other Fringe Benefits		2,310	
Communication		3,547	
Contracts with Private Agencies		19,242	
Data Processing Services		9,159	
Dues and Memberships		1,170	
Maintenance and Repair Services - Buildings		15	
Maintenance and Repair Services - Vehicles		495	

(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.)

Postal Charges	\$	1,782	
Rentals		7,600	
Travel		2,316	
Duplicating Supplies		154	
Gasoline		2,040	
Office Supplies		1,805	
Utilities		5,920	
Vehicle and Equipment Insurance		710	
Workers' Compensation Insurance		735	
Data Processing Equipment		5,844	
Motor Vehicles		18,202	
Office Equipment		1,433	
Total Property Assessor's Office			\$ 294,555

Reappraisal Program

Deputy(ies)	\$	13,474	
Social Security		970	
State Retirement		1,209	
Unemployment Compensation		39	
Data Processing Services		1,983	
Maintenance and Repair Services - Vehicles		35	
Gasoline		2,050	
Office Supplies		2,413	
Workers' Compensation Insurance		1,660	
Total Reappraisal Program			23,833

County Trustee's Office

Educational Incentive - Official/Admin Officer	\$	2,520	
Social Security		12,080	
State Retirement		21,341	
Employee and Dependent Insurance		16,115	
Life Insurance		734	
Unemployment Compensation		168	
Other Fringe Benefits		1,890	
Communication		3,848	
Data Processing Services		5,000	
Dues and Memberships		1,301	
Maintenance Agreements		1,802	
Maintenance and Repair Services - Office Equipment		555	
Postal Charges		5,594	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Printing, Stationery, and Forms	\$	2,527	
Office Supplies		2,919	
Premiums on Corporate Surety Bonds		1,918	
Workers' Compensation Insurance		650	
Other Charges		547	
Total County Trustee's Office			\$ 81,509

County Clerk's Office

Part-time Personnel	\$	700	
Educational Incentive - Official/Admin Officer		2,520	
Social Security		13,016	
State Retirement		16,674	
Employee and Dependent Insurance		20,499	
Life Insurance		787	
Unemployment Compensation		262	
Other Fringe Benefits		1,680	
Communication		2,112	
Dues and Memberships		397	
Operating Lease Payments		1,136	
Maintenance Agreements		13,079	
Postal Charges		3,406	
Printing, Stationery, and Forms		938	
Office Supplies		2,173	
Premiums on Corporate Surety Bonds		150	
Workers' Compensation Insurance		686	
Other Charges		543	
Data Processing Equipment		1,000	
Office Equipment		2,995	
Total County Clerk's Office			84,753

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	56,312	
Deputy(ies)		253,966	
Board and Committee Members Fees		350	
Jury and Witness Fees		4,124	
Social Security		23,641	
State Retirement		38,381	
Employee and Dependent Insurance		37,429	
Life Insurance		1,553	

(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.)

Unemployment Compensation	\$	467	
Other Fringe Benefits		5,880	
Communication		3,597	
Data Processing Services		9,673	
Dues and Memberships		492	
Maintenance and Repair Services - Office Equipment		110	
Postal Charges		2,701	
Printing, Stationery, and Forms		3,575	
Rentals		3,786	
Travel		2,773	
Office Supplies		3,059	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		1,208	
Other Charges		480	
Office Equipment		1,052	
Total Circuit Court			\$ 454,709

General Sessions Judge

Judge(s)	\$	144,480	
Secretary(ies)		26,421	
In-Service Training		820	
Social Security		10,271	
State Retirement		22,378	
Employee and Dependent Insurance		5,007	
Life Insurance		465	
Unemployment Compensation		42	
Other Fringe Benefits		840	
Dues and Memberships		517	
Postal Charges		48	
Travel		77	
Library Books/Media		828	
Office Supplies		427	
Workers' Compensation Insurance		669	
Office Equipment		750	
Total General Sessions Judge			214,040

General Sessions Court Clerk

Postal Charges	\$	1,545	
Printing, Stationery, and Forms		2,360	
Office Supplies		2,775	
Total General Sessions Court Clerk			6,680

(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

County Official/Administrative Officer	\$	56,312	
Deputy(ies)		53,047	
Educational Incentive - Official/Admin Officer		2,520	
Social Security		8,415	
State Retirement		12,790	
Employee and Dependent Insurance		3,720	
Life Insurance		481	
Unemployment Compensation		153	
Communication		1,412	
Dues and Memberships		492	
Postal Charges		582	
Printing, Stationery, and Forms		1,418	
Travel		375	
Office Supplies		1,035	
Premiums on Corporate Surety Bonds		100	
Workers' Compensation Insurance		648	
Data Processing Equipment		1,257	
Total Chancery Court			\$ 144,757

Juvenile Court

Youth Service Officer(s)	\$	26,088	
Social Security		1,742	
State Retirement		3,427	
Employee and Dependent Insurance		4,919	
Life Insurance		139	
Unemployment Compensation		42	
Other Fringe Benefits		210	
Communication		2,529	
Dues and Memberships		80	
Legal Services		1,350	
Postal Charges		51	
Travel		237	
Office Supplies		2,027	
Workers' Compensation Insurance		108	
Other Charges		313	
Total Juvenile Court			43,262

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	61,943	
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(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.)

Supervisor/Director	\$	37,813
Deputy(ies)		212,426
Detective(s)		39,633
Investigator(s)		37,467
Lieutenant(s)		81,318
Sergeant(s)		85,945
Salary Supplements		5,129
Guards		35,747
Secretary(ies)		50,632
Educational Incentive - Official/Admin Officer		2,520
Overtime Pay		21,263
In-Service Training		15,600
Social Security		50,817
State Retirement		79,032
Employee and Dependent Insurance		75,332
Life Insurance		2,791
Unemployment Compensation		1,062
Other Fringe Benefits		10,500
Communication		24,857
Dues and Memberships		1,708
Legal Notices, Recording, and Court Costs		216
Maintenance Agreements		4,500
Maintenance and Repair Services - Equipment		3,199
Maintenance and Repair Services - Office Equipment		3,673
Maintenance and Repair Services - Vehicles		28,828
Medical and Dental Services		2,632
Postal Charges		1,055
Printing, Stationery, and Forms		676
Travel		3,425
Tuition		8,810
Gasoline		83,640
Instructional Supplies and Materials		582
Law Enforcement Supplies		1,928
Library Books/Media		565
Office Supplies		3,173
Tires and Tubes		5,369
Uniforms		8,902
Other Supplies and Materials		1,563
Premiums on Corporate Surety Bonds		62
Vehicle and Equipment Insurance		4,583

(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.)

Workers' Compensation Insurance	\$	19,085	
Other Charges		187	
Data Processing Equipment		3,065	
Law Enforcement Equipment		8,577	
Motor Vehicles		31,917	
Other Equipment		1,432	
Total Sheriff's Department			\$ 1,165,179

Special Patrols

Deputy(ies)	\$	26,373	
Overtime Pay		424	
Social Security		2,044	
State Retirement		3,721	
Employee and Dependent Insurance		4,537	
Life Insurance		139	
Unemployment Compensation		55	
Maintenance and Repair Services - Vehicles		771	
Gasoline		2,343	
Uniforms		549	
Workers' Compensation Insurance		1,145	
Total Special Patrols			42,101

Jail

Assistant(s)	\$	32,005	
Supervisor/Director		36,181	
Deputy(ies)		362,379	
Secretary(ies)		26,641	
Cafeteria Personnel		64,155	
Overtime Pay		2,839	
Social Security		39,823	
State Retirement		61,137	
Employee and Dependent Insurance		70,510	
Life Insurance		2,728	
Unemployment Compensation		1,044	
Other Fringe Benefits		10,290	
Communication		5,023	
Maintenance Agreements		3,273	
Maintenance and Repair Services - Equipment		20,364	
Maintenance and Repair Services - Office Equipment		3,598	
Maintenance and Repair Services - Vehicles		946	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Medical and Dental Services	\$	237,802	
Postal Charges		84	
Printing, Stationery, and Forms		426	
Travel		3,019	
Custodial Supplies		10,526	
Drugs and Medical Supplies		72,755	
Food Supplies		101,014	
Gasoline		3,341	
Library Books/Media		214	
Office Supplies		2,674	
Prisoners Clothing		4,896	
Uniforms		5,573	
Utilities		63,524	
Other Supplies and Materials		2,154	
Vehicle and Equipment Insurance		745	
Workers' Compensation Insurance		14,226	
Building Improvements		6,248	
Food Service Equipment		722	
Office Equipment		304	
Total Jail			\$ 1,273,183

Workhouse

County Official/Administrative Officer	\$	37,471
Assistant(s)		12,649
Laborers		19,968
Social Security		5,040
State Retirement		8,309
Employee and Dependent Insurance		12,562
Life Insurance		327
Unemployment Compensation		132
Other Fringe Benefits		1,680
Communication		2,253
Maintenance and Repair Services - Buildings		400
Maintenance and Repair Services - Equipment		18,019
Veterinary Services		65
Other Contracted Services		2,839
Diesel Fuel		10,004
Fertilizer, Lime, and Seed		19,764
Gasoline		3,719
Utilities		7,764

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Vehicle and Equipment Insurance	\$	725	
Workers' Compensation Insurance		7,173	
Other Charges		103	
Other Equipment		11,280	
Total Workhouse			\$ 182,246

Fire Prevention and Control

Other Per Diem and Fees	\$	22,545	
Social Security		944	
State Retirement		1,611	
Life Insurance		102	
Unemployment Compensation		41	
Contracts with Government Agencies		193,144	
Maintenance and Repair Services - Equipment		5,609	
Maintenance and Repair Services - Vehicles		6,024	
Diesel Fuel		6,380	
Gasoline		1,687	
Other Supplies and Materials		2,843	
Vehicle and Equipment Insurance		35,734	
Workers' Compensation Insurance		1,066	
Motor Vehicles		236,951	
Total Fire Prevention and Control			514,681

Civil Defense

County Official/Administrative Officer	\$	30,678	
Part-time Personnel		10,267	
Social Security		3,191	
Life Insurance		124	
Unemployment Compensation		96	
Other Fringe Benefits		840	
Contracts with Government Agencies		19,788	
Vehicle and Equipment Insurance		145	
Workers' Compensation Insurance		2,828	
Other Charges		28,466	
Other Equipment		12,192	
Total Civil Defense			108,615

Rescue Squad

Contributions	\$	6,500	
Vehicle and Equipment Insurance		1,015	
Total Rescue Squad			7,515

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Medical Personnel	\$ 2,800	
Total County Coroner/Medical Examiner		\$ 2,800

Public Safety Grant Programs

Deputy(ies)	\$ 30,237	
Social Security	2,306	
State Retirement	4,032	
Employee and Dependent Insurance	3,116	
Life Insurance	112	
Unemployment Compensation	42	
Other Fringe Benefits	630	
Travel	1,212	
Workers' Compensation Insurance	950	
Total Public Safety Grant Programs		42,637

Other Public Safety

Contracts with Government Agencies	\$ 191,814	
Total Other Public Safety		191,814

Public Health and Welfare

Local Health Center

Custodial Personnel	\$ 15,388	
Social Security	847	
State Retirement	2,115	
Employee and Dependent Insurance	5,160	
Life Insurance	115	
Unemployment Compensation	42	
Other Fringe Benefits	840	
Communication	2,810	
Contracts with Government Agencies	17,154	
Maintenance and Repair Services - Buildings	5,616	
Postal Charges	1,281	
Custodial Supplies	1,187	
Drugs and Medical Supplies	2,756	
Office Supplies	1,753	
Utilities	9,080	
Workers' Compensation Insurance	69	
Total Local Health Center		66,213

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Contracts with Government Agencies	\$ 59,214	
Total Rabies and Animal Control		\$ 59,214

Ambulance/Emergency Medical Services

Assistant(s)	\$ 42,039
Supervisor/Director	52,971
Medical Personnel	2,000
Paraprofessionals	257,853
Secretary(ies)	26,184
Attendants	233,005
Part-time Personnel	30,945
Overtime Pay	32,249
In-Service Training	1,790
Social Security	49,892
State Retirement	80,645
Employee and Dependent Insurance	66,869
Life Insurance	2,714
Unemployment Compensation	1,084
Other Fringe Benefits	10,290
Communication	6,435
Data Processing Services	3,120
Dues and Memberships	321
Laundry Service	1,610
Licenses	990
Maintenance Agreements	1,375
Maintenance and Repair Services - Buildings	5,974
Maintenance and Repair Services - Vehicles	34,724
Postal Charges	820
Travel	1,513
Tuition	650
Custodial Supplies	3,005
Diesel Fuel	30,729
Drugs and Medical Supplies	27,666
Gasoline	3,635
Instructional Supplies and Materials	249
Office Supplies	4,926
Uniforms	6,333
Utilities	9,313
Other Supplies and Materials	1,475
Liability Insurance	17,450

(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.)

Refunds	\$	2,666	
Vehicle and Equipment Insurance		5,240	
Workers' Compensation Insurance		62,199	
Motor Vehicles		53,462	
Other Equipment		65,456	
Total Ambulance/Emergency Medical Services	\$		1,241,866

Dental Health Program

Paraprofessionals	\$	33,188	
Clerical Personnel		40,535	
Social Security		5,396	
State Retirement		9,214	
Employee and Dependent Insurance		9,801	
Life Insurance		346	
Unemployment Compensation		150	
Other Fringe Benefits		1,890	
Travel		2,502	
Workers' Compensation Insurance		399	
Total Dental Health Program			103,421

Alcohol and Drug Programs

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

Other Local Health Services

Contributions	\$	3,500	
Total Other Local Health Services			3,500

Social, Cultural, and Recreational Services

Parks and Fair Boards

County Official/Administrative Officer	\$	44,040	
Supervisor/Director		18,244	
Foremen		31,320	
Laborers		112,250	
Secretary(ies)		28,929	
Temporary Personnel		35,813	
Overtime Pay		3,425	
Social Security		20,903	
State Retirement		29,873	
Employee and Dependent Insurance		35,656	

(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.)

Life Insurance	\$	1,239	
Unemployment Compensation		605	
Other Fringe Benefits		5,040	
Communication		6,391	
Dues and Memberships		1,064	
Maintenance and Repair Services - Buildings		24,123	
Maintenance and Repair Services - Equipment		5,131	
Maintenance and Repair Services - Office Equipment		1,534	
Maintenance and Repair Services - Vehicles		9,506	
Pest Control		1,195	
Postal Charges		424	
Travel		3,652	
Custodial Supplies		11,025	
Fertilizer, Lime, and Seed		28,373	
Gasoline		14,513	
Office Supplies		7,552	
Utilities		74,361	
Other Supplies and Materials		12,394	
Refunds		6,785	
Vehicle and Equipment Insurance		2,148	
Workers' Compensation Insurance		9,775	
Other Charges		1,967	
Building Improvements		14,445	
Heating and Air Conditioning Equipment		12,138	
Maintenance Equipment		7,693	
Motor Vehicles		8,634	
Site Development		232,702	
Total Parks and Fair Boards			\$ 864,862

Other Social, Cultural, and Recreational

Attendants	\$	11,804	
Unemployment Compensation		6	
Contracts with Government Agencies		506	
Payments to Schools - Other USDA		109,884	
Other Supplies and Materials		8,071	
Other Charges		3,693	
Site Development		6,675	
Total Other Social, Cultural, and Recreational			140,639

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	120,293	
Custodial Personnel		578	
Part-time Personnel		7,680	
Social Security		797	
Unemployment Compensation		63	
Communication		4,850	
Licenses		976	
Travel		6,856	
Custodial Supplies		790	
Other Supplies and Materials		2,159	
Other Charges		15,695	
Data Processing Equipment		2,215	
Total Agriculture Extension Service			\$ 162,952

Forest Service

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

Soil Conservation

Secretary(ies)	\$	22,412	
Other Salaries and Wages		40,182	
Social Security		4,073	
State Retirement		8,375	
Employee and Dependent Insurance		10,321	
Life Insurance		301	
Unemployment Compensation		84	
Other Fringe Benefits		1,680	
Contributions		900	
Workers' Compensation Insurance		3,792	
Total Soil Conservation			92,120

Other Operations

Industrial Development

Engineering Services	\$	139,400	
Other Charges		8,125	
Land		965,485	
Site Development		6,334	
Total Industrial Development			1,119,344

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Other Salaries and Wages	\$	6,370	
Social Security		452	
Unemployment Compensation		38	
Communication		764	
Rentals		150	
Office Supplies		521	
Office Equipment		924	
Total Veterans' Services			\$ 9,219

Other Charges

Supervisor/Director	\$	24,448	
Social Security		2,055	
State Retirement		3,488	
Employee and Dependent Insurance		3,712	
Life Insurance		107	
Unemployment Compensation		42	
Other Fringe Benefits		4,200	
Communication		465	
Maintenance Agreements		1,357	
Custodial Supplies		29	
Office Supplies		70	
Total Other Charges			39,973

Contributions to Other Agencies

Contributions	\$	217,153	
Remittance of Revenue Collected		1,411	
Total Contributions to Other Agencies			218,564

Miscellaneous

Building and Contents Insurance	\$	20,725	
Liability Insurance		78,730	
Trustee's Commission		99,880	
Vehicle and Equipment Insurance		2,853	
Other Charges		10,335	
Total Miscellaneous			212,523

Principal on Debt

General Government

Principal on Capital Leases	\$	43,817	
Total General Government			43,817

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Interest on Debt

General Government

Interest on Capital Leases	\$ 5,045	
Total General Government		\$ 5,045

Total General Fund \$ 10,165,476

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Equipment Operators	\$ 97,367	
Overtime Pay	2,862	
Life Insurance	525	
Unemployment Compensation	1	
Other Fringe Benefits	5,040	
Legal Notices, Recording, and Court Costs	8,380	
Maintenance and Repair Services - Office Equipment	4,094	
Postal Charges	5,670	
Printing, Stationery, and Forms	801	
Diesel Fuel	44,662	
Equipment and Machinery Parts	20,674	
Gasoline	11,927	
Lubricants	1,163	
Office Supplies	1,043	
Tires and Tubes	11,747	
Other Supplies and Materials	1,436	
Other Charges	1,940	
Maintenance Equipment	5,514	
Total Waste Pickup		\$ 224,846

Other Operations

Other Charges

Trustee's Commission	\$ 3,681	
Vehicle and Equipment Insurance	16,689	
Workers' Compensation Insurance	7,676	
Total Other Charges		28,046

Employee Benefits

Social Security	\$ 7,443	
State Retirement	12,119	
Employee and Dependent Insurance	16,361	
Unemployment Compensation	205	
Total Employee Benefits		36,128

(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	\$ 40,546	
Total General Government		\$ 40,546

Interest on Debt

General Government

Interest on Capital Leases	\$ 2,899	
Total General Government		<u>2,899</u>

Total Solid Waste/Sanitation Fund		\$ 332,465
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Drug Control Fund

Public Safety

Drug Enforcement

Instructional Supplies and Materials	\$ 1,135	
Trustee's Commission	<u>79</u>	
Total Drug Enforcement		<u>\$ 1,214</u>

Total Drug Control Fund		1,214
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Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 169,661	
Total County Trustee's Office		\$ 169,661

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 177,898	
Total County Clerk's Office		177,898

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 8,640	
Total Chancery Court		<u>8,640</u>

Total Constitutional Officers - Fees Fund		356,199
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 64,266	
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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	\$	57,318	
Educational Incentive - Official/Admin Officer		2,520	
Longevity Pay		420	
Board and Committee Members Fees		13,200	
Communication		4,664	
Data Processing Services		6,150	
Dues and Memberships		3,338	
Legal Notices, Recording, and Court Costs		555	
Postal Charges		328	
Travel		2,353	
Drugs and Medical Supplies		1,090	
Electricity		11,186	
Office Supplies		1,465	
Other Charges		1,515	
Total Administration			\$ 170,368

Highway and Bridge Maintenance

Laborers	\$	411,692	
Asphalt		208,205	
Asphalt - Hot Mix		244,417	
Crushed Stone		87,549	
Fertilizer, Lime, and Seed		52,420	
Other Road Supplies		4,033	
Pipe		34,904	
Road Signs		1,515	
Wood Products		12,399	
Total Highway and Bridge Maintenance			1,057,134

Operation and Maintenance of Equipment

Laborers	\$	136,304	
Diesel Fuel		249,333	
Equipment and Machinery Parts		129,519	
Gasoline		169,396	
Lubricants		8,639	
Tires and Tubes		22,338	
Total Operation and Maintenance of Equipment			715,529

Other Charges

Liability Insurance	\$	3,882	
Trustee's Commission		28,842	

(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	\$	32,286	
Workers' Compensation Insurance		38,728	
Total Other Charges			\$ 103,738

Employee Benefits

Social Security	\$	50,113	
State Retirement		84,961	
Employee and Dependent Insurance		74,316	
Unemployment Compensation		424	
Other Fringe Benefits		3,137	
Total Employee Benefits			212,951

Capital Outlay

Engineering Services	\$	31,874	
Bridge Construction		165,722	
Highway Equipment		143,623	
State Aid Projects		320,630	
Other Capital Outlay		1,710	
Total Capital Outlay			663,559

Total Highway/Public Works Fund \$ 2,923,279

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	474,756	
Principal on Other Loans		450,000	
Total General Government			\$ 924,756

Interest on Debt

General Government

Interest on Bonds	\$	135,645	
Interest on Other Loans		179,384	
Total General Government			315,029

Other Debt Service

General Government

Trustee's Commission	\$	6,951	
Other Debt Issuance Charges		482	
Total General Government			7,433

Total General Debt Service Fund 1,247,218

(Continued)

Exhibit K-7

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

<u>General Capital Projects Fund</u>			
<u>Other Debt Service</u>			
<u>General Government</u>			
Underwriter's Discount	\$	30,625	
Other Debt Issuance Charges		<u>76,700</u>	
Total General Government			\$ 107,325
<u>Capital Projects</u>			
<u>Administration of Justice Projects</u>			
Architects	\$	440,935	
Engineering Services		4,173	
Building Construction		134,228	
Other Equipment		<u>10,000</u>	
Total Administration of Justice Projects			589,336
<u>Education Capital Projects</u>			
Contributions	\$	<u>500,000</u>	
Total Education Capital Projects			<u>500,000</u>
Total General Capital Projects Fund			\$ 1,196,661
<u>Community Development/Industrial Park Fund</u>			
<u>Capital Projects</u>			
<u>Public Health and Welfare Projects</u>			
Advertising	\$	355	
Engineering Services		41,258	
Other Contracted Services		22,000	
Other Construction		<u>537,175</u>	
Total Public Health and Welfare Projects			<u>\$ 600,788</u>
Total Community Development/Industrial Park Fund			600,788
<u>Other Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Other General Government Projects</u>			
Advertising	\$	4,985	
Contributions		50,000	
Engineering Services		49,785	
Other Charges		1,774	
Other Construction		<u>10,670</u>	
Total Other General Government Projects			<u>\$ 117,214</u>
Total Other Capital Projects Fund			<u>117,214</u>
Total Governmental Funds - Primary Government			<u>\$ 16,940,514</u>

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, 2008

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 7,458,824	
Career Ladder Program	100,129	
Career Ladder Extended Contracts	48,537	
Educational Assistants	646,983	
Other Salaries and Wages	9,466	
Certified Substitute Teachers	48,275	
Non-certified Substitute Teachers	61,736	
Social Security	485,807	
State Retirement	555,657	
Medical Insurance	858,364	
Dental Insurance	54,026	
Unemployment Compensation	8,984	
Employer Medicare	114,252	
Maintenance and Repair Services - Equipment	30,987	
Other Contracted Services	139,346	
Instructional Supplies and Materials	170,936	
Textbooks	199,608	
Other Supplies and Materials	116	
Other Charges	4,163	
Regular Instruction Equipment	79,427	
Total Regular Instruction Program		\$ 11,075,623

Alternative Instruction Program

Teachers	\$ 176,982	
Career Ladder Program	2,800	
Other Salaries and Wages	53,862	
Certified Substitute Teachers	32	
Non-certified Substitute Teachers	1,929	
Social Security	11,875	
State Retirement	16,258	
Medical Insurance	26,158	
Dental Insurance	1,231	
Unemployment Compensation	264	
Employer Medicare	3,230	
Other Contracted Services	25,627	
Instructional Supplies and Materials	791	
Other Charges	55	
Other Equipment	11,723	
Total Alternative Instruction Program		332,817

(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	\$	995,620	
Career Ladder Program		7,766	
Homebound Teachers		24,646	
Educational Assistants		24,809	
Speech Pathologist		44,681	
Other Salaries and Wages		5,490	
Certified Substitute Teachers		4,342	
Non-certified Substitute Teachers		7,080	
Social Security		64,807	
State Retirement		68,967	
Medical Insurance		112,582	
Dental Insurance		7,376	
Unemployment Compensation		1,112	
Employer Medicare		15,248	
Contracts with Other School Systems		24,023	
Other Contracted Services		4,636	
Instructional Supplies and Materials		20,889	
Textbooks		5,650	
Special Education Equipment		8,939	
Total Special Education Program			\$ 1,448,663

Vocational Education Program

Teachers	\$	401,761	
Career Ladder Program		2,000	
Other Salaries and Wages		450	
Certified Substitute Teachers		1,560	
Non-certified Substitute Teachers		6,642	
Social Security		24,309	
State Retirement		25,117	
Medical Insurance		25,952	
Dental Insurance		2,407	
Unemployment Compensation		476	
Employer Medicare		5,723	
Maintenance and Repair Services - Equipment		3,809	
Instructional Supplies and Materials		18,561	
T&I Construction Materials		7,636	
Textbooks		1,924	
Vocational Instruction Equipment		3,242	
Total Vocational Education Program			531,569

(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	\$	31,837	
Other Salaries and Wages		40	
Social Security		421	
State Retirement		427	
Unemployment Compensation		87	
Employer Medicare		462	
Instructional Supplies and Materials		<u>5,123</u>	
Total Adult Education Program			\$ 38,397

Support Services

Attendance

Supervisor/Director	\$	68,751	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		600	
Social Security		4,419	
State Retirement		4,515	
Medical Insurance		3,918	
Dental Insurance		311	
Unemployment Compensation		36	
Employer Medicare		1,034	
Travel		3,820	
Other Contracted Services		4,800	
Other Charges		<u>1,115</u>	
Total Attendance			96,319

Health Services

Medical Personnel	\$	77,355
Other Salaries and Wages		290
Social Security		4,472
State Retirement		4,827
Medical Insurance		8,747
Dental Insurance		311
Unemployment Compensation		74
Employer Medicare		1,046
Postal Charges		1,291
Travel		2,467
Other Contracted Services		200
Drugs and Medical Supplies		643
Other Supplies and Materials		42,700

(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.)

Health Services (Cont.)

In Service/Staff Development	\$	3,837	
Other Charges		411	
Health Equipment		4,156	
Total Health Services			\$ 152,827

Other Student Support

Career Ladder Program	\$	5,000	
Guidance Personnel		320,217	
Psychological Personnel		24,319	
Assessment Personnel		24,333	
Attendants		30,488	
Other Salaries and Wages		1,181	
Social Security		23,416	
State Retirement		27,376	
Medical Insurance		44,299	
Dental Insurance		2,127	
Unemployment Compensation		381	
Employer Medicare		5,476	
Contracts with Government Agencies		6,000	
Evaluation and Testing		37,996	
Travel		256	
Other Contracted Services		21,933	
Other Supplies and Materials		321	
Other Charges		11,291	
Other Equipment		23,688	
Total Other Student Support			610,098

Regular Instruction Program

Supervisor/Director	\$	154,771
Career Ladder Program		12,558
Career Ladder Extended Contracts		200
Librarians		246,799
Instructional Computer Personnel		92,439
Other Salaries and Wages		33,200
Social Security		29,730
State Retirement		33,786
Medical Insurance		39,596
Dental Insurance		3,014
Unemployment Compensation		437

(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.)

Regular Instruction Program (Cont.)

Employer Medicare	\$	7,455	
Travel		9,672	
Other Contracted Services		2,970	
Library Books/Media		29,580	
Other Supplies and Materials		352	
In Service/Staff Development		3,665	
Other Equipment		1,948	
Total Regular Instruction Program			\$ 702,172

Alternative Instruction Program

Supervisor/Director	\$	60,217	
Career Ladder Program		1,000	
Social Security		3,766	
State Retirement		3,820	
Medical Insurance		660	
Dental Insurance		311	
Unemployment Compensation		36	
Employer Medicare		881	
Travel		601	
Other Supplies and Materials		1,803	
Total Alternative Instruction Program			73,095

Special Education Program

Supervisor/Director	\$	65,091	
Career Ladder Program		3,000	
Assessment Personnel		53,319	
Social Security		7,276	
State Retirement		7,576	
Medical Insurance		7,835	
Dental Insurance		623	
Unemployment Compensation		74	
Employer Medicare		1,702	
Travel		10,054	
Other Supplies and Materials		199	
In Service/Staff Development		5,520	
Total Special Education Program			162,269

Vocational Education Program

Supervisor/Director	\$	65,476	
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(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.)

Career Ladder Program	\$	3,000	
Career Ladder Extended Contracts		600	
Secretary(ies)		38,122	
Social Security		6,447	
State Retirement		9,278	
Medical Insurance		3,781	
Dental Insurance		311	
Unemployment Compensation		109	
Employer Medicare		1,508	
Travel		6,197	
Other Contracted Services		3,463	
Other Supplies and Materials		2,430	
In Service/Staff Development		7,060	
Total Vocational Education Program			\$ 147,782

Adult Programs

Supervisor/Director	\$	9,541	
Career Ladder Program		400	
Other Salaries and Wages		24,830	
Social Security		1,958	
State Retirement		3,856	
Medical Insurance		5,398	
Dental Insurance		85	
Unemployment Compensation		36	
Employer Medicare		458	
Travel		1,633	
In Service/Staff Development		904	
Other Charges		2,871	
Total Adult Programs			51,970

Other Programs

On-Behalf Payments to OPEB	\$	104,559	
Total Other Programs			104,559

Board of Education

Secretary to Board	\$	3,001	
Board and Committee Members Fees		6,575	
Social Security		589	
State Retirement		187	

(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.)

Medical Insurance	\$	23	
Dental Insurance		11	
Unemployment Compensation		1	
Employer Medicare		138	
Audit Services		5,250	
Dues and Memberships		8,220	
Legal Services		1,386	
Travel		12,094	
Other Contracted Services		37,140	
Other Supplies and Materials		7,634	
Liability Insurance		23,675	
Premiums on Corporate Surety Bonds		87	
Trustee's Commission		140,314	
Workers' Compensation Insurance		149,456	
Criminal Investigation of Applicants - TBI		2,412	
Other Charges		11,602	
Total Board of Education			\$ 409,795

Director of Schools

County Official/Administrative Officer	\$	92,045	
Assistant(s)		82,359	
Career Ladder Program		1,000	
Clerical Personnel		74,210	
Social Security		15,187	
State Retirement		20,615	
Medical Insurance		4,643	
Dental Insurance		300	
Unemployment Compensation		181	
Employer Medicare		3,552	
Communication		13,086	
Dues and Memberships		2,125	
Postal Charges		7,755	
Travel		9,247	
Other Contracted Services		6,431	
Office Supplies		8,128	
Other Charges		3,001	
Administration Equipment		1,947	
Total Director of Schools			345,812

(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

Principals	\$	385,849	
Career Ladder Program		17,001	
Accountants/Bookkeepers		35,804	
Career Ladder Extended Contracts		21,761	
Assistant Principals		438,925	
Secretary(ies)		217,993	
Social Security		64,586	
State Retirement		83,896	
Medical Insurance		109,392	
Dental Insurance		4,004	
Unemployment Compensation		1,078	
Employer Medicare		15,104	
Communication		49,629	
Dues and Memberships		2,950	
Travel		5,657	
Other Contracted Services		18,770	
Other Supplies and Materials		4,139	
In Service/Staff Development		383	
Other Charges		2,548	
Administration Equipment		4,435	
Total Office of the Principal			\$ 1,483,904

Fiscal Services

Supervisor/Director	\$	74,228	
Accountants/Bookkeepers		71,777	
Clerical Personnel		54,766	
Social Security		11,300	
State Retirement		26,161	
Medical Insurance		18,554	
Unemployment Compensation		182	
Employer Medicare		2,643	
Data Processing Services		882	
Maintenance and Repair Services - Equipment		95	
Travel		667	
Other Contracted Services		6,537	
Data Processing Supplies		3,647	
Other Supplies and Materials		2,008	
In Service/Staff Development		510	
Administration Equipment		733	
Total Fiscal Services			274,690

(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

Other Salaries and Wages	\$	1,300	
Social Security		81	
Unemployment Compensation		7	
Employer Medicare		19	
Maintenance and Repair Services - Equipment		235	
Other Contracted Services		591,570	
Custodial Supplies		783	
Electricity		487,915	
Natural Gas		169,324	
Water and Sewer		62,533	
Boiler Insurance		5,412	
Building and Contents Insurance		98,589	
Total Operation of Plant			\$ 1,417,768

Maintenance of Plant

Supervisor/Director	\$	41,234	
Maintenance Personnel		116,653	
Social Security		9,396	
State Retirement		20,573	
Medical Insurance		14,051	
Unemployment Compensation		218	
Employer Medicare		2,197	
Laundry Service		1,854	
Maintenance and Repair Services - Buildings		247,563	
Maintenance and Repair Services - Equipment		13,206	
Other Contracted Services		85,986	
Other Supplies and Materials		37,235	
Other Charges		3,047	
Maintenance Equipment		57	
Total Maintenance of Plant			593,270

Transportation

Supervisor/Director	\$	38,427
Mechanic(s)		133,676
Bus Drivers		558,601
Social Security		44,650
State Retirement		82,818
Medical Insurance		9,268
Dental Insurance		171

(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.)

Unemployment Compensation	\$	1,804	
Employer Medicare		10,442	
Communication		20,239	
Contracts with Parents		954	
Laundry Service		1,974	
Maintenance and Repair Services - Vehicles		75,955	
Medical and Dental Services		8,791	
Diesel Fuel		246,419	
Equipment and Machinery Parts		223	
Gasoline		23,112	
Lubricants		7,956	
Tires and Tubes		45,017	
Vehicle Parts		70,520	
Other Supplies and Materials		30,173	
Vehicle and Equipment Insurance		30,439	
In Service/Staff Development		1,172	
Other Charges		16,145	
Transportation Equipment		532,586	
Total Transportation			\$ 1,991,532

Operation of Non-Instructional Services

Early Childhood Education

Teachers	\$	254,257	
Educational Assistants		101,010	
Other Salaries and Wages		205	
Certified Substitute Teachers		358	
Non-certified Substitute Teachers		1,571	
Social Security		20,511	
State Retirement		27,897	
Medical Insurance		33,958	
Dental Insurance		1,848	
Unemployment Compensation		501	
Employer Medicare		4,802	
Other Contracted Services		425	
Instructional Supplies and Materials		22,477	
In Service/Staff Development		9,728	
Other Charges		8,657	
Other Equipment		86,137	
Total Early Childhood Education			574,342

(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.)

Capital Outlay

Regular Capital Outlay

Architects	\$ 41,488	
Building Improvements	514,117	
Total Regular Capital Outlay		\$ 555,605

Other Debt Service

Education

Contributions	\$ 23,461	
Other Debt Service	243,923	
Total Education		267,384

Total General Purpose School Fund \$ 23,442,262

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 530,754	
Educational Assistants	187,776	
Other Salaries and Wages	4,022	
Certified Substitute Teachers	325	
In-Service Training	4,860	
Non-certified Substitute Teachers	2,568	
Social Security	42,744	
State Retirement	57,558	
Medical Insurance	69,801	
Dental Insurance	3,606	
Unemployment Compensation	1,009	
Employer Medicare	10,001	
Other Contracted Services	13,430	
Instructional Supplies and Materials	33,024	
Other Supplies and Materials	2,294	
Regular Instruction Equipment	25,981	
Total Regular Instruction Program		\$ 989,753

Alternative Instruction Program

Other Salaries and Wages	\$ 586	
Social Security	36	
State Retirement	77	
Unemployment Compensation	3	
Employer Medicare	8	
Total Alternative Instruction Program		710

(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.)

Special Education Program

Teachers	\$	37,755	
Educational Assistants		363,025	
Social Security		23,438	
State Retirement		47,438	
Medical Insurance		19,634	
Unemployment Compensation		880	
Employer Medicare		5,481	
Other Contracted Services		59,058	
Instructional Supplies and Materials		20,248	
Textbooks		6,210	
Other Supplies and Materials		4,563	
Total Special Education Program			\$ 587,730

Vocational Education Program

Teachers	\$	10,966	
Social Security		680	
State Retirement		684	
Unemployment Compensation		36	
Employer Medicare		159	
Instructional Supplies and Materials		20,736	
Vocational Instruction Equipment		6,372	
Total Vocational Education Program			39,633

Support Services

Other Student Support

Other Salaries and Wages	\$	11,123	
Unemployment Compensation		36	
Employer Medicare		161	
Travel		9,270	
Other Contracted Services		12,040	
Other Supplies and Materials		1,205	
In Service/Staff Development		2,063	
Other Charges		3,135	
Total Other Student Support			39,033

Regular Instruction Program

Supervisor/Director	\$	34,375	
In-Service Training		1,963	
Social Security		2,226	

(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.)

Regular Instruction Program (Cont.)

State Retirement	\$	2,240	
Unemployment Compensation		6	
Employer Medicare		521	
Other Supplies and Materials		1,877	
In Service/Staff Development		64,819	
Total Regular Instruction Program			\$ 108,027

Special Education Program

Psychological Personnel	\$	26,435	
Assessment Personnel		26,452	
Social Security		2,876	
State Retirement		3,300	
Medical Insurance		12,115	
Dental Insurance		623	
Unemployment Compensation		44	
Employer Medicare		673	
Travel		3,152	
Other Supplies and Materials		1,365	
In Service/Staff Development		4,764	
Total Special Education Program			81,799

Vocational Education Program

In-Service Training	\$	4,410	
Social Security		273	
State Retirement		275	
Unemployment Compensation		1	
Employer Medicare		64	
Travel		12,197	
Other Supplies and Materials		3,581	
In Service/Staff Development		9,108	
Vocational Instruction Equipment		2,242	
Total Vocational Education Program			32,151

Transportation

Bus Drivers	\$	1,768	
Social Security		109	
State Retirement		225	
Unemployment Compensation		5	
Employer Medicare		26	

(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.)

Transportation (Cont.)

Contracts with Parents	\$ 4,363	
Total Transportation		\$ 6,496

Total School Federal Projects Fund \$ 1,885,332

Central Cafeteria Fund

Support Services

Board of Education

Refund to Applicant for Criminal Investigation	\$ 192	
Total Board of Education		\$ 192

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 56,235	
Accountants/Bookkeepers	35,531	
Clerical Personnel	28,311	
Cafeteria Personnel	676,003	
Other Salaries and Wages	19,750	
Social Security	48,183	
State Retirement	96,712	
Medical Insurance	29,351	
Unemployment Compensation	2,178	
Employer Medicare	11,268	
Other Fringe Benefits	20,864	
Communication	4,822	
Maintenance and Repair Services - Equipment	22,120	
Transportation - Other than Students	11,394	
Travel	7,560	
Other Contracted Services	5,328	
Food Preparation Supplies	73,955	
Food Supplies	790,967	
Office Supplies	5,389	
Uniforms	2,090	
Other Supplies and Materials	19,137	
In Service/Staff Development	1,739	
Other Charges	749	
Total Food Service		<u>1,969,636</u>

Total Central Cafeteria Fund 1,969,828

(Continued)

Exhibit K-8

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

<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Building Improvements	\$ 171,247	
Total Education Capital Projects		\$ 171,247
Total Education Capital Projects Fund		\$ 171,247
Total Governmental Funds - Haywood County School Department		\$ 27,468,669

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, 2008

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,114,593
Total Cash Receipts	<u>\$ 1,114,593</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,103,447
Trustee's Commission	11,146
Total Cash Disbursements	<u>\$ 1,114,593</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2007	<u>0</u>
Cash Balance, June 30, 2008	<u><u>\$ 0</u></u>

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 19, 2008

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, 2008, which collectively comprise Haywood County's basic financial statements and have issued our report thereon dated November 19, 2008. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Haywood County Utility District and the Haywood County Emergency Communications District, which were not available from other auditors as of the date of this report. Our report on the aggregate remaining fund information 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: 08.01, 08.02, 08.03, 08.04, 08.05, 08.06, and 08.07.

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 material weaknesses. However, of the significant deficiencies described above, we consider items 08.01 and 08.04 to be material weaknesses.

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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We consider item 08.08 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/sb

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
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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 19, 2008

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, 2008. 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, 2008.

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, 2008, and have issued our report thereon dated November 19, 2008. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Haywood County Utility District and the Haywood County Emergency Communications District, which were not available from other auditors as of

the date of this report. Our report on the aggregate remaining fund information 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 cursive script that reads "John G. Morgan". The signature is written in black ink and is positioned below the text "Yours very truly,".

John G. Morgan
Comptroller of the Treasury

JGM/sb

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Haywood County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2008

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	\$ 112,851 (9)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	516,664
National School Lunch Program	10.555	N/A	1,017,013 (9)
Summer Food Service Program for Children	10.559	N/A	10,724
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	(3)	121,254
Total U.S. Department of Agriculture			<u>\$ 1,778,506</u>
U.S. Department of Commerce:			
Direct Federal Grant:			
Economic Development - Support for Planning Organizations	11.302	04-69-05960	\$ 74,250
Total U.S. Department of Commerce			<u>\$ 74,250</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	\$ 430,984
Total U.S. Department of Housing and Urban Development			<u>\$ 430,984</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(4)	\$ 9,315
Total U.S. Department of Justice			<u>\$ 9,315</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(5)	\$ 86,930
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	794,177
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	740,492
Special Education - Preschool Grants	84.173	N/A	59,136
Career and Technical Education - Basic Grants to States	84.048	N/A	93,094
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	14,352
State Grants for Innovative Programs	84.298	N/A	52,122
Education Technology State Grants	84.318	(2)	6,199
English Language Acquisition Grants	84.365	N/A	16,405
Improving Teacher Quality State Grants	84.367	N/A	232,959
Total U.S. Department of Education			<u>\$ 2,095,866</u>
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
Promoting Safe and Stable Families	93.556	(2)	\$ 33,300
Total U.S. Department of Labor			<u>\$ 33,300</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>

(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 Homeland Security: Passed-through State Department of Military: Homeland Security Grant Program	97.067	GG-07-20647	\$ 28,463
Total U.S. Department of Homeland Security			\$ 28,463
Total Expenditures of Federal Awards			\$ 4,453,684
<u>State Grants</u>		Contract Number	
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 7,210
Public Safety Grant - State Department of Transportation	N/A	(6)	9,960
Rural Local Health Services - State Department of Health	N/A	(7)	114,486
Delta Rural Health - Lebonheur Methodist Hospital	N/A	(2)	9,832
Preventive Health and Human Services - State Department of Health	N/A	GG0823341	15,789
Community Enhancement Grant - Tennessee Secretary of State	N/A	(2)	15,000
Circuit Court Sound System - State Administrative Office of the Courts	N/A	(2)	8,000
Local Parks and Recreation Fund - Tennessee Secretary of State	N/A	Z-07-031361-00	86,125
Computer Equipment - Tennessee Secretary of State	N/A	Z-08-201078	1,773
Litter Grant - State Department of Transportation	N/A	(8)	29,796
Coordinated School Health Expansion - State Department of Education	N/A	(2)	95,000
Safe Schools Act - State Department of Education	N/A	(2)	24,000
Optional Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	10,179
Recycling Equipment Grant - State Department of Environment and Conservation	N/A	(2)	24,412
Total State Grants			\$ 451,562

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) DA0700143: \$33,763; DA0821473: \$87,491
- (4) Z-08-023233: \$315; Z-08-022767: \$9,000.
- (5) Z-08-201216-00: \$15,993; Z-08-020788-01: \$70,937
- (6) Z-07-035825: \$5,000; Z-08-023809: \$4,960
- (7) Z-07-031556: \$10,065; Z-08-020352: \$104,421
- (8) Z-06-027968: \$29,167; Z-08-021003: \$629
- (9) Total for CFDA No. 10.555 is \$1,129,864.

Haywood County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2008

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, for the year ended June 30, 2007, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.01	164	Expenditures exceeded appropriations
07.02	164	The Solid Waste Disposal Fund had a deficit in unrestricted net assets

OFFICE OF CHIEF ADMINISTRATIVE HIGHWAY OFFICER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.05	165	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>
07.06	166	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, 2008

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. Two of these conditions were considered to be material weaknesses.
3. The audit disclosed no 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 Community Development Block Grant (CFDA No. 14.228); and the Title I Grants to Local Educational Agencies (CFDA No. 84.010); 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.

HAYWOOD COUNTY AND HAYWOOD COUNTY SCHOOL DEPARTMENT

FINDING 08.01 HAYWOOD COUNTY AND THE HAYWOOD COUNTY SCHOOL DEPARTMENT DO NOT HAVE THE RESOURCES TO PRODUCE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

(Internal Control – Material Weakness Under Government Auditing Standards)

Generally accepted auditing standards require that Haywood County's and the Haywood County School Department's financial statements be the product of financial reporting systems that offer reasonable assurance that management is able to produce financial statements and notes to the financial statements that comply with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires that the county and the School Department have internal controls over reporting government-wide and fund financial information and preparing the related notes. It is permissible for us, as the external auditors, to assist the county and the School Department in preparing their financial statements and notes as a matter of convenience as long as the county and the School Department have the skills needed to prepare their financial statements and notes. However, management, including the accounting staff, does not have the technical skills to prepare GAAP financial statements and disclosures. The inability to prepare financial statements and notes is an indication of a lack of controls, or ineffective controls, because material misstatements may not be detected.

RECOMMENDATION

Haywood County and the School Department should develop the ability to produce financial statements and notes to the financial statements that comply with GAAP. This could include having at least one staff member trained in financial statement preparation. This staff member should have sufficient skills necessary to prepare a complete set of year-end financial statements even though the external auditors prepare the county's and the School Department's financial statements as a matter of convenience. If we, as the external auditors, continue to prepare the county's and the School Department's financial statements, this individual must have sufficient knowledge to determine the completeness of financial statement information and disclosures.

OFFICE OF COUNTY MAYOR

FINDING 08.02 **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 \$1,421,258 in unrestricted net assets at June 30, 2008. This deficit resulted from the recognition of a liability (\$1,794,304) in the financial statements for future 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. This deficiency exists because of the failure of management to correct the finding noted in prior audit reports and results in inadequate financing to fund the liability.

RECOMMENDATION

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

FINDING 08.03 **THE AMBULANCE AUTHORITY AND THE SOLID WASTE/ LANDFILL OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The following weaknesses regarding computer system backup procedures in the Ambulance Authority and the Solid Waste/Landfill Office were identified during the audit period:

- A. System backups were not stored off-site. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process.
- B. A backup log was not maintained. If system backups are not labeled and inventoried systematically, discrepancies may occur and affect the integrity of system backups in the event of a hardware or software failure.
- C. Backups were not tested to ensure reliability. If backup integrity is not periodically tested, accurate backup data may not be available in the event of a disaster.

Sound business practices dictate that proper internal controls be implemented. Since the Ambulance Authority and the Solid Waste/Landfill Office were unaware of the importance of these controls, they were not implemented until several months into the fiscal year. Proper system backup procedures are now in place.

OFFICE OF CHIEF ADMINISTRATIVE HIGHWAY OFFICER

FINDING 08.04 **THE HIGHWAY/PUBLIC WORKS FUND REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**

(Internal Control – Material Weakness Under Government Auditing
Standards)

Generally accepted accounting principles require the Highway Department to have adequate internal controls over the maintenance of its accounting records. At June 30, 2008, certain general ledger account balances in the Highway/Public Works Fund were not materially correct, and audit adjustments were required for the financial statements to be materially correct at year-end. Therefore, the department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. Although it is permissible for us, as the external auditors, to assist the Highway Department in preparing its financial statements, it is a strong indicator of a material weakness in internal controls if the Highway Department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

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

FINDING 08.05 **THE HIGHWAY DEPARTMENT DID NOT MAINTAIN A SYSTEM TO ACCOUNT FOR MATERIALS USED ON SOME TYPES OF ROAD PROJECTS**

(Internal Control – Significant Weakness 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. Sound business practice dictates the accountability of road materials. This deficiency exists because of the failure of management to correct the audit finding noted in a prior report. The failure to maintain a system to document the use of road materials results in a loss of control over the assets and increases the risk of inventory loss.

RECOMMENDATION

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

OFFICE OF JUVENILE COURT CLERK

FINDING 08.06 **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The following weaknesses regarding computer system backup procedures in the office were identified during the audit period:

- A. System backups were not performed on a routine basis. Inadequate backup procedures could result in the loss of data in the event of a hardware or software failure. Without current system backups, the cost of re-creating data could be substantial.
- B. System backups were not stored off-site. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process.
- C. A backup log was not maintained. If system backups are not labeled and inventoried systematically, discrepancies may occur and affect the integrity of system backups in the event of a hardware or software failure.
- D. Backups were not tested to ensure reliability. If backup integrity is not periodically tested, accurate backup data may not be available in the event of a disaster.

Sound business practices dictate that proper internal controls be implemented. Since the office was unaware of the importance of these controls, they were not implemented until several months into the fiscal year. Proper system backup procedures are now in place.

OFFICES OF TRUSTEE, COUNTY CLERK, AND CIRCUIT COURT CLERK

FINDING 08.07 **THE TRUSTEE, COUNTY CLERK, AND CIRCUIT COURT CLERK DID NOT REVIEW THEIR SOFTWARE AUDIT LOGS**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

The software applications used by the trustee, county clerk, and juvenile court clerk generated daily audit logs that displayed changes made by users. Since these logs provide the only audit trails of the changes, they should be reviewed daily for inappropriate activity. Because management was not aware of their importance, officials did not begin reviewing these logs until several months into the fiscal year. Procedures for reviewing these logs are currently in place.

OTHER FINDING AND RECOMMENDATION

FINDING 08.08 **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. Sound business practice dictates that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort.

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.

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**HAYWOOD COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2008**

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