

**ANNUAL FINANCIAL REPORT**  
**HAYWOOD COUNTY, TENNESSEE**

**FOR THE YEAR ENDED JUNE 30, 2016**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT  
HAYWOOD COUNTY, TENNESSEE  
FOR THE YEAR ENDED JUNE 30, 2016**

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

***DIVISION OF LOCAL GOVERNMENT AUDIT  
JAMES R. ARNETTE  
Director***

***LEE ANN WEST, CPA, CGFM  
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ELISHA CROWELL, CISA, CFE  
State Auditors***

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

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## HAYWOOD COUNTY, TENNESSEE

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# *Summary of Audit Findings*

Annual Financial Report  
Haywood County, Tennessee  
For the Year Ended June 30, 2016

## *Scope*

We have audited the basic financial statements of Haywood County as of and for the year ended June 30, 2016.

## *Results*

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

Our audit resulted in 11 findings and recommendations, which we have reviewed with Haywood County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

## *Findings*

The following are summaries of the audit findings:

### **OFFICE OF COUNTY MAYOR**

- ◆ The Solid Waste Disposal Fund had a deficit in unrestricted net position.
- ◆ Lease-purchase agreements were not issued in compliance with state statutes.
- ◆ The office had deficiencies in purchasing procedures.
- ◆ County officials did not adequately control access to the courthouse offices.
- ◆ The Community Development/Industrial Park Fund had a cash overdraft and a deficit in unassigned fund balance at June 30, 2016.
- ◆ The office used a signature stamp for vendor and payroll checks.
- ◆ The office had deficiencies in computer system backup procedures.

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### **OFFICE OF CHIEF ADMINISTRATIVE HIGHWAY OFFICER**

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

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### **OFFICES OF SOLID WASTE AND CHIEF ADMINISTRATIVE HIGHWAY OFFICER**

- ◆ Duties were not segregated adequately.

## **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ Amounts withheld from contractor payments were not deposited into an escrow account.
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## **OFFICE OF TRUSTEE**

- ◆ The trustee paid checks issued by the Community Development/Industrial Park Fund that exceeded available funds.

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# INTRODUCTORY SECTION

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# Haywood County Officials

## June 30, 2016

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### **Officials**

Franklin Smith, County Mayor  
Greg McCarley, Chief Administrative Highway Officer  
Teresa Russell, Director of Schools  
William Howse, Trustee  
Dare Simpson, Assessor of Property  
Sonya Castellaw, County Clerk  
Mary Lonon, Circuit, General Sessions, and Juvenile Courts Clerk  
Sarah Levy, Clerk and Master  
Steve Smith, Register of Deeds  
Melvin Bond, Sheriff

### **Board of County Commissioners**

Franklin Smith, County Mayor, Chairman	Chris Lea
Joe Barden	James Morgan
Becky Booth	Alan O'Quin
Kathy Chapman	Jeffrey Richmond
Wally Eubanks	Janice Rogers
John Gorman, Jr.	Freddy Smith
Robert Green	Jerry Smith
Sheronda Green	Larry Stanley
Richard Jameson	Joe Stephens
Leonard Jones, Jr.	Marjorie Vaulx
Allen King	

### **Highway Commission**

Robert English, Jr., Chairman  
Milton Booth  
James Boyd  
George Floyd  
Willie Ross

### **Board of Education**

Harold Garrett, Chairman  
Allen Currie  
Olivia Farrington  
Harrison Jones  
Greg Vanstory

### **Audit Committee**

Pam Deen White, Chairman  
Steve Correa  
Lenoard Jones, Jr.  
Greg Vanstory

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## FINANCIAL SECTION

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Haywood County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Haywood County Utility District. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Haywood County Utility District is based solely on the reports of other auditors. We were unable to determine Haywood County Utility District's respective percentage of the assets, net position, and revenues of the aggregate discretely presented component units because the Haywood County Emergency Communications District, a component unit requiring discrete presentation, was not included in the county's financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable

to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Haywood County, Tennessee, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note V.B., Haywood County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68*, and *Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards

Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension asset and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension assets, and schedule of funding progress – other postemployment benefits plans on pages 95-102 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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.

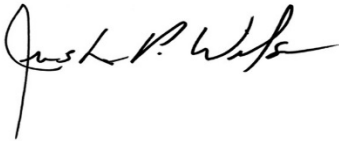
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Haywood County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, 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 miscellaneous schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2017, on our consideration of Haywood County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Haywood County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the end.

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

February 16, 2017

JPW/yu

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Haywood County, Tennessee  
Statement of Net Position  
June 30, 2016

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Haywood	Haywood
				School Department	County Utility District
<b><u>ASSETS</u></b>					
Cash	\$ 34,790	\$ 0	\$ 34,790	\$ 0	\$ 337,842
Equity in Pooled Cash and Investments	8,726,250	153,282	8,879,532	4,301,100	0
Accounts Receivable	1,266,952	738,554	2,005,506	21,025	31,921
Allowance for Uncollectibles	(215,240)	(221,386)	(436,626)	0	0
Due from Other Governments	799,240	5,250	804,490	515,084	0
Due from Primary Government	0	0	0	63,183	0
Property Taxes Receivable	7,085,703	0	7,085,703	4,036,101	0
Allowance for Uncollectible Property Taxes	(193,307)	0	(193,307)	(110,109)	0
Net Pension Asset - Teacher Retirement Plan	0	0	0	16,232	0
Capital Assets:					
Assets Not Depreciated:					
Land	4,374,111	235,000	4,609,111	143,868	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	10,280,489	77,439	10,357,928	13,142,713	3,234,297
Infrastructure	6,099,803	0	6,099,803	0	0
Other Capital Assets	3,571,206	309,218	3,880,424	1,242,049	0
<b>Total Assets</b>	<b>\$ 41,829,997</b>	<b>\$ 1,297,357</b>	<b>\$ 43,127,354</b>	<b>\$ 23,371,246</b>	<b>\$ 3,604,060</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>					
Deferred Amount on Refunding	\$ 273,922	\$ 0	\$ 273,922	\$ 0	\$ 0
Pension Changes in Experience	281,324	8,492	289,816	324,231	0
Pension Other Deferrals	0	0	0	1,073	0
Pension Contributions After Measurement Date	627,582	18,930	646,512	1,610,638	0
<b>Total Deferred Outflows of Resources</b>	<b>\$ 1,182,828</b>	<b>\$ 27,422</b>	<b>\$ 1,210,250</b>	<b>\$ 1,935,942</b>	<b>\$ 0</b>
<b><u>LIABILITIES</u></b>					
Accounts Payable	\$ 241,405	\$ 66,605	\$ 308,010	\$ 16,916	\$ 17,313
Payroll Deductions Payable	81,122	1,664	82,786	639,884	0
Cash Overdraft	4,732	0	4,732	0	0
Retainage Payable	0	0	0	32,490	0
Due to Component Units	51,270	0	51,270	0	0
Due to State of Tennessee	2,909	143	3,052	0	0
Accrued Interest Payable	50,582	0	50,582	0	7,311
Customer Deposits Payable	0	0	0	0	22,835
Noncurrent Liabilities:					
Due Within One Year	1,341,881	81,843	1,423,724	0	12,010
Due in More Than One Year	15,984,350	1,869,333	17,853,683	825,525	412,349
<b>Total Liabilities</b>	<b>\$ 17,758,251</b>	<b>\$ 2,019,588</b>	<b>\$ 19,777,839</b>	<b>\$ 1,514,815</b>	<b>\$ 471,818</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Deferred Current Property Taxes	\$ 6,414,096	\$ 0	\$ 6,414,096	\$ 3,639,346	\$ 0
Pension Changes in Experience	148,570	4,485	153,055	2,227,342	0
Pension Changes in Investment Earnings	220,933	6,669	227,602	1,042,432	0
Pension Other Deferrals	0	0	0	20,737	0
<b>Total Deferred Inflows of Resources</b>	<b>\$ 6,783,599</b>	<b>\$ 11,154</b>	<b>\$ 6,794,753</b>	<b>\$ 6,929,857</b>	<b>\$ 0</b>

(Continued)



Exhibit A

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

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Haywood County School Department	Haywood County Utility District
<b><u>NET POSITION</u></b>					
Net Investment in Capital Assets	\$ 10,565,559	\$ 435,436	\$ 11,000,995	\$ 14,528,630	\$ 2,809,938
Restricted for:					
General Government	119,746	0	119,746	0	0
Finance	21,683	0	21,683	0	0
Administration of Justice	410,962	0	410,962	0	0
Public Safety	46,342	0	46,342	0	0
Social, Cultural, and Recreational Services	12,737	0	12,737	0	0
Highway/Public Works	2,217,638	0	2,217,638	0	0
Education	0	0	0	538,847	0
Operation of Non-instructional Services	0	0	0	550,265	0
Capital Projects	48,043	0	48,043	0	0
Debt Service	281,410	0	281,410	0	
Unrestricted	4,746,855	(1,141,399)	3,605,456	1,244,774	322,304
Total Net Position	<u>\$ 18,470,975</u>	<u>\$ (705,963)</u>	<u>\$ 17,765,012</u>	<u>\$ 16,862,516</u>	<u>\$ 3,132,242</u>

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

Exhibit B

Haywood County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Haywood County School Department	Haywood County Utility District
					Governmental Activities	Business- type Activities	Total		
Primary Government:									
Governmental Activities:									
General Government	\$ 964,982	\$ 143,142	\$ 21,103	\$ 0	\$ (800,737)	\$ 0	\$ (800,737)	\$ 0	\$ 0
Finance	912,368	582,914	18,095	0	(311,359)	0	(311,359)	0	0
Administration of Justice	1,189,929	762,344	18,585	0	(409,000)	0	(409,000)	0	0
Public Safety	5,019,132	932,680	80,277	40,500	(3,965,675)	0	(3,965,675)	0	0
Public Health and Welfare	3,593,333	2,020,850	70,998	1,023,025	(478,460)	0	(478,460)	0	0
Social, Cultural, and Recreational Services	1,203,282	38,938	262,898	34,215	(867,231)	0	(867,231)	0	0
Agriculture and Natural Resources	242,754	0	0	0	(242,754)	0	(242,754)	0	0
Highways/Public Works	2,399,556	161,875	1,841,322	272,791	(123,568)	0	(123,568)	0	0
Education	70,736	0	0	0	(70,736)	0	(70,736)	0	0
Interest on Long-term Debt	602,689	0	56,533	0	(546,156)	0	(546,156)	0	0
<b>Total Governmental Activities</b>	<b>\$ 16,198,761</b>	<b>\$ 4,642,743</b>	<b>\$ 2,369,811</b>	<b>\$ 1,370,531</b>	<b>\$ (7,815,676)</b>	<b>\$ 0</b>	<b>\$ (7,815,676)</b>	<b>\$ 0</b>	<b>\$ 0</b>
Business-type Activities:									
Solid Waste Disposal	\$ 1,014,711	\$ 991,531	\$ 20,380	\$ 0	\$ 0	\$ (2,800)	\$ (2,800)	\$ 0	\$ 0
<b>Total Primary Government</b>	<b>\$ 17,213,472</b>	<b>\$ 5,634,274</b>	<b>\$ 2,390,191</b>	<b>\$ 1,370,531</b>	<b>\$ (7,815,676)</b>	<b>\$ (2,800)</b>	<b>\$ (7,818,476)</b>	<b>\$ 0</b>	<b>\$ 0</b>
Component Units:									
Haywood County School Department	\$ 28,072,940	\$ 244,642	\$ 5,248,758	\$ 66,000	\$ 0	\$ 0	\$ 0	\$ (22,513,540)	\$ 0
Haywood County Utility District	332,316	292,592	0	0	0	0	0	0	(39,724)
<b>Total Component Units</b>	<b>\$ 28,405,256</b>	<b>\$ 537,234</b>	<b>\$ 5,248,758</b>	<b>\$ 66,000</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (22,513,540)</b>	<b>\$ (39,724)</b>

(Continued)

Exhibit B

Haywood County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business- type Activities	Total	Haywood County School Department	Haywood County Utility District
General Revenues:									
Taxes:									
Property Taxes Levied for General Purposes					\$ 5,499,513	\$ 0	\$ 5,499,513	\$ 3,842,464	\$ 0
Property Taxes Levied for Debt Service					913,069	0	913,069	0	0
Local Option Sales Taxes					126,201	0	126,201	1,752,559	0
Hotel/Motel Tax					54,589	0	54,589	0	0
Wheel Tax					949,539	0	949,539	273,242	0
Litigation Taxes					520,302	0	520,302	0	0
Business Tax					142,426	0	142,426	0	0
Wholesale Beer Tax					75,772	0	75,772	0	0
Other Local Taxes					37,700	0	37,700	45,906	0
Grants and Contributions Not Restricted to Specific Programs					1,145,188	21,000	1,166,188	17,778,397	0
Unrestricted Investment Income					157,789	0	157,789	0	897
Miscellaneous					148,259	0	148,259	11,696	0
<b>Total General Revenues</b>					<b>\$ 9,770,347</b>	<b>\$ 21,000</b>	<b>\$ 9,791,347</b>	<b>\$ 23,704,264</b>	<b>\$ 897</b>
Transfers					\$ (205,000)	\$ 205,000	\$ 0	\$ 0	\$ 0
Change in Net Position					\$ 1,749,671	\$ 223,200	\$ 1,972,871	\$ 1,190,724	\$ (38,827)
Net Position, July 1, 2015					16,721,304	(929,163)	15,792,141	15,671,792	3,171,069
<b>Net Position, June 30, 2016</b>					<b>\$ 18,470,975</b>	<b>\$ (705,963)</b>	<b>\$ 17,765,012</b>	<b>\$ 16,862,516</b>	<b>\$ 3,132,242</b>

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

Exhibit C-1

Haywood County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2016

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 34,790	\$ 34,790
Equity in Pooled Cash and Investments	1,714,200	4,087,270	2,498,461	215,746	8,515,677
Accounts Receivable	1,221,735	0	38,875	6,342	1,266,952
Allowance for Uncollectibles	(215,240)	0	0	0	(215,240)
Due from Other Governments	464,365	334,875	0	0	799,240
Due from Other Funds	207,012	10,808	0	0	217,820
Property Taxes Receivable	5,629,963	496,887	958,853	0	7,085,703
Allowance for Uncollectible Property Taxes	(153,592)	(13,556)	(26,159)	0	(193,307)
Total Assets	<u>\$ 8,868,443</u>	<u>\$ 4,916,284</u>	<u>\$ 3,470,030</u>	<u>\$ 256,878</u>	<u>\$ 17,511,635</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 224,241	\$ 16,111	\$ 0	\$ 1,053	\$ 241,405
Payroll Deductions Payable	56,743	0	0	2,491	59,234
Cash Overdraft	0	0	0	4,732	4,732
Due to Other Funds	0	0	0	7,247	7,247
Due to Component Units	51,270	0	0	0	51,270
Due to State of Tennessee	2,745	0	0	164	2,909
Other Funds Due State	21,888	0	0	0	21,888
Total Liabilities	<u>\$ 356,887</u>	<u>\$ 16,111</u>	<u>\$ 0</u>	<u>\$ 15,687</u>	<u>\$ 388,685</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 5,101,458	\$ 448,042	\$ 864,596	\$ 0	\$ 6,414,096

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<b><u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u></b>					
Deferred Delinquent Property Taxes	\$ 319,707	\$ 30,092	\$ 58,070	\$ 0	\$ 407,869
Other Deferred/Unavailable Revenue	1,270,123	172,667	0	0	1,442,790
<b>Total Deferred Inflows of Resources</b>	<b>\$ 6,691,288</b>	<b>\$ 650,801</b>	<b>\$ 922,666</b>	<b>\$ 0</b>	<b>\$ 8,264,755</b>
<b><u>FUND BALANCES</u></b>					
Restricted:					
Restricted for General Government	\$ 85,447	\$ 0	\$ 0	\$ 0	\$ 85,447
Restricted for Finance	21,683	0	0	0	21,683
Restricted for Administration of Justice	410,962	0	0	0	410,962
Restricted for Public Safety	30,801	0	0	15,541	46,342
Restricted for Social, Cultural, and Recreational Services	12,737	0	0	0	12,737
Restricted for Highways/Public Works	0	2,041,239	0	0	2,041,239
Restricted for Capital Projects	0	0	0	48,043	48,043
Restricted for Other Purposes	31,296	0	0	3,003	34,299
Committed:					
Committed for Finance	0	0	0	26,543	26,543
Committed for Public Safety	9,823	0	0	0	9,823
Committed for Public Health and Welfare	23,541	0	0	90,687	114,228
Committed for Highways/Public Works	0	2,208,133	0	0	2,208,133
Committed for Capital Outlay	0	0	0	62,106	62,106
Committed for Debt Service	0	0	2,547,364	0	2,547,364
Unassigned	1,193,978	0	0	(4,732)	1,189,246
<b>Total Fund Balances</b>	<b>\$ 1,820,268</b>	<b>\$ 4,249,372</b>	<b>\$ 2,547,364</b>	<b>\$ 241,191</b>	<b>\$ 8,858,195</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 8,868,443</b>	<b>\$ 4,916,284</b>	<b>\$ 3,470,030</b>	<b>\$ 256,878</b>	<b>\$ 17,511,635</b>

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 Position

June 30, 2016

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 8,858,195
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 4,374,111	
Add: buildings and improvements net of accumulated depreciation	10,280,489	
Add: infrastructure net of accumulated depreciation	6,099,803	
Add: other capital assets net of accumulated depreciation	<u>3,571,206</u>	24,325,609
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: capital lease payable	\$ (158,038)	
Less: other loans payable	(2,529,987)	
Less: bonds payable	(14,432,969)	
Less: compensated absences payable	(26,360)	
Less: accrued interest on capital lease and bonds	(50,582)	
Add: deferred amount on refunding	273,922	
Less: other deferred revenues - premium on debt	(123,959)	
Less: net pension liability - agent plan	<u>(54,918)</u>	(17,102,891)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 908,906	
Less: deferred inflows of resources related to pensions	<u>(369,503)</u>	539,403
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>1,850,659</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 18,470,975</u></u>

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

Exhibit C-3

Haywood County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2016

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 6,440,281	\$ 623,914	\$ 1,491,585	\$ 0	\$ 8,555,780
Licenses and Permits	18,900	0	0	0	18,900
Fines, Forfeitures, and Penalties	213,870	0	0	48,002	261,872
Charges for Current Services	1,247,595	0	0	811,705	2,059,300
Other Local Revenues	243,806	161,954	94,474	17,962	518,196
Fees Received From County Officials	1,002,122	0	0	0	1,002,122
State of Tennessee	1,178,002	2,139,873	60,945	34,573	3,413,393
Federal Government	161,176	0	95,837	1,063,525	1,320,538
Other Governments and Citizens Groups	368,498	0	0	0	368,498
<b>Total Revenues</b>	<b>\$ 10,874,250</b>	<b>\$ 2,925,741</b>	<b>\$ 1,742,841</b>	<b>\$ 1,975,767</b>	<b>\$ 17,518,599</b>
<u>Expenditures</u>					
Current:					
General Government	\$ 1,706,544	\$ 0	\$ 0	\$ 0	\$ 1,706,544
Finance	695,076	0	0	173,747	868,823
Administration of Justice	1,001,462	0	0	0	1,001,462
Public Safety	4,029,248	0	0	67,547	4,096,795
Public Health and Welfare	2,208,238	0	0	375,922	2,584,160
Social, Cultural, and Recreational Services	1,024,566	0	0	0	1,024,566
Agriculture and Natural Resources	235,541	0	0	0	235,541
Other Operations	867,285	0	0	66,332	933,617
Highways	0	2,569,598	0	0	2,569,598
Debt Service:					
Principal on Debt	83,688	0	1,161,401	0	1,245,089
Interest on Debt	163	0	558,642	0	558,805
Other Debt Service	0	0	32,965	0	32,965

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Expenditures (Cont.)</u>					
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 1,444,570	\$ 1,444,570
Total Expenditures	\$ 11,851,811	\$ 2,569,598	\$ 1,753,008	\$ 2,128,118	\$ 18,302,535
<u>Excess (Deficiency) of Revenues Over Expenditures</u>					
	\$ (977,561)	\$ 356,143	\$ (10,167)	\$ (152,351)	\$ (783,936)
<u>Other Financing Sources (Uses)</u>					
Capital Leases Issued	\$ 241,726	\$ 0	\$ 0	\$ 0	\$ 241,726
Transfers Out	0	0	0	(205,000)	(205,000)
Total Other Financing Sources (Uses)	\$ 241,726	\$ 0	\$ 0	\$ (205,000)	\$ 36,726
<u>Net Change in Fund Balances</u>					
Fund Balance, July 1, 2015	\$ (735,835)	\$ 356,143	\$ (10,167)	\$ (357,351)	\$ (747,210)
	2,556,103	3,893,229	2,557,531	598,542	9,605,405
<u>Fund Balance, June 30, 2016</u>					
	\$ 1,820,268	\$ 4,249,372	\$ 2,547,364	\$ 241,191	\$ 8,858,195

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, 2016

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)		\$ (747,210)
(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	\$ 2,511,408	
Less: current-year depreciation expense	<u>(1,803,901)</u>	707,507
(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, 2016	\$ 1,850,659	
Less: deferred delinquent property taxes and other deferred June 30, 2015	<u>(1,239,837)</u>	610,822
(3) The issuance of long-term debt (e.g., bonds, capital leases, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items.		
Less: capital lease proceeds	\$ (241,726)	
Less: change in deferred amount on refunding debt	(43,900)	
Add: principal payments on capital lease	83,688	
Add: principal payments on other loans	285,004	
Add: principal payments on bonds	876,397	
Add: change in premium on bond issuance	<u>24,011</u>	983,474
(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	\$ 16	
Change in compensated absences payable	(2,919)	
Change in net pension asset/liability - agent plan	(701,579)	
Change in deferred outflows related to pensions	262,104	
Change in deferred inflows related to pensions	<u>637,456</u>	<u>195,078</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,749,671</u>

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

Exhibit C-5

Haywood County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,440,281	\$ 6,483,316	\$ 6,383,316	\$ 56,965
Licenses and Permits	18,900	18,950	18,950	(50)
Fines, Forfeitures, and Penalties	213,870	225,715	225,715	(11,845)
Charges for Current Services	1,247,595	1,409,985	1,409,985	(162,390)
Other Local Revenues	243,806	122,910	279,311	(35,505)
Fees Received From County Officials	1,002,122	1,380,700	1,380,700	(378,578)
State of Tennessee	1,178,002	1,255,938	1,258,989	(80,987)
Federal Government	161,176	217,000	217,000	(55,824)
Other Governments and Citizens Groups	368,498	670,000	670,000	(301,502)
<b>Total Revenues</b>	<b>\$ 10,874,250</b>	<b>\$ 11,784,514</b>	<b>\$ 11,843,966</b>	<b>\$ (969,716)</b>
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 127,158	\$ 137,210	\$ 137,210	\$ 10,052
Beer Board	545	1,100	1,100	555
County Mayor/Executive	353,023	281,982	361,382	8,359
County Attorney	41,539	44,694	44,694	3,155
Election Commission	127,594	139,574	139,575	11,981
Register of Deeds	134,617	133,294	141,958	7,341
Development	70,216	75,139	76,089	5,873
County Buildings	729,430	695,804	766,746	37,316
Other General Administration	122,422	0	123,288	866
<u>Finance</u>				
Accounting and Budgeting	11,450	10,100	12,100	650
Property Assessor's Office	272,834	306,100	309,500	36,666
Reappraisal Program	37,560	46,449	46,449	8,889
County Trustee's Office	79,778	264,815	264,815	185,037
County Clerk's Office	293,454	301,568	302,893	9,439
<u>Administration of Justice</u>				
Circuit Court	476,908	461,199	487,434	10,526
General Sessions Judge	247,415	249,090	249,091	1,676
General Sessions Court Clerk	4,489	4,500	5,500	1,011
Chancery Court	181,954	179,258	186,459	4,505
Juvenile Court	90,696	91,424	96,824	6,128
<u>Public Safety</u>				
Sheriff's Department	1,319,938	1,400,864	1,453,372	133,434
Jail	2,017,148	1,895,429	2,045,129	27,981
Workhouse	141,115	154,694	154,969	13,854
Fire Prevention and Control	351,460	377,263	372,988	21,528
Civil Defense	19,395	19,395	19,395	0
Rescue Squad	12,976	13,385	13,385	409
County Coroner/Medical Examiner	4,400	4,800	4,800	400
Other Public Safety	162,816	170,000	170,000	7,184
<u>Public Health and Welfare</u>				
Local Health Center	54,054	53,064	56,064	2,010
Rabies and Animal Control	73,771	88,000	88,000	14,229
Ambulance/Emergency Medical Services	1,924,468	1,822,055	2,071,380	146,912
Alcohol and Drug Programs	25,979	15,385	27,545	1,566

(Continued)

Exhibit C-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Health and Welfare (Cont.)</u>				
Other Local Health Services	\$ 9,778	\$ 10,000	\$ 10,000	\$ 222
Regional Mental Health Center	0	0	198,715	198,715
Appropriation to State	120,188	133,862	140,773	20,585
<u>Social, Cultural, and Recreational Services</u>				
Libraries	151,271	150,870	151,930	659
Parks and Fair Boards	738,929	743,931	743,931	5,002
Other Social, Cultural, and Recreational	134,366	185,000	189,500	55,134
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	140,380	154,389	154,389	14,009
Soil Conservation	95,161	97,349	97,599	2,438
<u>Other Operations</u>				
Industrial Development	177,147	216,687	216,687	39,540
Other Economic and Community Development	36,174	0	38,425	2,251
Veterans' Services	19,215	24,666	24,666	5,451
Other Charges	76,855	75,852	77,977	1,122
Contributions to Other Agencies	263,359	227,240	284,167	20,808
Miscellaneous	294,535	277,375	307,677	13,142
<u>Principal on Debt</u>				
General Government	83,688	0	83,688	0
<u>Interest on Debt</u>				
General Government	163	0	163	0
Total Expenditures	\$ 11,851,811	\$ 11,734,855	\$ 12,950,421	\$ 1,098,610
Excess (Deficiency) of Revenues Over Expenditures	\$ (977,561)	\$ 49,659	\$ (1,106,455)	\$ 128,894
<u>Other Financing Sources (Uses)</u>				
Capital Leases Issued	\$ 241,726	\$ 0	\$ 241,726	\$ 0
Insurance Recovery	0	10,000	10,000	(10,000)
Total Other Financing Sources	\$ 241,726	\$ 10,000	\$ 251,726	\$ (10,000)
Net Change in Fund Balance	\$ (735,835)	\$ 59,659	\$ (854,729)	\$ 118,894
Fund Balance, July 1, 2015	2,556,103	1,973,940	1,973,940	582,163
Fund Balance, June 30, 2016	\$ 1,820,268	\$ 2,033,599	\$ 1,119,211	\$ 701,057

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

Exhibit C-6

Haywood County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 623,914	\$ 634,122	\$ 628,983	\$ (5,069)
Other Local Revenues	161,954	238,130	238,130	(76,176)
State of Tennessee	2,139,873	2,433,342	2,433,342	(293,469)
Total Revenues	<u>\$ 2,925,741</u>	<u>\$ 3,305,594</u>	<u>\$ 3,300,455</u>	<u>\$ (374,714)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 159,555	\$ 166,409	\$ 166,409	\$ 6,854
Highway and Bridge Maintenance	1,075,654	1,268,120	1,268,120	192,466
Operation and Maintenance of Equipment	483,676	599,000	599,000	115,324
Other Charges	123,073	127,950	127,950	4,877
Employee Benefits	234,434	243,275	243,275	8,841
Capital Outlay	493,206	894,100	894,100	400,894
Total Expenditures	<u>\$ 2,569,598</u>	<u>\$ 3,298,854</u>	<u>\$ 3,298,854</u>	<u>\$ 729,256</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 356,143</u>	<u>\$ 6,740</u>	<u>\$ 1,601</u>	<u>\$ 354,542</u>
Net Change in Fund Balance	\$ 356,143	\$ 6,740	\$ 1,601	\$ 354,542
Fund Balance, July 1, 2015	<u>3,893,229</u>	<u>3,805,173</u>	<u>3,805,173</u>	<u>88,056</u>
Fund Balance, June 30, 2016	<u>\$ 4,249,372</u>	<u>\$ 3,811,913</u>	<u>\$ 3,806,774</u>	<u>\$ 442,598</u>

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

Exhibit D-1

Haywood County, Tennessee  
Statement of Net Position  
Proprietary Fund  
June 30, 2016

Major Fund  
Business-type  
Activities -  
Enterprise Fund  
Solid Waste  
Disposal Fund

ASSETS

Current Assets:

Equity in Pooled Cash and Investments	\$	153,282
Accounts Receivable		738,554
Allowance for Uncollectibles		(221,386)
Due from Other Governments		5,250
Total Current Assets	\$	<u>675,700</u>

Noncurrent Assets:

Capital Assets:		
Assets Not Depreciated:		
Land	\$	235,000
Assets Net of Accumulated Depreciated:		
Buildings and Improvements		77,439
Other Capital Assets		309,218
Total Noncurrent Assets	\$	<u>621,657</u>
Total Assets	\$	<u>1,297,357</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension Changes in Experience	\$	8,492
Pension Contributions After Measurement Date		18,930
Total Deferred Outflows of Resources	\$	<u>27,422</u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$	66,605
Payroll Deductions Payable		1,664
Due to State of Tennessee		143
Capital Leases Payable - Current		43,644
Accrued Liability for Landfill Closure/Postclosure Care Costs - Current		38,199
Total Current Liabilities	\$	<u>150,255</u>

(Continued)

Exhibit D-1

Haywood County, Tennessee  
Statement of Net Position  
Proprietary Fund (Cont.)

Major Fund  
Business-type  
Activities -  
Enterprise Fund  
Solid Waste  
Disposal Fund

LIABILITIES (CONT.)

Noncurrent Liabilities:	
Capital Leases Payable - Long-term	\$ 142,577
Accrued Liability for Landfill Closure/Postclosure Care Costs	1,725,098
Net Pension Liability - Agent Plan	<u>1,658</u>
Total Noncurrent Liabilities	<u>\$ 1,869,333</u>
Total Liabilities	<u>\$ 2,019,588</u>

DEFERRED INFLOWS OF RESOURCES

Pension Changes in Experience	\$ 4,485
Pension Changes in Investment Earnings	<u>6,669</u>
Total Deferred Inflows of Resources	<u>\$ 11,154</u>

NET POSITION

Net Investment in Capital Assets	\$ 435,436
Unrestricted	<u>(1,141,399)</u>
Total Net Position	<u>\$ (705,963)</u>

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

Exhibit D-2

Haywood County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Fund  
For the Year Ended June 30, 2016

	<u>Major Fund</u>
	<u>Business-type</u>
	<u>Activities -</u>
	<u>Enterprise Fund</u>
	<u>Solid Waste</u>
	<u>Disposal Fund</u>
<u>Operating Revenues</u>	
Tipping Fees	\$ 976,870
Sale of Materials and Supplies	14,657
Miscellaneous Refunds	4
Total Operating Revenues	<u>\$ 991,531</u>
<u>Operating Expenses</u>	
Supervisor/Director	\$ 19,434
Equipment Operators	95,042
Part-time Personnel	3,309
Overtime Pay	15,720
Social Security	10,541
Pensions	5,864
Employee and Dependent Insurance	8,285
Life Insurance	939
Unemployment Compensation	423
Other Fringe Benefits	8,093
Communication	2,257
Contracts with Government Agencies	3,980
Contracts with Private Agencies	517,444
Engineering Services	6,626
Licenses	6,110
Postal Charges	7
Printing, Stationery, and Forms	888
Rentals	45,500
Travel	509
Crushed Stone	2,116
Diesel Fuel	9,001
Drugs and Medical Supplies	426
Electricity	6,296
Equipment and Machinery Parts	76,874
Gasoline	4,457
Lubricants	3,199

(Continued)

Exhibit D-2

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

	Major Fund
	Business-type
	Activities -
	Enterprise Fund
	Solid Waste
	Disposal Fund
<u>Operating Expenses (Cont.)</u>	
Office Supplies	\$ 479
Tires and Tubes	6,321
Other Supplies and Materials	8,184
Premiums on Corporate Surety Bonds	150
Trustee's Commission	8,889
Vehicle and Equipment Insurance	11,617
Workers' Compensation Insurance	12,051
Depreciation	43,638
Landfill Postclosure Care Costs	20,909
Other Charges	3,596
Other Construction	41,487
Total Operating Expenses	<u>\$ 1,010,661</u>
Operating Income (Loss)	<u>\$ (19,130)</u>
<u>Nonoperating Revenues (Expenses)</u>	
State Tire Tax	\$ 15,380
Lease/Rentals	5,000
Contributions	21,000
Interest on Capital Leases	(4,050)
Total Nonoperating Revenues (Expenses)	<u>\$ 37,330</u>
Income(Loss) Before Transfers	\$ 18,200
Transfers In	<u>205,000</u>
Change in Net Position	\$ 223,200
Net Position, July 1, 2015	<u>(929,163)</u>
Net Position, June 30, 2016	<u><u>\$ (705,963)</u></u>

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



Exhibit D-3

Haywood County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2016

	<u>Major Fund</u> <u>Business-type</u> <u>Activities -</u> <u>Enterprise Fund</u> <u>Solid Waste</u> <u>Disposal Fund</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers and Users	\$ 873,810
Receipts from Others	14,661
Payments for Waste Collections and Disposal Activity	(859,020)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 29,451</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	\$ (138,162)
Interest on Capital Leases	(4,050)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (142,212)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Receipts from State Tire Tax	\$ 15,380
Receipts from Farmland Rental	5,000
Contributions	21,000
Transfers from Other Funds	205,000
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 246,380</u>
Net Increase (Decrease) in Cash	\$ 133,619
Cash, July 1, 2015	<u>19,663</u>
Cash, June 30, 2016	<u><u>\$ 153,282</u></u>
<u>Reconciliation of Operating Income (Loss)</u> <u>to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (19,130)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	43,638
Change in Assets and Liabilities:	
(Increase) in Accounts Receivable	(134,344)
Increase in Allowance for Uncollectibles	26,186
Decrease in Due from Other Governments	5,098
(Increase) in Deferred Outflows Related to Pensions	(13,425)
Increase in Accounts Payable	65,101
Increase in Payroll Deductions Payable	615
(Decrease) in Due to State of Tennessee	(21)
(Decrease) in Accrued Liability for Landfill Postclosure Care Costs	(17,291)
Increase in Capital Leases Payable	68,016
Increase in Net Pension Liability - Agent Plan	15,664
(Decrease) in Deferred Inflows Related to Pensions	(10,656)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 29,451</u>
<u>Reconciliation of Cash With Statement of Net Position</u>	
Equity in Pooled Cash and Investments	<u>\$ 153,282</u>
Cash, June 30, 2016	<u><u>\$ 153,282</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, 2016

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 465,211
Equity in Pooled Cash and Investments	15,166
Accounts Receivable	5,268
Due from Other Governments	<u>279,268</u>
Total Assets	<u><u>\$ 764,913</u></u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 600
Payroll Deductions Payable	300
Due to Other Taxing Units	274,647
Due to Litigants, Heirs, and Others	470,479
Due to Joint Venture	<u>18,887</u>
Total Liabilities	<u><u>\$ 764,913</u></u>

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

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## HAYWOOD COUNTY, TENNESSEE

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**HAYWOOD COUNTY, TENNESSEE**  
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**HAYWOOD COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2016**

**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. The financial statements of the Haywood County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of their omission is not material to the aggregate discretely presented component units' opinion unit and will not affect our opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

The 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, 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 Utility District provides water services to customers within the district, and the Haywood County Commission appoints its three-member governing body. The district is funded primarily from charges to customers for water services and grants. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Haywood County 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 material to the component units' opinion unit and therefore have been omitted from 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. Complete financial statements of the Haywood County Utility District and the Haywood County Emergency Communications District can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Haywood County Utility District  
1 North Washington  
Brownsville, TN 38012

Haywood County Emergency Communications District  
100 S. Dupree Avenue  
Brownsville, TN 38012

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The 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 totaling \$66,000 were contributed by the county to the School Department during the year ended June 30, 2016.

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 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. 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 funds financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Haywood County reports the following major proprietary fund:

**Solid Waste Disposal Fund** – This fund accounts for the county’s solid waste landfill operations.

Additionally, Haywood County reports the following fund types:

**Capital Projects Funds** – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, and for debt issued by Haywood County that is subsequently contributed to the discretely presented Haywood County School Department for construction and renovation projects.



**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers, amounts collected for a joint venture emergency management agency, 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 funds:

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

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

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.

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

**1. Deposits and Investments**

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

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

certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Haywood County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. 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 are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a Stable Net Asset Value. 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 allowances for uncollectibles are based on historical collection data. The allowance for uncollectible property taxes is equal to 2.73 percent of total taxes levied.

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

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court

for collection are not included in taxes receivable since they are neither measurable nor available.

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

Retainage payable in the School Department's General Purpose School Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the General Purpose School Fund.

### 3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental and the business-type columns 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 Solid Waste Disposal Fund (enterprise 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. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for the deferred charge on refunding and pension changes in experience, as well as employer contributions made to the pension plan after the measurement date.

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

**5. Compensated Absences**

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

It is the policy of the 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.

## **6. Long-term Obligations**

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

## **7. Net Position and Fund Balance**

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

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

As of June 30, 2016, Haywood County had \$3,479,987 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 position with no corresponding increase in the county's capital assets.

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

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

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

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

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by

formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission has by resolution authorized the county's Budget Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

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

**E. Pension Plans**

**Primary Government**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Haywood County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Haywood County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

**Discretely Presented Haywood County School Department**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

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

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

**Primary Government**

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

**Discretely Presented 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 Position.

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

**Primary Government**

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

**Discretely Presented Haywood County School Department**

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

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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



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

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

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

**B. Net Position Deficit**

The Solid Waste Disposal Fund had a deficit of \$1,141,399 in unrestricted net position and a total net position deficit of \$705,963 at June 30, 2016. This deficit primarily resulted from the recognition of a liability totaling \$1,763,297 for costs associated with closing the county's landfill and monitoring the landfill for 30 years after closure.

**C. Cash Overdraft and Fund Deficit**

The Community Development/Industrial Park Fund had a cash overdraft and a deficit in unassigned fund balance of \$4,732 at June 30, 2016. This cash overdraft resulted from the issuance of checks exceeding cash on deposit with the county trustee, and the deficit in unassigned fund balance resulted from expenditures exceeding available funds.

**D. Expenditures Exceeded Appropriations**

Expenditures exceed appropriations approved by the County Commission in the Other Debt Service – General Government major appropriations category (the legal level of control) of the General Debt Service Fund by \$265. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

**E. The County Mayor Failed to Comply with State Statutes When Issuing Debt**

The county mayor failed to comply with state statutes when entering into lease-purchase agreements for an ambulance and four defibrillators and for a

bulldozer. Details are discussed in the Schedule of Findings and Questioned Costs section of this report.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

##### Deposits

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

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

##### Investments

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The

county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2016.

**B. Capital Assets**

Capital assets activity for the year ended June 30, 2016, was as follows:

**Primary Government - Governmental Activities:**

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 4,374,111	\$ 0	\$ 0	\$ 4,374,111
Total Capital Assets Not Depreciated	<u>\$ 4,374,111</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,374,111</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 18,583,477	\$ 237,400	\$ 0	\$ 18,820,877
Infrastructure	51,523,400	667,166	0	52,190,566
Other Capital Assets	10,539,120	1,606,842	(139,800)	12,006,162
Total Capital Assets Depreciated	<u>\$ 80,645,997</u>	<u>\$ 2,511,408</u>	<u>\$ (139,800)</u>	<u>\$ 83,017,605</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 7,971,811	\$ 568,577	\$ 0	\$ 8,540,388
Infrastructure	45,586,282	504,481	0	46,090,763
Other Capital Assets	7,843,913	730,843	(139,800)	8,434,956
Total Accumulated Depreciation	<u>\$ 61,402,006</u>	<u>\$ 1,803,901</u>	<u>\$ (139,800)</u>	<u>\$ 63,066,107</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,243,991</u>	<u>\$ 707,507</u>	<u>\$ 0</u>	<u>\$ 19,951,498</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,618,102</u>	<u>\$ 707,507</u>	<u>\$ 0</u>	<u>\$ 24,325,609</u>

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

**Governmental Activities:**

General Government	\$ 131,559
Finance	43,718
Administration of Justice	85,419
Public Safety	739,097
Public Health and Welfare	93,331
Social, Cultural, and Recreational Services	51,310
Highway Department	<u>659,467</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 1,803,901</u>
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**Primary Government - Business-type Activities:**

	Balance 7-1-15	Increases	Balance 6-30-16
Capital Assets			
Not Depreciated:			
Land	\$ 235,000	\$ 0	\$ 235,000
Total Capital Assets			
Not Depreciated	<u>\$ 235,000</u>	<u>\$ 0</u>	<u>\$ 235,000</u>
Capital Assets			
Depreciated:			
Buildings and			
Improvements	\$ 215,300	\$ 0	\$ 215,300
Other Capital Assets	681,010	138,162	819,172
Total Capital Assets			
Depreciated	<u>\$ 896,310</u>	<u>\$ 138,162</u>	<u>\$ 1,034,472</u>
Less Accumulated			
Depreciation For:			
Buildings and			
Improvements	\$ 130,675	\$ 7,186	\$ 137,861
Other Capital Assets	473,502	36,452	509,954
Total Accumulated			
Depreciation	<u>\$ 604,177</u>	<u>\$ 43,638</u>	<u>\$ 647,815</u>
Total Capital Assets			
Depreciated, Net	<u>\$ 292,133</u>	<u>\$ 94,524</u>	<u>\$ 386,657</u>
Business-type Activities			
Capital Assets, Net	<u>\$ 527,133</u>	<u>\$ 94,524</u>	<u>\$ 621,657</u>

There were no decreases in capital assets to report during the year ended June 30, 2016.

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

	Balance 7-1-15	Increases	Balance 6-30-16
Capital Assets Not Depreciated:			
Land	\$ 143,868	\$ 0	\$ 143,868
Total Capital Assets Not Depreciated	<u>\$ 143,868</u>	<u>\$ 0</u>	<u>\$ 143,868</u>
Capital Assets Depreciated:			
Buildings and Improvements	\$ 27,515,968	\$ 717,557	\$ 28,233,525
Other Capital Assets	6,365,634	23,963	6,389,597
Total Capital Assets Depreciated	<u>\$ 33,881,602</u>	<u>\$ 741,520</u>	<u>\$ 34,623,122</u>
Less Accumulated Depreciated For:			
Buildings and Improvements	\$ 14,272,455	\$ 818,357	\$ 15,090,812
Other Capital Assets	4,787,415	360,133	5,147,548
Total Accumulated Depreciation	<u>\$ 19,059,870</u>	<u>\$ 1,178,490</u>	<u>\$ 20,238,360</u>
Total Capital Assets Depreciated, Net	<u>\$ 14,821,732</u>	<u>\$ (436,970)</u>	<u>\$ 14,384,762</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,965,600</u>	<u>\$ (436,970)</u>	<u>\$ 14,528,630</u>

There were no decreases in capital assets to report during the year ended June 30, 2016. Depreciation expense was charged to functions of the discretely presented Haywood County School Department as follows:

**Governmental Activities:**

Instruction	\$ 436,048
Support Services	691,650
Operation of Non-instructional Services	<u>50,792</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,178,490</u></u>

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

The composition of interfund balances as of June 30, 2016, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 207,012
Highway/Public Works	General	10,808
Discretely Presented School Department:		
School Federal Projects	General Purpose School	549

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

The receivable in the General Fund totaling \$199,765 was in transit from the nonmajor governmental fund and the receivable in the Highway/Public Works Fund totaling \$10,808 was in transit from the General Fund at June 30, 2016.

**Due to/from Primary Government and Component Units:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit:		
School Department:	Primary Government:	
Nonmajor governmental	General	\$ 63,183

The receivable in the School Department's nonmajor governmental fund totaling \$11,913 was in transit from the General Fund at June 30, 2016.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2016, consisted of the following amounts:

**Primary Government**

	Transfer In
Transfer Out	Solid Waste Disposal Fund
Nonmajor governmental fund	\$ 205,000

**Discretely Presented Haywood County School Department**

	Transfer In
Transfer Out	General Purpose School Fund
School Federal Projects	\$ 64,114

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.

**D. Operating Lease**

On August 28, 2012, the county mayor obtained document scanning services under an operating lease. The rental expenditures for the year ended June 30, 2016, were \$67,980. The future minimum lease payments are as follows:

Year Ending June 30	Amount
2017	\$ 64,270
Total	\$ 64,270

**E. Capital Leases**

**Governmental Activities**

On December 9, 2015, Haywood County entered into a two-year lease-purchase agreement for an ambulance and four defibrillators. The terms of the agreement require total lease payments of \$241,726 plus interest of 4.05 percent. Title to the equipment transfers to Haywood County at the end of the lease period. The General Fund is making the lease payments.

**Business-type Activities**

Terms of capital lease obligations outstanding at June 30, 2016, were as follows:

<u>Description</u>	<u>Date of Lease</u>	<u>Length of Lease in Years</u>	<u>Gross Amount of Assets</u>	<u>Interest Rate</u>	
Tractor and Dirt Pan	9-6-13	5	\$ 57,344	3	%
Loader	9-2-14	5	83,539	2.49	
Bulldozer	2-18-16	4	100,413	3.2	

Title to the above-noted equipment transfers to Haywood County at the end of the lease period. The Solid Waste Disposal Fund is making the lease payments.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Other Capital Assets	\$ 241,726	\$ 241,296
Less: Accumulated Depreciation	<u>(24,355)</u>	<u>(48,356)</u>
Total Book Value	<u>\$ 217,371</u>	<u>\$ 192,940</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2016, were as follows:



Year Ending June 30	Governmental Activities	Business- type Activities
2017	\$ 83,852	\$ 48,724
2018	83,851	48,724
2019	0	48,724
2020	0	22,868
2021	0	18,416
2022	0	12,277
Total Minimum Lease Payments	\$ 167,703	\$ 199,733
Less: Amount Representing Interest	(9,665)	(13,512)
Present Value of Minimum Lease Payments	<u>\$ 158,038</u>	<u>\$ 186,221</u>

**F. Long-term Obligations**

**Primary Government**

**General Obligation Bonds, Note, and Other Loans**

Haywood County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds 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 39 years for bonds and 16 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, 2016, will be retired from the General Debt Service Fund.

General obligation bonds, other loans, and the capital lease outstanding as of June 30, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
General Obligation Bonds	3.625 to 5.55%	2-5-37	\$ 10,860,000	\$ 7,282,969
General Obligation Bonds - Refunding	2 to 2.65	6-30-28	7,225,000	7,150,000
Other Loans Payable	0 to variable	6-1-27	3,509,000	2,529,987
Capital Lease	4.05	12-15-17	241,726	158,038

During the 2011-12 year, Haywood County entered into an agreement with the Tennessee Energy Efficient Schools Council to receive funding from the Energy Efficient School Initiative program. Under this agreement, the program made \$2,000,000 available for loan to Haywood County to increase energy efficiency in the Haywood County school system. This is an interest-free loan.

During the 2011-12 year, Haywood County entered into a loan agreement with the City of Clarksville Public Building Authority. Under the loan agreement, the authority made \$1,509,000 available for loan to Haywood County for school renovation projects. This loan is repayable at a variable interest rate that is a tax-exempt variable rate determined by the remarketing agent daily or weekly, depending on the particular program. In addition, the county pays various other fees in connection with this loan. At June 30, 2016, the variable interest rate was 1.01 percent and other fees totaled .15 percent of the outstanding loan principal. The loan is also assessed an annual trustee fee of \$1,500.

The annual requirements to amortize all general obligation bonds and other loans outstanding as of June 30, 2016, including interest payments and other loan fees, are presented in the following tables:

Year Ending	Bonds		
	Principal	Interest	Total
2017	\$ 956,655	\$ 519,026	\$ 1,475,681
2018	1,008,132	488,812	1,496,944
2019	1,054,677	456,266	1,510,943
2020	1,061,295	434,248	1,495,543
2021	1,092,988	412,055	1,505,043
2022-2026	4,700,106	1,618,674	6,318,780
2027-2031	4,392,030	613,265	5,005,295
2032-2036	135,878	26,449	162,327
2037	31,208	1,129	32,337
<b>Total</b>	<b>\$ 14,432,969</b>	<b>\$ 4,569,924</b>	<b>\$ 19,002,893</b>

Year Ending	Other Loans			
	Principal	Interest	Other Fees	Total
2017	\$ 288,004	\$ 11,886	\$ 3,235	\$ 303,125
2018	292,004	10,999	3,104	306,107
2019	295,004	10,072	2,968	308,044
2020	299,004	9,116	2,827	310,947
2021	303,004	8,118	2,680	313,802
2022-2026	930,967	24,154	10,976	966,097
2027	122,000	1,229	1,865	125,094
Total	<u>\$ 2,529,987</u>	<u>\$ 75,574</u>	<u>\$ 27,655</u>	<u>\$ 2,633,216</u>

There is \$2,547,364 available in the General Debt Service Fund to service long-term debt. Debt per capita, including bonds, other loans, and the capital lease totaled \$911, based on the 2010 federal census.

#### Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2016, was as follows:

##### Governmental Activities:

	Bonds	Other Loans	Capital Lease
Balance, July 1, 2015	\$ 15,309,366	\$ 2,814,991	\$ 0
Additions	0	0	241,726
Reductions	(876,397)	(285,004)	(83,688)
Balance, June 30, 2016	<u>\$ 14,432,969</u>	<u>\$ 2,529,987</u>	<u>\$ 158,038</u>
Balance Due Within One Year	<u>\$ 956,655</u>	<u>\$ 288,004</u>	<u>\$ 77,451</u>

	Compensated Absences	Net Pension Liability - Agent Plan*
Balance, July 1, 2015	\$ 23,441	\$ (646,661)
Additions	27,330	2,265,038
Reductions	(24,411)	(1,563,459)
	<hr/>	<hr/>
Balance, June 30, 2016	\$ 26,360	\$ 54,918
	<hr/>	<hr/>
Balance Due Within One Year	\$ 19,771	\$ 0
	<hr/>	<hr/>

\* At July 1, 2015, the agent plan had a net pension asset.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 17,202,272
Less: Balance Due Within One Year	(1,341,881)
Add: Unamortized Premium on Debt	123,959
	<hr/>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 15,984,350
	<hr/>

Compensated absences will be paid from the employing fund, the Highway/Public Works Fund. The pension liability will be paid primarily from the General and Highway/Public Works funds.

Defeasance of Prior Debt

In the prior year, Haywood County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly, the trust accounts and defeased bonds are not included in the county's financial statements. At June 30, 2016, the following outstanding bonds are considered defeased:

	<u>Amount</u>
General Obligation Bonds, Series 2008	\$ 1,850,000

**Haywood County Solid Waste Disposal Fund (enterprise fund)**

Capital Leases

The capital leases outstanding as of June 30, 2016, for business-type activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
Capital Leases	2.49 to 3.2 %	2-8-22	\$ 241,296	\$ 186,221

Changes in Long-term Obligations

Long-term obligations activity for the Solid Waste Disposal Fund (enterprise fund) for the year ended June 30, 2016, was as follows:

Business-type Activities:

	Capital Lease	Postclosure Care Costs	Net Pension Liability - Agent Plan*
Balance, July 1, 2015	\$ 118,205	\$ 1,780,588	\$ (14,006)
Additions	100,413	20,908	66,366
Reductions	(32,397)	(38,199)	(50,702)
Balance, June 30, 2016	<u>\$ 186,221</u>	<u>\$ 1,763,297</u>	<u>\$ 1,658</u>
Balance Due Within One Year	<u>\$ 43,644</u>	<u>\$ 38,199</u>	<u>\$ 0</u>

\* At July 1, 2015, the agent plan had a net pension asset.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 1,951,176
Less: Balance Due Within One Year	<u>(81,843)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,869,333</u>

**Discretely Presented Haywood County School Department**

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Haywood County School Department for the year ended June 30, 2016, was as follows:

Governmental Activities:

	Other Postemployment Benefits	Net Pension Liability - Agent Plan*	Net Pension Liability - Teacher Legacy Pension Plan*
Balance, July 1, 2015	\$ 621,132	\$ (956,236)	\$ (53,713)
Additions	187,906	1,951,089	4,585,545
Reductions	(161,034)	(952,778)	(4,396,386)
Balance, June 30, 2016	<u>\$ 648,004</u>	<u>\$ 42,075</u>	<u>\$ 135,446</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

\* At July 1, 2015, the agent and teacher legacy pension plans had net pension assets.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 825,525
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 825,525</u>

Other postemployment benefits and the pension liabilities will be paid from the employing funds: the General Purpose School, School Federal Projects, and Central Cafeteria funds.

**G. On-Behalf Payments - Discretely Presented Haywood County School Department**

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, 2016, were \$64,235 and \$44,238, 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. Retirees are not allowed to continue coverage. Settled claims have not exceeded this commercial insurance coverage in any of the past three years.

**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. 72, *Fair Value Measurement and Application*; Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

GASB Statement No. 72, establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard supersedes previous statements as they relate to measuring fair value of certain assets and liabilities.

GASB Statement No. 73, established accounting and reporting requirements for pensions that are not administered through a trust account and also addresses changes made to Statements No. 67 and No. 68. The changes to Statements No. 67 and No. 68 require new RSI disclosures concerning plan investments and address specific payables to defined benefit plans.

GASB Statement No. 76, addresses changes made to the hierarchy of generally accepted accounting principles. This standard supersedes Statement No. 55 and reduces the hierarchy from four to two categories.

GASB Statement No. 79, addresses issues related to certain external investment pools and pool participants because of changes in Security and Exchange rules relative to money market funds. This standard establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost rather than fair value for financial reporting purposes.

### **C. Subsequent Events**

On August 31, 2016, Dare Simpson left the Office of Assessor of Property and was succeeded by Gwen Watson.



On October 3, 2016, Haywood County entered into a \$32,999 lease-purchase agreement for a tractor.

On December 14, 2016, Haywood County issued \$1,196,134 in general obligation refunding bonds.

**D. Contingent Liabilities**

The county and School Department are involved in several pending lawsuits. Management advised that any potential claims not covered by insurance resulting from such litigation should not materially affect the county or School Department's financial statements.

**E. Landfill Closure/Postclosure Care Costs**

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

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Haywood County closed its sanitary landfill in 1998. The \$1,763,297, reported as postclosure care liability at June 30, 2016, represents amounts based on what it would cost to perform all postclosure care in 2016. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. Joint Ventures**

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. During the year ended June 30, 2016, the county provided financial assistance of \$19,395 to the agency.

The Brownsville - Haywood County Rescue Squad is a joint venture between Haywood County and the City of Brownsville. The agency's six-member board includes the county mayor, the mayor of the City of Brownsville, and four other members. The purpose of the rescue squad is to provide assistance in search

and rescue, drowning, flooding, evacuations, and road clearing from storms. The agency is jointly funded by the county and the City of Brownsville with additional revenues received from the private contributions. During the year ended June 30, 2016, the county contributed \$10,000 to the rescue squad.

The HTL Advantage is a joint venture between Haywood, Tipton, and Lauderdale counties and the cities of Brownsville, Ripley, and Covington. The board comprises ten members and consists of the mayors from each of the counties and cities, and one member from the Southwest Tennessee Electric Cooperative, the Covington Electric System, Ripley Power and Light, and the Brownsville Electric System. The purpose of the board is to establish and operate an office that markets the entire defined region for economic development and to bring the region attention of prospective industrial and commercial interests, which would be beneficial for the common good of all entities involved herein. The counties, cities, and electric systems provide the funding for the board. Haywood County contributed \$50,000 to HTL Advantage during the year.

The Elma Ross Public Library is a joint venture between Haywood County and the City of Brownsville. It is operated by an appointed board. The board comprises seven members, four of whom are appointed by the Haywood County Commission. The remaining three members are appointed by the City of Brownsville. Haywood County has control over budgeting and financing the joint venture only to the extent of representation by the four board members appointed. Haywood County contributed \$75,272 to the operations of the library during the year ended June 30, 2016.

Haywood County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Brownsville - Haywood County Emergency Management Agency, Brownsville - Haywood County Rescue Squad, HTL Advantage, and the Elma Ross Public Library can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

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

Brownsville – Haywood County  
Rescue Squad  
P.O. Box 668  
111 N. Washington  
Brownsville, TN 38012

HTL Advantage  
1469 South Main Street  
Covington, TN 38019

Elma Ross Public Library  
1011 East Main Street  
Brownsville, TN 38012

**G. Retirement Commitments**

**Tennessee Consolidated Retirement System (TCRS)**

**Primary Government**

**General Information About the Pension Plan**

*Plan Description.* Employees of Haywood County and non-certified employees of the discretely presented Haywood County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 57.35 percent and the non-certified employees of the discretely presented School Department comprised 42.65 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for

annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

*Employees Covered by Benefit Terms.* At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	200
Inactive Employees Entitled to But Not Yet Receiving Benefits	284
Active Employees	<u>360</u>
Total	<u><u>844</u></u>

*Contributions.* Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are non-contributory. Haywood County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, the Actuarially Determined Contribution (ADC) for Haywood County were \$1,148,081 based on a rate of 12.26 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Haywood County's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net Pension Liability (Asset)**

Haywood County's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability as of the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	6.46 %	33 %
Developed Market		
International Equity	6.26	17
Emerging Market		
International Equity	6.40	5
Private Equity and		
Strategic Lending	4.61	8
U.S. Fixed Income	0.98	29
Real Estate	4.73	7
Short-term Securities	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Haywood County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2014	\$ 33,506,549	\$ 35,123,452	\$ (1,616,903)
Changes for the Year:			
Service Cost	\$ 773,505	\$ 0	\$ 773,505
Interest	2,526,922	0	2,526,922
Differences Between Expected and Actual Experience	631,682	0	631,682
Contributions-Employer	0	1,148,081	(1,148,081)
Contributions-Employees	0	4,712	(4,712)
Net Investment Income	0	1,081,152	(1,081,152)
Benefit Payments, Including Refunds of Employee Contributions	(1,175,533)	(1,175,533)	0
Administrative Expense	0	(17,390)	17,390
Net Changes	<u>\$ 2,756,576</u>	<u>\$ 1,041,022</u>	<u>\$ 1,715,554</u>
Balance, June 30, 2015	<u>\$ 36,263,125</u>	<u>\$ 36,164,474</u>	<u>\$ 98,651</u>

### Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	57.35%	\$ 20,796,902	\$ 20,740,326	\$ 56,576
School Department	42.65%	<u>15,466,223</u>	<u>15,424,148</u>	<u>42,075</u>
Total		<u>\$ 36,263,125</u>	<u>\$ 36,164,474</u>	<u>\$ 98,651</u>

*Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate.*  
The following presents the net pension liability (asset) of Haywood County calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

Haywood County	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability (Asset)                   \$ 4,708,316   \$ 98,651   \$ (3,764,212)

**Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Expense.* For the year ended June 30, 2016, Haywood County recognized pension expense of \$504,240.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, Haywood County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 505,346	\$ 266,878
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,241,282	1,638,146
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	<u>1,154,671</u>	<u>N/A</u>
Total	<u>\$ 2,901,299</u>	<u>\$ 1,905,024</u>

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2015,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.



Allocation of Agent Plan Deferred Outflows of Resources and  
Deferred Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 1,648,203	\$ 1,092,532
School Department	1,253,096	812,492
Total	<u>\$ 2,901,299</u>	<u>\$ 1,905,024</u>

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (176,111)
2018	(176,111)
2019	(176,111)
2020	369,937
2021	0
Thereafter	0

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**Discretely Presented Haywood County School Department**

**Non-certified Employees**

**General Information About the Pension Plan**

*Plan Description.* As noted above under the primary government, employees of Haywood County and non-certified employees of the discretely presented Haywood County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprised 57.35 percent and the non-certified employees of the discretely presented School Department comprised 42.65 percent of the plan based on contribution data.

## **Certified Employees**

### **Teacher Retirement Plan**

#### **General Information About the Pension Plan**

*Plan Description.* Teachers of the Haywood County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2016, to the Teacher Retirement Plan were \$50,543, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Liabilities (Assets).* At June 30, 2016, the Haywood County School Department reported an asset of \$16,232 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Haywood County School Department's proportion of the net pension asset was based on the Haywood County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Haywood County School Department's proportion was .403477 percent.

*Pension Expense.* For the year ended June 30, 2016, the Haywood County School Department recognized pension expense of \$21,272.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, the Haywood County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 5,283
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,312	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	<u>50,543</u>	<u>N/A</u>
Total	<u>\$ 51,855</u>	<u>\$ 5,283</u>

The Haywood County School Department's employer contributions of \$50,543, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (112)
2018	(112)
2019	(112)
2020	(112)
2021	(440)
Thereafter	(3,083)

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

*Actuarial Assumptions.* The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	6.46 %	33 %
Developed Market		
International Equity	6.26	17
Emerging Market		
International Equity	6.40	5
Private Equity and		
Strategic Lending	4.61	8
U.S. Fixed Income	0.98	29
Real Estate	4.73	7
Short-term Securities	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the Haywood County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Haywood County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability (Asset)	\$ 2,878	\$ (16,232)	\$ (30,247)
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*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

### **Teacher Legacy Pension Plan**

#### **General Information About the Pension Plan**

*Plan Description.* Teachers of the Haywood County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price

index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Haywood County School Department for the year ended June 30, 2016, to the Teacher Legacy Pension Plan were \$1,051,936, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

### **Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Liability (Assets).* At June 30, 2016, the Haywood County School Department reported a liability of \$135,446 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Haywood County School Department's proportion of the net pension liability (asset) was based on the Haywood County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2015, the Haywood County School Department's proportion was .330651 percent. The proportion measured at June 30, 2014, was .330551 percent.

*Negative Pension Expense.* For the year ended June 30, 2016, the Haywood County School Department recognized negative pension expense of \$118,283.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2016, the Haywood County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 108,701	\$ 2,108,236
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,445,729	3,320,211
Changes in Proportion of Net Pension Liability (Asset)	1,073	20,737
LEAs Contributions Subsequent to the Measurement Date of June 30, 2015	<u>1,051,936</u>	<u>N/A</u>
Total	<u>\$ 3,607,439</u>	<u>\$ 5,449,184</u>

The Haywood County School Department's employer contributions of \$1,051,936 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (899,144)
2018	(899,144)
2019	(899,144)
2020	207,592
2021	(403,841)
Thereafter	0

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

*Actuarial Assumptions.* The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	6.46 %	33 %
Developed Market		
International Equity	6.26	17
Emerging Market		
International Equity	6.40	5
Private Equity and		
Strategic Lending	4.61	8
U.S. Fixed Income	0.98	29
Real Estate	4.73	7
Short-term Securities	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the four factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents Haywood County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Haywood County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
---	------------------------	-------------------------------------	------------------------

Net Pension Liability (Asset)           \$ 9,234,246   \$ 135,446   \$ (7,397,288)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

**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, *TCA*, for local education employees. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization plan for health care 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://tn.gov/finance/article/fa-acffin-cafr>.

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 employers in the plan develop a contribution policy in terms of subsidizing active employees or retired employees’ premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2016, the School Department contributed \$161,034 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 188,000
Interest on the NOPEBO	23,292
Adjustment to the ARC	(23,386)
Annual OPEB cost	<hr/> \$ 187,906
Less: Amount of contribution	(161,034)
Increase/decrease in NOPEBO	<hr/> \$ 26,872
Net OPEB obligation, 7-1-15	<hr/> 621,132
Net OPEB obligation, 6-30-16	<hr/> <hr/> \$ 648,004

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Local Education Group	\$ 137,684	121%	\$ 635,706
6-30-15	"	142,655	110	621,132
6-30-16	"	187,906	86	648,004

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

	Local Education Group Plan
	<hr/>
Actuarial valuation date	7-1-15
Actuarial accrued liability (AAL)	\$ 1,780,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,780,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 14,073,960
UAAL as a % of covered payroll	13%

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

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

### Actuarial Methods and Assumptions

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

In the July 1, 2015, actuarial valuation for the Local Education Group Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 6.5 percent initially. The trend rate will decrease to six percent in 2016, and then be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2050. The rate includes a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of three percent.

## **I. Purchasing Laws**

### Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by the County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*. This act provides for all purchases exceeding \$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 requires 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 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.

**VI. OTHER NOTES – DISCRETELY PRESENTED HAYWOOD COUNTY UTILITY DISTRICT**

**A. Summary of Significant Accounting Policies**

**1. Reporting Entity**

The Haywood County Utility District was incorporated pursuant to a resolution of the Haywood County Commission dated July 17, 1997, and pursuant to Section 7-82-101, *Tennessee Code Annotated*, also known as “The Utility District Law of 1937.” The district is considered a component unit of Haywood County, Tennessee, because the three-member board is appointed by the county. The district was constructed with grants received through the county and is held accountable to the county.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district’s financial statements are reported using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The accounting policies of the district conform to applicable accounting principles generally accepted in the United States of America for governmental units as defined by the Governmental Accounting Standards Board (GASB).

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund’s principal ongoing operations. The principal operating revenues of the district are charges for sales to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and

depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**3. Assets, Liabilities, and Equity**

**a. Deposits and Investments**

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the district to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations guaranteed by the U.S. government or its agencies, repurchase agreements, and the state's investment pool.

**b. Accounts Receivable**

Trade receivables result from unpaid billings for water service to customers. The billings and collections for the district are prepared and collected by Brownsville Energy Authority. Brownsville Energy Authority remits to the district the entire amount of the billings on a monthly basis. Therefore, an allowance for uncollectible accounts receivable is considered unnecessary at this time as the risk of loss is entirely with Brownsville Energy Authority.

**c. Capital Assets**

Capital assets, which include property, plant, equipment, and construction in process, are defined by the district as assets with an initial, individual cost of more than \$100 (amount not rounded) and as estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Assets acquired through contributions from developers or other customers are capitalized at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

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



<u>Assets</u>	<u>Years</u>
Distribution Plant	33-50

**d. Compensated Absences**

The district does not have any employees on staff. The district pays a set monthly fee to Brownsville Energy Authority for the use of their employees. Therefore, no compensated absences are recorded.

**e. Long-term Obligations**

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds are reported net of the applicable bond premium or discount. The district will continue to report bond cost as an asset and amortize those over the life of the bonds instead of expensing those costs in the current year in accordance with certain provisions included in GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This regulatory option as part of GASB Statement No. 65 is available due to the above mentioned cost being used for rate setting by the district.

**f. Net Position**

Equity is classified as net position and displayed in the following two components:

- 1.) Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.
- 2.) Unrestricted – All other net position that does not meet the description of the above category.

**g. Net Position Flow Assumption**

Sometimes the district will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the

resources are considered to be applied. It is the district's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**B. Stewardship, Compliance, and Accountability**

**Budgetary Information**

The district does not adopt a formal budget.

**C. Detailed Notes**

**1. Deposits and Investments**

Custodial Credit Risk – The district's policies limit deposits and investments to those instruments allowed by applicable state laws and are described below. State statute requires that all deposits with financial institutions be collateralized by securities whose market value is equal to 105 percent of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the district's agent in the district's name, or by the Federal Reserve Banks acting as third-party agents. State statutes also authorize the district to invest in bonds, notes, or treasury bills of the United States or any of its agencies, certificated of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2016, the district had no risk exposure.

**2. Receivables**

Receivables as of June 30, 2016, consisted of the following:

	<u>Balance</u> <u>6-30-16</u>
Billed Services for Utility Customers	\$31,921

**3. Capital Assets**

Capital assets activity during the year was as follows:

Description	Balance		Balance
	7-1-15	Additions	6-30-16
Capital Assets, Not Depreciated	\$ 18,401	\$ 0	\$ 18,401
Capital Assets, Depreciated	\$ 5,220,215	\$ 0	\$ 5,220,215
Less Accumulated Depreciation	\$ 1,882,291	\$ 122,028	\$ 2,004,319
Total Capital Assets, Depreciated, Net	\$ 3,337,924	\$ (122,028)	\$ 3,215,896
Total Capital Assets, Net	\$ 3,356,325	\$ (122,028)	\$ 3,234,297

#### 4. Long-term Debt

Long-term debt is comprised of the following:

	Balance 6-30-16
General Obligation Bonds:	
General Obligation Bonds, Series 1998 interest at 4.875% due serially through 2037	\$ 424,359
Total General Obligation Bonds	\$ 424,359
Total Current Portion of General Obligation Bonds	\$ 12,010
Total Long-term Portion of General Obligation Bonds	\$ 412,349

In the year ended June 30, 1998, Haywood County issued \$560,000 of General Obligation Bonds, Series 1998 to the Rural Utility Services for construction of the district's water distribution system. In the year ended June 30, 1999, Haywood County issued \$72,300 of General Obligation Bonds, Series 1999 to the Rural Utility Services for additional construction for the District's water distribution system. The 1999 General Obligation Bond was paid off in full by the County as of June 30, 2008. Although the General Obligation Bonds, Series 1998 are in the name of the county and the county is ultimately responsible for the debt repayment, the district has agreed to and is repaying the debt.

The following is a summary of long-term debt transactions for the year ended June 30, 2016.

	<u>Bonds</u>
Balance, July 1, 2015	\$ 433,499
Reductions	<u>(9,140)</u>
Balance, June 30, 2016	<u>\$ 424,359</u>
Balance Due Within One Year	<u>\$ 12,010</u>

The scheduled annual requirements for long-term debt at June 30, 2016, are as follows:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 12,010	\$ 20,514	\$ 32,524
2018	12,661	19,864	32,525
2019	13,286	19,239	32,525
2020	13,941	18,584	32,525
2021	14,578	17,947	32,525
2022-2026	84,655	77,970	162,624
2027-2031	107,715	54,909	162,624
2032-2036	137,059	25,565	162,624
2037	<u>28,454</u>	<u>924</u>	<u>29,378</u>
Total	<u>\$ 424,359</u>	<u>\$ 255,516</u>	<u>\$ 679,874</u>

## 5. Net Position

Net position represents the difference between assets and liabilities and deferred outflows/inflows of resources (if present). The net position amounts were as follows:

	<u>Balance</u> <u>6-30-16</u>
Net Investment in Capital Assets:	
Net Property, Plant and Equipment in Services	\$ 3,234,297
Less: Debt Disclosed in Note VI.C.4.	<u>(424,359)</u>
	\$ 2,809,938
Unrestricted	<u>322,304</u>
Total Net Position	<u>\$ 3,132,242</u>

**D. Other Information**

**1. Risk Management**

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2016, the district did not purchase any insurance. The district contracts with Brownsville Energy Authority for services necessary to operate and maintain the district. No settled claims have been incurred in any of the above mentioned risk categories during the past three years, and there has been no significant reduction in the coverage provided.

**2. Credit Risk**

The district provided water services for residents and commercial customers in a portion of Haywood County, Tennessee.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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Exhibit F-1

Haywood County, Tennessee  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on  
Participation in the Public Employee Pension Plan of TCRS  
Primary Government  
For the Fiscal Year Ended June 30

	2014	2015
<b>Total Pension Liability (Asset)</b>		
Service Cost	\$ 737,120	\$ 773,505
Interest	2,403,909	2,526,922
Differences Between Actual and Expected Experience	(400,316)	631,682
Benefit Payments, Including Refunds of Employee Contributions	(1,098,340)	(1,175,533)
Net Change in Total Pension Liability (Asset)	\$ 1,642,373	\$ 2,756,576
Total Pension Liability (Asset), Beginning	31,864,176	33,506,549
Total Pension Liability (Asset), Ending (a)	\$ 33,506,549	\$ 36,263,125
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 1,106,526	\$ 1,148,081
Contributions - Employee	365	4,712
Net Investment Income	4,990,442	1,081,152
Benefit Payments, Including Refunds of Employee Contributions	(1,098,340)	(1,175,533)
Administrative Expense	(14,541)	(17,390)
Net Change in Plan Fiduciary Net Position	\$ 4,984,452	\$ 1,041,022
Plan Fiduciary Net Position, Beginning	30,139,000	35,123,452
Plan Fiduciary Net Position, Ending (b)	\$ 35,123,452	\$ 36,164,474
Net Pension Liability (Asset), Ending (a - b)	\$ (1,616,903)	\$ 98,651
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	104.83%	99.73%
Covered Payroll	\$ 9,228,853	\$ 9,363,104
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(17.52)%	1.05%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and non-certified employees of the discretely presented School Department.

Exhibit F-2

Haywood County, Tennessee  
Schedule of Contributions Based on Participation in the Public  
Employee Pension Plan of TCRS  
Primary Government  
For the Fiscal Year Ended June 30

	2014	2015	2016
Actuarially Determined Contribution	\$ 1,106,526	\$ 1,148,081	\$ 1,154,671
Less Contributions in Relation to the Actuarially Determined Contribution	(1,106,526)	(1,148,081)	(1,154,671)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 9,228,853	\$ 9,363,104	\$ 9,418,197
Contributions as a Percentage of Covered Payroll	11.99%	12.26%	12.26%

Note: ten years of data will be presented when available.

Note: data presented includes primary government and non-certified employees of the discretely presented School Department.



Exhibit F-3

Haywood County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Retirement Plan of TCRS  
Discretely Presented Haywood County School Department  
For the Fiscal Year Ended June 30

	<u>2015</u>	<u>2016</u>
Contractually Required Contribution	\$ 20,958	\$ 31,589
Less Contributions in Relation to the Contractually Required Contribution	<u>(33,533)</u>	<u>(50,543)</u>
Contribution Deficiency (Excess)	<u>\$ (12,575)</u>	<u>\$ (18,954)</u>
Covered Payroll	\$ 838,318	\$ 1,263,579
Contributions as a Percentage of Covered Payroll	4.00%	4.00%

Note: ten years of data will be presented when available.

Exhibit F-4

Haywood County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Legacy Pension Plan of TCRS  
Discretely Presented Haywood County School Department  
For the Fiscal Year Ended June 30

	2014	2015	2016
Contractually Required Contribution	\$ 1,152,098	\$ 1,118,964	\$ 1,051,936
Less Contributions in Relation to the Contractually Required Contribution	<u>(1,152,098)</u>	<u>(1,118,964)</u>	<u>(1,051,936)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 12,974,081	\$ 12,377,932	\$ 11,636,460
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%

Note: ten years of data will be presented when available.

Exhibit F-5

Haywood County, Tennessee  
Schedule of Proportionate Share of the Net Pension Asset  
in the Teacher Retirement Plan of TCRS  
Discretely Presented Haywood County School Department  
For the Fiscal Year Ended June 30 \*

	<u>2016</u>
School Department's Proportion of the Net Pension Liability (Asset)	0.403477%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (16,232)
Covered Payroll	\$ 838,318
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit F-6

Haywood County, Tennessee  
Schedule of Proportionate Share of the Net Pension Asset  
in the Teacher Legacy Pension Plan of TCRS  
Discretely Presented Haywood County School Department  
For the Fiscal Year Ended June 30 \*

	<u>2015</u>	<u>2016</u>
School Department's Proportion of the Net Pension Liability (Asset)	0.330551%	0.330651%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (53,713)	\$ 135,446
Covered Payroll	\$ 12,974,081	\$ 12,377,932
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.414002)%	1.094253%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit F-7

Haywood County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plan  
Discretely Presented Haywood County School Department  
June 30, 2016

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-11	\$ 0	\$ 2,170	\$ 2,170	0 %	\$ 13,078	17 %
"	7-1-13	0	1,303	1,303	0	12,989	10
"	7-1-15	0	1,780	1,780	0	14,074	13

**HAYWOOD COUNTY, TENNESSEE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2016**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for 2016 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Three Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation,
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustments	2.5 percent

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

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

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



# Nonmajor Governmental Funds (cont.)

## Capital Projects Funds

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

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

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

HUD Grant Projects Fund – The HUD Grant Projects Fund is used to account for revenues received from grants provided for housing projects.

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

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

Exhibit G-1

Haywood County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2016

	Special Revenue Funds				Capital Projects Funds	
	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park
<u>ASSETS</u>						
Cash	\$ 1,000	\$ 0	\$ 33,790	\$ 34,790	\$ 0	\$ 0
Equity in Pooled Cash and Investments	89,400	13,194	0	102,594	48,043	0
Accounts Receivable	3,995	2,347	0	6,342	0	0
<b>Total Assets</b>	<b>\$ 94,395</b>	<b>\$ 15,541</b>	<b>\$ 33,790</b>	<b>\$ 143,726</b>	<b>\$ 48,043</b>	<b>\$ 0</b>
<u>LIABILITIES</u>						
Accounts Payable	\$ 1,053	\$ 0	\$ 0	\$ 1,053	\$ 0	\$ 0
Payroll Deductions Payable	2,491	0	0	2,491	0	0
Cash Overdraft	0	0	0	0	0	4,732
Due to Other Funds	0	0	7,247	7,247	0	0
Due to State of Tennessee	164	0	0	164	0	0
<b>Total Liabilities</b>	<b>\$ 3,708</b>	<b>\$ 0</b>	<b>\$ 7,247</b>	<b>\$ 10,955</b>	<b>\$ 0</b>	<b>\$ 4,732</b>
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 15,541	\$ 0	\$ 15,541	\$ 0	\$ 0
Restricted for Capital Projects	0	0	0	0	48,043	0
Restricted for Other Purposes	0	0	0	0	0	0
Committed:						
Committed for Finance	0	0	26,543	26,543	0	0
Committed for Public Health and Welfare	90,687	0	0	90,687	0	0
Committed for Capital Outlay	0	0	0	0	0	0
Unassigned	0	0	0	0	0	(4,732)
<b>Total Fund Balances</b>	<b>\$ 90,687</b>	<b>\$ 15,541</b>	<b>\$ 26,543</b>	<b>\$ 132,771</b>	<b>\$ 48,043</b>	<b>\$ (4,732)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 94,395</b>	<b>\$ 15,541</b>	<b>\$ 33,790</b>	<b>\$ 143,726</b>	<b>\$ 48,043</b>	<b>\$ 0</b>

(Continued)

Exhibit G-1

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

	Capital Projects Funds (Cont.)			Total Nonmajor Governmental Funds
	HUD Grant Projects	Other Capital Projects	Total	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 0	\$ 34,790
Equity in Pooled Cash and Investments	3,003	62,106	113,152	215,746
Accounts Receivable	0	0	0	6,342
<b>Total Assets</b>	<b>\$ 3,003</b>	<b>\$ 62,106</b>	<b>\$ 113,152</b>	<b>\$ 256,878</b>
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 1,053
Payroll Deductions Payable	0	0	0	2,491
Cash Overdraft	0	0	4,732	4,732
Due to Other Funds	0	0	0	7,247
Due to State of Tennessee	0	0	0	164
<b>Total Liabilities</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,732</b>	<b>\$ 15,687</b>
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Public Safety	\$ 0	\$ 0	\$ 0	\$ 15,541
Restricted for Capital Projects	0	0	48,043	48,043
Restricted for Other Purposes	3,003	0	3,003	3,003
Committed:				
Committed for Finance	0	0	0	26,543
Committed for Public Health and Welfare	0	0	0	90,687
Committed for Capital Outlay	0	62,106	62,106	62,106
Unassigned	0	0	(4,732)	(4,732)
<b>Total Fund Balances</b>	<b>\$ 3,003</b>	<b>\$ 62,106</b>	<b>\$ 108,420</b>	<b>\$ 241,191</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,003</b>	<b>\$ 62,106</b>	<b>\$ 113,152</b>	<b>\$ 256,878</b>

Exhibit G-2

Haywood County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2016

	Special Revenue Funds				Capital Projects Funds	
	Solid Waste / Sanitation	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 0	\$ 48,002	\$ 0	\$ 48,002	\$ 0	\$ 0
Charges for Current Services	623,037	0	188,668	811,705	0	0
Other Local Revenues	136	0	0	136	0	0
State of Tennessee	34,573	0	0	34,573	0	0
Federal Government	0	0	0	0	0	1,063,525
<b>Total Revenues</b>	<b>\$ 657,746</b>	<b>\$ 48,002</b>	<b>\$ 188,668</b>	<b>\$ 894,416</b>	<b>\$ 0</b>	<b>\$ 1,063,525</b>
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 0	\$ 173,747	\$ 173,747	\$ 0	\$ 0
Public Safety	0	67,547	0	67,547	0	0
Public Health and Welfare	375,922	0	0	375,922	0	0
Other Operations	66,332	0	0	66,332	0	0
Capital Projects	0	0	0	0	279,175	1,092,221
<b>Total Expenditures</b>	<b>\$ 442,254</b>	<b>\$ 67,547</b>	<b>\$ 173,747</b>	<b>\$ 683,548</b>	<b>\$ 279,175</b>	<b>\$ 1,092,221</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 215,492	\$ (19,545)	\$ 14,921	\$ 210,868	\$ (279,175)	\$ (28,696)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (205,000)	\$ 0	\$ 0	\$ (205,000)	\$ 0	\$ 0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (205,000)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (205,000)</b>	<b>\$ 0</b>	<b>\$ 0</b>
Net Change in Fund Balances	\$ 10,492	\$ (19,545)	\$ 14,921	\$ 5,868	\$ (279,175)	\$ (28,696)
Fund Balance, July 1, 2015	80,195	35,086	11,622	126,903	327,218	23,964
<b>Fund Balance, June 30, 2016</b>	<b>\$ 90,687</b>	<b>\$ 15,541</b>	<b>\$ 26,543</b>	<b>\$ 132,771</b>	<b>\$ 48,043</b>	<b>\$ (4,732)</b>

(Continued)

Exhibit G-2

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

	Capital Projects Funds (Cont.)				Total Nonmajor Governmental Funds
	HUD Grant Projects	Education Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>					
Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 48,002
Charges for Current Services	0	0	0	0	811,705
Other Local Revenues	0	0	17,826	17,826	17,962
State of Tennessee	0	0	0	0	34,573
Federal Government	0	0	0	1,063,525	1,063,525
Total Revenues	\$ 0	\$ 0	\$ 17,826	\$ 1,081,351	\$ 1,975,767
<u>Expenditures</u>					
Current:					
Finance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 173,747
Public Safety	0	0	0	0	67,547
Public Health and Welfare	0	0	0	0	375,922
Other Operations	0	0	0	0	66,332
Capital Projects	0	66,000	7,174	1,444,570	1,444,570
Total Expenditures	\$ 0	\$ 66,000	\$ 7,174	\$ 1,444,570	\$ 2,128,118
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (66,000)	\$ 10,652	\$ (363,219)	\$ (152,351)
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	\$ (205,000)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (205,000)
Net Change in Fund Balances	\$ 0	\$ (66,000)	\$ 10,652	\$ (363,219)	\$ (357,351)
Fund Balance, July 1, 2015	3,003	66,000	51,454	471,639	598,542
Fund Balance, June 30, 2016	\$ 3,003	\$ 0	\$ 62,106	\$ 108,420	\$ 241,191

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 623,037	\$ 640,000	\$ 640,000	\$ (16,963)
Other Local Revenues	136	0	0	136
State of Tennessee	34,573	35,100	35,100	(527)
Total Revenues	<u>\$ 657,746</u>	<u>\$ 675,100</u>	<u>\$ 675,100</u>	<u>\$ (17,354)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Waste Pickup	\$ 375,922	\$ 362,286	\$ 388,206	\$ 12,284
<u>Other Operations</u>				
Other Charges	19,050	30,300	30,300	11,250
Employee Benefits	47,282	50,414	50,414	3,132
Total Expenditures	<u>\$ 442,254</u>	<u>\$ 443,000</u>	<u>\$ 468,920</u>	<u>\$ 26,666</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 215,492</u>	<u>\$ 232,100</u>	<u>\$ 206,180</u>	<u>\$ 9,312</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	<u>\$ (205,000)</u>	<u>\$ (230,000)</u>	<u>\$ (230,000)</u>	<u>\$ 25,000</u>
Total Other Financing Sources	<u>\$ (205,000)</u>	<u>\$ (230,000)</u>	<u>\$ (230,000)</u>	<u>\$ 25,000</u>
Net Change in Fund Balance	\$ 10,492	\$ 2,100	\$ (23,820)	\$ 34,312
Fund Balance, July 1, 2015	<u>80,195</u>	<u>74,822</u>	<u>74,822</u>	<u>5,373</u>
Fund Balance, June 30, 2016	<u><u>\$ 90,687</u></u>	<u><u>\$ 76,922</u></u>	<u><u>\$ 51,002</u></u>	<u><u>\$ 39,685</u></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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 48,002	\$ 17,806	\$ 45,653	\$ 2,349
Total Revenues	\$ 48,002	\$ 17,806	\$ 45,653	\$ 2,349
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 67,547	\$ 17,806	\$ 73,315	\$ 5,768
Total Expenditures	\$ 67,547	\$ 17,806	\$ 73,315	\$ 5,768
Excess (Deficiency) of Revenues Over Expenditures	\$ (19,545)	\$ 0	\$ (27,662)	\$ 8,117
Net Change in Fund Balance	\$ (19,545)	\$ 0	\$ (27,662)	\$ 8,117
Fund Balance, July 1, 2015	35,086	32,524	32,524	2,562
Fund Balance, June 30, 2016	\$ 15,541	\$ 32,524	\$ 4,862	\$ 10,679

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,491,585	\$ 1,458,200	\$ 1,438,200	\$ 53,385
Fines, Forfeitures, and Penalties	0	1,200	1,200	(1,200)
Other Local Revenues	94,474	102,525	102,525	(8,051)
State of Tennessee	60,945	60,000	60,000	945
Federal Government	95,837	95,425	95,425	412
Total Revenues	<u>\$ 1,742,841</u>	<u>\$ 1,717,350</u>	<u>\$ 1,697,350</u>	<u>\$ 45,491</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 876,397	\$ 1,229,142	\$ 945,498	\$ 69,101
Education	285,004	0	285,004	0
<u>Interest on Debt</u>				
General Government	549,490	601,803	591,315	41,825
Education	9,152	0	9,152	0
<u>Other Debt Service</u>				
General Government	29,462	31,700	29,197	(265)
Education	3,503	0	3,503	0
Total Expenditures	<u>\$ 1,753,008</u>	<u>\$ 1,862,645</u>	<u>\$ 1,863,669</u>	<u>\$ 110,661</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (10,167)</u>	<u>\$ (145,295)</u>	<u>\$ (166,319)</u>	<u>\$ 156,152</u>
Net Change in Fund Balance	\$ (10,167)	\$ (145,295)	\$ (166,319)	\$ 156,152
Fund Balance, July 1, 2015	<u>2,557,531</u>	<u>2,502,542</u>	<u>2,502,542</u>	<u>54,989</u>
Fund Balance, June 30, 2016	<u>\$ 2,547,364</u>	<u>\$ 2,357,247</u>	<u>\$ 2,336,223</u>	<u>\$ 211,141</u>

# Fiduciary Funds

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

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

Joint Venture Fund – The Joint Venture Fund is used to account for funding received primarily from Haywood County and the City of Brownsville for an emergency management agency.

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 of deeds; and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit I-1

Haywood County, Tennessee  
Combining Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2016

	Agency Funds			Total
	Cities - Sales Tax	Joint Venture	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 465,211	\$ 465,211
Equity in Pooled Cash and Investments	0	15,166	0	15,166
Accounts Receivable	0	0	5,268	5,268
Due from Other Governments	274,647	4,621	0	279,268
Total Assets	\$ 274,647	\$ 19,787	\$ 470,479	\$ 764,913
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 600	\$ 0	\$ 600
Payroll Deductions Payable	0	300	0	300
Due to Other Taxing Units	274,647	0	0	274,647
Due to Litigants, Heirs, and Others	0	0	470,479	470,479
Due to Joint Venture	0	18,887	0	18,887
Total Liabilities	\$ 274,647	\$ 19,787	\$ 470,479	\$ 764,913

## Exhibit I-2

Haywood County, Tennessee  
Combining Statement of Changes in Assets and Liabilities - All Agency Funds  
For the Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,617,404	\$ 1,617,404	\$ 0
Due from Other Governments	265,693	274,647	265,693	274,647
Total Assets	<u>\$ 265,693</u>	<u>\$ 1,892,051</u>	<u>\$ 1,883,097</u>	<u>\$ 274,647</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 265,693	\$ 1,892,051	\$ 1,883,097	\$ 274,647
Total Liabilities	<u>\$ 265,693</u>	<u>\$ 1,892,051</u>	<u>\$ 1,883,097</u>	<u>\$ 274,647</u>
<u>Joint Venture Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 12,812	\$ 67,093	\$ 64,739	\$ 15,166
Due from Other Governments	4,572	4,621	4,572	4,621
Total Assets	<u>\$ 17,384</u>	<u>\$ 71,714</u>	<u>\$ 69,311</u>	<u>\$ 19,787</u>
<u>Liabilities</u>				
Accounts Payable	\$ 600	\$ 600	\$ 600	\$ 600
Payroll Deductions Payable	295	300	295	300
Due to Joint Venture	16,489	70,814	68,416	18,887
Total Liabilities	<u>\$ 17,384</u>	<u>\$ 71,714</u>	<u>\$ 69,311</u>	<u>\$ 19,787</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 405,264	\$ 5,931,619	\$ 5,871,672	\$ 465,211
Accounts Receivable	5,248	5,268	5,248	5,268
Total Assets	<u>\$ 410,512</u>	<u>\$ 5,936,887</u>	<u>\$ 5,876,920</u>	<u>\$ 470,479</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 410,512	\$ 5,936,887	\$ 5,876,920	\$ 470,479
Total Liabilities	<u>\$ 410,512</u>	<u>\$ 5,936,887</u>	<u>\$ 5,876,920</u>	<u>\$ 470,479</u>

(Continued)

Exhibit I-2

Haywood County, Tennessee

Combining Statement of Changes in Assets and Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 405,264	\$ 5,931,619	\$ 5,871,672	\$ 465,211
Equity in Pooled Cash and Investments	12,812	1,684,497	1,682,143	15,166
Accounts Receivable	5,248	5,268	5,248	5,268
Due from Other Governments	270,265	279,268	270,265	279,268
Total Assets	<u>\$ 693,589</u>	<u>\$ 7,900,652</u>	<u>\$ 7,829,328</u>	<u>\$ 764,913</u>
<u>Liabilities</u>				
Accounts Payable	\$ 600	\$ 600	\$ 600	\$ 600
Payroll Deductions Payable	295	300	295	300
Due to Other Taxing Units	265,693	1,892,051	1,883,097	274,647
Due to Litigants, Heirs, and Others	410,512	5,936,887	5,876,920	470,479
Due to Joint Ventures	16,489	70,814	68,416	18,887
Total Liabilities	<u>\$ 693,589</u>	<u>\$ 7,900,652</u>	<u>\$ 7,829,328</u>	<u>\$ 764,913</u>

# Haywood County School Department

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

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

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

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

Exhibit J-1

Haywood County, Tennessee  
Statement of Activities  
Discretely Presented Haywood County School Department  
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:					
Instruction	\$ 14,874,758	\$ 32,461	\$ 1,574,842	\$ 22,000	\$ (13,245,455)
Support Services	10,159,791	0	809,405	22,000	(9,328,386)
Operation of Non-instructional Services	3,038,391	212,181	2,864,511	22,000	60,301
<b>Total Governmental Activities</b>	<b>\$ 28,072,940</b>	<b>\$ 244,642</b>	<b>\$ 5,248,758</b>	<b>\$ 66,000</b>	<b>\$ (22,513,540)</b>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 3,842,464
Local Option Sales Taxes					1,752,559
Wheel Tax					273,242
Other Local Taxes					45,906
Grants and Contributions Not Restricted to Specific Programs					17,778,397
Miscellaneous					11,696
<b>Total General Revenues</b>					<b>\$ 23,704,264</b>
Change in Net Position					\$ 1,190,724
Net Position, July 1, 2015					15,671,792
Net Position, June 30, 2016					<b>\$ 16,862,516</b>

Exhibit J-2

Haywood County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Haywood County School Department  
June 30, 2016

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Central</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Cafeteria</u>	<u>Funds</u>
<u>ASSETS</u>				
Equity in Pooled Cash and Investments	\$ 3,757,126	\$ 35,997	\$ 507,977	\$ 4,301,100
Accounts Receivable	21,025	0	0	21,025
Due from Other Governments	298,780	216,304	0	515,084
Due from Other Funds	0	549	0	549
Due from Primary Government	0	0	63,183	63,183
Property Taxes Receivable	4,036,101	0	0	4,036,101
Allowance for Uncollectible Property Taxes	(110,109)	0	0	(110,109)
Total Assets	<u>\$ 8,002,923</u>	<u>\$ 252,850</u>	<u>\$ 571,160</u>	<u>\$ 8,826,933</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 16,916	\$ 0	\$ 0	\$ 16,916
Payroll Deductions Payable	565,775	53,214	20,895	639,884
Retainage Payable	32,490	0	0	32,490
Due to Other Funds	549	0	0	549
Total Liabilities	<u>\$ 615,730</u>	<u>\$ 53,214</u>	<u>\$ 20,895</u>	<u>\$ 689,839</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 3,639,346	\$ 0	\$ 0	\$ 3,639,346
Deferred Delinquent Property Taxes	244,435	0	0	244,435
Other Deferred/Unavailable Revenue	151,863	0	0	151,863
Total Deferred Inflows of Resources	<u>\$ 4,035,644</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,035,644</u>

(Continued)



Exhibit J-2

Haywood County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Haywood County School Department (Cont.)

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Fund</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Central</u>	<u>Funds</u>
	<u>School</u>	<u>Projects</u>	<u>Cafeteria</u>	
<u>FUND BALANCES</u>				
Restricted:				
Restricted for Education	\$ 522,615	\$ 0	\$ 0	\$ 522,615
Restricted for Operation of Non-instructional Services	0	0	550,265	550,265
Committed:				
Committed for Education	97,997	0	0	97,997
Assigned:				
Assigned for Education	20,422	199,636	0	220,058
Assigned for Support Services	3,448	0	0	3,448
Unassigned	2,707,067	0	0	2,707,067
Total Fund Balances	<u>\$ 3,351,549</u>	<u>\$ 199,636</u>	<u>\$ 550,265</u>	<u>\$ 4,101,450</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,002,923</u>	<u>\$ 252,850</u>	<u>\$ 571,160</u>	<u>\$ 8,826,933</u>

Exhibit J-3

Haywood County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
Discretely Presented Haywood County School Department  
June 30, 2016

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

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$	4,101,450
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	143,868	
Add: buildings and improvements net of accumulated depreciation		13,142,713	
Add: other capital assets net of accumulated depreciation		<u>1,242,049</u>	14,528,630
(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 liability	\$	(648,004)	
Less: net pension liability - agent plan		(42,075)	
Less: net pension liability - teacher legacy pension plan		<u>(135,446)</u>	(825,525)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.			
Add: deferred outflows of resources related to pensions	\$	1,935,942	
Less: deferred inflows of resources related to pensions		<u>(3,290,511)</u>	(1,354,569)
(4) Net pension assets of the teacher retirement plan are not current financial resources and therefore are not reported in the governmental funds.			16,232
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>396,298</u>
Net position of governmental activities (Exhibit A)		\$	<u>16,862,516</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, 2016

	Major Funds		Nonmajor	Total
	General Purpose School	School Projects	Fund Central Cafeteria	
<u>Revenues</u>				
Local Taxes	\$ 5,997,068	\$ 0	\$ 0	\$ 5,997,068
Licenses and Permits	988	0	0	988
Charges for Current Services	32,461	0	212,181	244,642
Other Local Revenues	143,270	0	596	143,866
State of Tennessee	17,643,868	0	19,195	17,663,063
Federal Government	82,805	3,185,047	1,831,749	5,099,601
Other Governments and Citizens Groups	66,000	0	0	66,000
Total Revenues	<u>\$ 23,966,460</u>	<u>\$ 3,185,047</u>	<u>\$ 2,063,721</u>	<u>\$ 29,215,228</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 13,044,853	\$ 2,205,300	\$ 0	\$ 15,250,153
Support Services	9,765,049	526,388	0	10,291,437
Operation of Non-Instructional Services	603,257	392,437	2,036,713	3,032,407
Capital Outlay	717,557	0	0	717,557
Total Expenditures	<u>\$ 24,130,716</u>	<u>\$ 3,124,125</u>	<u>\$ 2,036,713</u>	<u>\$ 29,291,554</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (164,256)</u>	<u>\$ 60,922</u>	<u>\$ 27,008</u>	<u>\$ (76,326)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 29,863	\$ 0	\$ 0	\$ 29,863
Transfers In	64,114	0	0	64,114
Transfers Out	0	(64,114)	0	(64,114)
Total Other Financing Sources (Uses)	<u>\$ 93,977</u>	<u>\$ (64,114)</u>	<u>\$ 0</u>	<u>\$ 29,863</u>
Net Change in Fund Balances	\$ (70,279)	\$ (3,192)	\$ 27,008	\$ (46,463)

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, 2016

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)		\$	(46,463)
(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	\$	741,520	
Less: current-year depreciation expense		<u>(1,178,490)</u>	(436,970)
(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, 2016	\$	396,298	
Less: deferred delinquent property taxes and other deferred June 30, 2015		<u>(347,862)</u>	48,436
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in other postemployment benefits liability	\$	(26,872)	
Change in net pension asset - teacher retirement plan		16,232	
Change in net pension asset/liability - agent plan		(998,311)	
Change in net pension asset/liability - teacher legacy pension plan		(189,159)	
Change in deferred outflows related to pensions		174,831	
Change in deferred inflows related to pensions		<u>2,649,000</u>	<u>1,625,721</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ 1,190,724</u>

Exhibit J-6

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 5,997,068	\$ 0	\$ 0	\$ 5,997,068	\$ 5,845,196	\$ 5,845,196	\$ 151,872
Licenses and Permits	988	0	0	988	2,000	2,000	(1,012)
Charges for Current Services	32,461	0	0	32,461	34,268	34,268	(1,807)
Other Local Revenues	143,270	0	0	143,270	131,010	126,510	16,760
State of Tennessee	17,643,868	0	0	17,643,868	17,470,110	17,630,323	13,545
Federal Government	82,805	0	0	82,805	87,313	87,313	(4,508)
Other Governments and Citizens Groups	66,000	0	0	66,000	0	0	66,000
<b>Total Revenues</b>	<b>\$ 23,966,460</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 23,966,460</b>	<b>\$ 23,569,897</b>	<b>\$ 23,725,610</b>	<b>\$ 240,850</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Regular Instruction Program	\$ 10,072,454	\$ (86,146)	\$ 0	\$ 9,986,308	\$ 10,523,353	\$ 10,482,691	\$ 496,383
Alternative Instruction Program	566,743	0	0	566,743	587,216	587,216	20,473
Special Education Program	1,764,962	(18,324)	4,585	1,751,223	1,817,190	1,817,190	65,967
Vocational Education Program	640,694	0	0	640,694	657,978	657,978	17,284
<b>Support Services</b>							
Attendance	130,610	0	0	130,610	138,442	138,442	7,832
Health Services	195,589	0	0	195,589	200,164	200,163	4,574
Other Student Support	767,296	(14,817)	0	752,479	690,037	765,062	12,583
Regular Instruction Program	986,207	(13,602)	0	972,605	1,020,128	1,020,128	47,523
Alternative Instruction Program	2,320	0	0	2,320	12,100	12,100	9,780
Special Education Program	361,821	0	3,552	365,373	370,177	370,177	4,804
Vocational Education Program	136,223	0	0	136,223	143,324	143,324	7,101
Other Programs	108,473	0	0	108,473	0	108,473	0
Board of Education	523,302	0	0	523,302	525,820	534,395	11,093
Director of Schools	353,448	0	0	353,448	357,902	357,902	4,454
Office of the Principal	1,412,338	0	0	1,412,338	1,431,788	1,431,788	19,450
Fiscal Services	333,537	0	0	333,537	366,393	366,393	32,856
Operation of Plant	1,506,738	0	2,244	1,508,982	1,532,994	1,532,994	24,012

(Continued)

Exhibit J-6

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 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Maintenance of Plant	\$ 794,190	\$ (61,388)	\$ 0	\$ 732,802	\$ 778,213	\$ 778,213	\$ 45,411
Transportation	1,807,321	(99,477)	10,041	1,717,885	1,846,871	1,846,871	128,986
Central and Other	345,636	(12,554)	0	333,082	332,631	336,931	3,849
<u>Operation of Non-Instructional Services</u>							
Food Service	250	0	0	250	2,118	2,118	1,868
Early Childhood Education	603,007	0	0	603,007	603,008	603,007	0
<u>Capital Outlay</u>							
Regular Capital Outlay	717,557	0	0	717,557	724,000	724,000	6,443
Total Expenditures	\$ 24,130,716	\$ (306,308)	\$ 20,422	\$ 23,844,830	\$ 24,661,847	\$ 24,817,556	\$ 972,726
<u>Excess (Deficiency) of Revenues Over Expenditures</u>							
	\$ (164,256)	\$ 306,308	\$ (20,422)	\$ 121,630	\$ (1,091,950)	\$ (1,091,946)	\$ 1,213,576
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 29,863	\$ 0	\$ 0	\$ 29,863	\$ 0	\$ 0	\$ 29,863
Transfers In	64,114	0	0	64,114	8,877	8,877	55,237
Total Other Financing Sources	\$ 93,977	\$ 0	\$ 0	\$ 93,977	\$ 8,877	\$ 8,877	\$ 85,100
Net Change in Fund Balance	\$ (70,279)	\$ 306,308	\$ (20,422)	\$ 215,607	\$ (1,083,073)	\$ (1,083,069)	\$ 1,298,676
Fund Balance, July 1, 2015	3,421,828	(306,308)	0	3,115,520	2,869,232	2,869,232	246,288
Fund Balance, June 30, 2016	\$ 3,351,549	\$ 0	\$ (20,422)	\$ 3,331,127	\$ 1,786,159	\$ 1,786,163	\$ 1,544,964

Exhibit J-7

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 3,185,047	\$ 0	\$ 3,185,047	\$ 3,037,765	\$ 3,337,947	\$ (152,900)
Total Revenues	\$ 3,185,047	\$ 0	\$ 3,185,047	\$ 3,037,765	\$ 3,337,947	\$ (152,900)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 1,495,213	\$ 0	\$ 1,495,213	\$ 1,031,395	\$ 1,572,425	\$ 77,212
Special Education Program	643,287	0	643,287	633,615	643,818	531
Vocational Education Program	66,800	0	66,800	34,377	66,800	0
<u>Support Services</u>						
Other Student Support	170,632	(4,184)	166,448	152,037	166,950	502
Regular Instruction Program	238,996	0	238,996	109,998	314,168	75,172
Special Education Program	112,775	0	112,775	79,410	112,953	178
Vocational Education Program	2,571	0	2,571	2,700	2,571	0
Transportation	1,414	0	1,414	2,700	1,414	0
<u>Operation of Non-Instructional Services</u>						
Community Services	392,437	(3,714)	388,723	386,163	388,723	0
Total Expenditures	\$ 3,124,125	\$ (7,898)	\$ 3,116,227	\$ 2,432,395	\$ 3,269,822	\$ 153,595
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 60,922	\$ 7,898	\$ 68,820	\$ 605,370	\$ 68,125	\$ 695
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (64,114)	\$ 0	\$ (64,114)	\$ (8,837)	\$ (68,125)	\$ 4,011
Total Other Financing Sources	\$ (64,114)	\$ 0	\$ (64,114)	\$ (8,837)	\$ (68,125)	\$ 4,011
Net Change in Fund Balance						
Fund Balance, July 1, 2015	\$ (3,192)	\$ 7,898	\$ 4,706	\$ 596,533	\$ 0	\$ 4,706
	202,828	(7,898)	194,930	202,828	202,828	(7,898)
Fund Balance, June 30, 2016	\$ 199,636	\$ 0	\$ 199,636	\$ 799,361	\$ 202,828	\$ (3,192)

Exhibit J-8

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, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 212,181	\$ 275,700	\$ 275,700	\$ (63,519)
Other Local Revenues	596	900	900	(304)
State of Tennessee	19,195	22,000	22,000	(2,805)
Federal Government	1,831,749	1,809,640	1,781,652	50,097
Total Revenues	<u>\$ 2,063,721</u>	<u>\$ 2,108,240</u>	<u>\$ 2,080,252</u>	<u>\$ (16,531)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,036,713	\$ 2,108,240	\$ 2,080,252	\$ 43,539
Total Expenditures	<u>\$ 2,036,713</u>	<u>\$ 2,108,240</u>	<u>\$ 2,080,252</u>	<u>\$ 43,539</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 27,008</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 27,008</u>
Net Change in Fund Balance	\$ 27,008	\$ 0	\$ 0	\$ 27,008
Fund Balance, July 1, 2015	<u>523,257</u>	<u>582,040</u>	<u>582,040</u>	<u>(58,783)</u>
Fund Balance, June 30, 2016	<u>\$ 550,265</u>	<u>\$ 582,040</u>	<u>\$ 582,040</u>	<u>\$ (31,775)</u>



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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Haywood County, Tennessee  
Schedule of Changes in Long-term Capital Leases, Other Loans, and Bonds  
For the Year Ended June 30, 2016

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-16
<b><u>GOVERNMENTAL ACTIVITIES</u></b>								
<b><u>CAPITAL LEASE PAYABLE</u></b>								
<b><u>Payable through General Fund</u></b>								
Ambulance and Defibrillators	\$ 241,726	4.05	% 12-9-15	12-15-17	\$ 0	\$ 241,726	\$ 83,688	\$ 158,038
Total Capital Lease Payable					\$ 0	\$ 241,726	\$ 83,688	\$ 158,038
<b><u>OTHER LOANS PAYABLE</u></b>								
<b><u>Payable through General Debt Service Fund</u></b>								
Energy Efficient School Initiative	2,000,000	0	9-8-11	4-1-23	\$ 1,549,991	\$ 0	\$ 200,004	\$ 1,349,987
Haywood High School Renovations	1,509,000	Variable	12-15-11	6-1-27	1,265,000	0	85,000	1,180,000
Total Other Loans Payable					\$ 2,814,991	\$ 0	\$ 285,004	\$ 2,529,987
<b><u>BONDS PAYABLE</u></b>								
<b><u>Payable through General Debt Service Fund</u></b>								
Waterline (USDA Rural Development)	560,000	4.875	2-5-1998	2-5-37	\$ 436,330	\$ 0	\$ 11,971	\$ 424,359
General Obligation 2008	4,425,000	3.625 to 4.3	12-23-08	6-30-21	1,400,000	0	300,000	1,100,000
General Obligation Refunding, Series 2009	3,400,000	3 to 3.5	4-15-09	6-30-16	470,000	0	470,000	0
General Obligation 2009	300,000	4.5	6-30-09	6-28-24	203,036	0	19,426	183,610
General Obligation 2010	5,575,000	4.75 to 5.55	3-10-10	6-1-30	5,575,000	0	0	5,575,000
General Obligation Refunding, Series 2015	7,225,000	2 to 2.65	5-29-15	6-30-28	7,225,000	0	75,000	7,150,000
Total Bonds Payable					\$ 15,309,366	\$ 0	\$ 876,397	\$ 14,432,969
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>								
<b><u>CAPITAL LEASES PAYABLE</u></b>								
<b><u>Payable through Solid Waste Disposal Fund</u></b>								
Tractor and Dirt Pan	57,344	3	9-6-13	9-5-18	\$ 46,542	\$ 0	\$ 11,126	\$ 35,416
Caterpillar Loader	83,539	2.49	9-2-14	9-29-19	71,663	0	16,183	55,480
Caterpillar Bulldozer	100,413	3.2	2-18-16	2-18-22	0	100,413	5,088	95,325
Total Capital Leases Payable					\$ 118,205	\$ 100,413	\$ 32,397	\$ 186,221

Exhibit K-2

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

GOVERNMENTAL ACTIVITIES

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2017	\$ 77,451	\$ 6,401	\$ 83,852
2018	80,587	3,264	83,851
Total	<u>\$ 158,038</u>	<u>\$ 9,665</u>	<u>\$ 167,703</u>

Year Ending June 30	Other Loans Payable			
	Principal	Interest	Other Fees	Total
2017	\$ 288,004	\$ 11,886	\$ 3,235	\$ 303,125
2018	292,004	10,999	3,104	306,107
2019	295,004	10,072	2,968	308,044
2020	299,004	9,116	2,827	310,947
2021	303,004	8,118	2,680	313,802
2022	307,004	7,081	2,527	316,612
2023	261,963	6,003	2,368	270,334
2024	116,000	4,875	2,202	123,077
2025	121,000	3,707	2,029	126,736
2026	125,000	2,488	1,850	129,338
2027	122,000	1,229	1,865	125,094
Total	<u>\$ 2,529,987</u>	<u>\$ 75,574</u>	<u>\$ 27,655</u>	<u>\$ 2,633,216</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 956,655	\$ 519,026	\$ 1,475,681
2018	1,008,132	488,812	1,496,944
2019	1,054,677	456,266	1,510,943
2020	1,061,295	434,248	1,495,543
2021	1,092,988	412,055	1,505,043
2022	889,761	389,182	1,278,943
2023	921,617	358,502	1,280,119

(Continued)

Exhibit K-2

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

GOVERNMENTAL ACTIVITIES (CONT.)

Year Ending June 30	Bonds (Cont.)		
	Principal	Interest	Total
2024	\$ 947,631	\$ 325,760	\$ 1,273,391
2025	952,614	290,468	1,243,082
2026	988,483	254,762	1,243,245
2027	1,014,395	217,555	1,231,950
2028	1,060,352	177,818	1,238,170
2029	1,121,357	134,943	1,256,300
2030	1,172,410	73,940	1,246,350
2031	23,516	9,009	32,525
2032	24,379	7,848	32,227
2033	25,894	6,631	32,525
2034	27,172	5,353	32,525
2035	28,513	4,012	32,525
2036	29,920	2,605	32,525
2037	31,208	1,129	32,337
Total	<u>\$ 14,432,969</u>	<u>\$ 4,569,924</u>	<u>\$ 19,002,893</u>

BUSINESS-TYPE ACTIVITIES

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2017	\$ 43,644	\$ 5,080	\$ 48,724
2018	44,913	3,811	48,724
2019	46,219	2,505	48,724
2020	21,595	1,273	22,868
2021	17,719	697	18,416
2022	12,131	146	12,277
Total	<u>\$ 186,221</u>	<u>\$ 13,512</u>	<u>\$ 199,733</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, 2016

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Solid Waste/Sanitation	Solid Waste Disposal	Operations	<u>\$ 205,000</u>
Total Transfers Primary Government			<u>\$ 205,000</u>
<u>DISCRETELY PRESENTED HAYWOOD COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect Costs	<u>\$ 64,114</u>
Total Transfers Discretely Presented Haywood County School Department			<u>\$ 64,114</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, 2016

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA, and County Commission	\$ 95,354 (1,2)	\$ 100,000	RLI Insurance Company
Chief Administrative Highway Officer	Section 8-24-102, TCA, and County Commission	79,427 (1)	100,000	"
Director of Schools	State Board of Education and County Board of Education	102,000 (3)	100,000	"
Trustee	Section 8-24-102, TCA, and County Commission	66,363 (1)	938,755	"
Assessor of Property	Section 8-24-102, TCA, and County Commission	66,363 (1)	50,000	Auto-Owners Insurance Company
County Clerk	Section 8-24-102, TCA, and County Commission	66,363 (1)	100,000	RLI Insurance Company
Circuit, General Sessions, and Juvenile Courts Clerk	Section 8-24-102, TCA, and County Commission	66,363 (1)	50,000	Western Surety Company
Clerk and Master	Section 8-24-102, TCA, and County Commission	66,363 (1)	70,000	RLI Insurance Company
Register of Deeds	Section 8-24-102, TCA, and County Commission	66,363 (1)	100,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	72,748 (1,4)	100,000	"
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 a certified public administrator supplement of \$2,520.
- (2) Includes county commission chairman compensation of \$19,096.
- (3) Includes a career ladder supplement of \$1,000 and \$4,040 paid from the School Federal Projects Fund.
- (4) Does not include a law enforcement training supplement of \$600.

Exhibit K-5

Haywood County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2016

	Special Revenue Funds					Debt Service
	General	Solid Waste / Sanitation	Drug Control	Constitu- tional - Officers - Fees	Highway / Public Works	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 4,690,125	\$ 0	\$ 0	\$ 0	\$ 441,330	\$ 842,242
Discount on Property Taxes	(55,272)	0	0	0	(5,203)	(10,040)
Trustee's Collections - Prior Year	162,470	0	0	0	16,976	42,152
Trustee's Collections - Bankruptcy	1,570	0	0	0	163	309
Circuit Clerk/Clerk and Master Collections - Prior Years	119,940	0	0	0	12,317	23,768
Interest and Penalty	38,871	0	0	0	3,908	7,224
Payments in-Lieu-of Taxes - T.V.A.	185,818	0	0	0	17,801	31,327
Payments in-Lieu-of Taxes - Local Utilities	65,640	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	124,480	0	0	0	0	0
Hotel/Motel Tax	54,589	0	0	0	0	0
Wheel Tax	539,650	0	0	0	136,622	273,267
Litigation Tax - General	232,040	0	0	0	0	0
Litigation Tax - Special Purpose	6,926	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	281,336
Business Tax	138,472	0	0	0	0	0
Mixed Drink Tax	2,869	0	0	0	0	0
Other County Local Option Taxes	33,621	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	21,750	0	0	0	0	0
Wholesale Beer Tax	75,772	0	0	0	0	0
Beer Privilege Tax	950	0	0	0	0	0
<b>Total Local Taxes</b>	<b>\$ 6,440,281</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 623,914</b>	<b>\$ 1,491,585</b>

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 883	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	1,419	0	0	0	0	0
<u>Permits</u>						
Beer Permits	1,496	0	0	0	0	0
Building Permits	15,102	0	0	0	0	0
Total Licenses and Permits	<u>\$ 18,900</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 1,188	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	7,846	0	0	0	0	0
Drug Court Fees	0	0	92	0	0	0
Data Entry Fee - Circuit Court	1,225	0	0	0	0	0
Courtroom Security Fee	849	0	0	0	0	0
<u>Criminal Court</u>						
Victims Assistance Assessments	4,236	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	15,546	0	0	0	0	0
Fines for Littering	48	0	0	0	0	0
Officers Costs	23,578	0	0	0	0	0
Game and Fish Fines	637	0	0	0	0	0
Drug Control Fines	0	0	784	0	0	0
Jail Fees	25,249	0	0	0	0	0
DUI Treatment Fines	5,012	0	0	0	0	0
Data Entry Fee - General Sessions Court	28,611	0	0	0	0	0

(Continued)



Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>General Sessions Court (Cont.)</u>						
Courtroom Security Fee	\$ 70,734	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Victims Assistance Assessments	22,137	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	569	0	0	0	0	0
Officers Costs	1,013	0	0	0	0	0
Data Entry Fee - Juvenile Court	270	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	806	0	0	0	0	0
Data Entry Fee - Chancery Court	2,800	0	0	0	0	0
Courtroom Security Fee	1,516	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	47,126	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 213,870</b>	<b>\$ 0</b>	<b>\$ 48,002</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Residential Waste Collection Charge	\$ 0	\$ 622,778	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	1,014,993	0	0	0	0	0
Zoning Studies	120	0	0	0	0	0
Work Release Charges for Board	0	259	0	0	0	0
Health Department Collections	109,106	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	38,938	0	0	0	0	0
Copy Fees	2,557	0	0	0	0	0
Telephone Commissions	56,490	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Vending Machine Collections	\$ 14,866	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Constitutional Officers' Fees and Commissions	0	0	0	188,668	0	0
Data Processing Fee - Register	5,222	0	0	0	0	0
Data Processing Fee - Sheriff	1,931	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	1,500	0	0	0	0	0
Data Processing Fee - County Clerk	1,872	0	0	0	0	0
<b>Total Charges for Current Services</b>	<b>\$ 1,247,595</b>	<b>\$ 623,037</b>	<b>\$ 0</b>	<b>\$ 188,668</b>	<b>\$ 0</b>	<b>\$ 0</b>
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 61,952
Lease/Rentals	25,250	0	0	0	570	0
Sale of Materials and Supplies	48,374	0	0	0	20,824	0
Commissary Sales	22,138	0	0	0	0	0
Sale of Gasoline	0	0	0	0	140,481	0
Miscellaneous Refunds	43,192	136	0	0	79	0
<u>Nonrecurring Items</u>						
Sale of Property	104,852	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0	0	32,522
<b>Total Other Local Revenues</b>	<b>\$ 243,806</b>	<b>\$ 136</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 161,954</b>	<b>\$ 94,474</b>
<u>Fees Received From County Officials</u>						
<u>Excess Fees</u>						
Trustee	\$ 174,480	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional - Officers - Fees	Highway / Public Works	General Debt Service
<u>Fees Received From County Officials (Cont.)</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 209,517	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	24,063	0	0	0	0	0
General Sessions Court Clerk	416,000	0	0	0	0	0
Clerk and Master	91,676	0	0	0	0	0
Juvenile Court Clerk	15,859	0	0	0	0	0
Register	61,841	0	0	0	0	0
Sheriff	8,686	0	0	0	0	0
Total Fees Received From County Officials	\$ 1,002,122	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 18,585	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	11,400	0	0	0	0	0
Drug Control Grants	8,139	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Other Health and Welfare Grants	36,425	0	0	0	0	0
<u>Public Works Grants</u>						
Bridge Program	0	0	0	0	26,887	0
State Aid Program	0	0	0	0	245,904	0
Litter Program	0	34,573	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	13,982	0	0	0	0	0
Vehicle Certificate of Title Fees	5,820	0	0	0	0	0
Alcoholic Beverage Tax	74,307	0	0	0	0	0

(Continued)

Exhibit K-5

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

	Special Revenue Funds					Debt Service Fund
	General	Solid Waste / Sanitation	Drug Control	Constitutional Officers - Fees	Highway / Public Works	General Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
State Revenue Sharing - T.V.A.	\$ 335,534	\$ 0	\$ 0	\$ 0	\$ 31,583	\$ 60,945
Contracted Prisoner Boarding	633,921	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	1,821,943	0
Petroleum Special Tax	0	0	0	0	13,556	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	21,765	0	0	0	0	0
Other State Revenues	2,960	0	0	0	0	0
Total State of Tennessee	<u>\$ 1,178,002</u>	<u>\$ 34,573</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,139,873</u>	<u>\$ 60,945</u>
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA - Other	\$ 120,188	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Community Development	0	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Forest Service	40,988	0	0	0	0	0
Tax Credit Bond Rebate	0	0	0	0	0	95,837
Total Federal Government	<u>\$ 161,176</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 95,837</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 301,808	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	60,751	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	5,939	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 368,498</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 10,874,250</u>	<u>\$ 657,746</u>	<u>\$ 48,002</u>	<u>\$ 188,668</u>	<u>\$ 2,925,741</u>	<u>\$ 1,742,841</u>

(Continued)

Exhibit K-5

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

	Capital Projects Funds		Total
	Community Development/ Industrial Park	Other Capital Projects	
<u>Local Taxes</u>			
<u>County Property Taxes</u>			
Current Property Tax	\$ 0	\$ 0	\$ 5,973,697
Discount on Property Taxes	0	0	(70,515)
Trustee's Collections - Prior Year	0	0	221,598
Trustee's Collections - Bankruptcy	0	0	2,042
Circuit Clerk/Clerk and Master Collections - Prior Years	0	0	156,025
Interest and Penalty	0	0	50,003
Payments in-Lieu-of Taxes - T.V.A.	0	0	234,946
Payments in-Lieu-of Taxes - Local Utilities	0	0	65,640
<u>County Local Option Taxes</u>			
Local Option Sales Tax	0	0	124,480
Hotel/Motel Tax	0	0	54,589
Wheel Tax	0	0	949,539
Litigation Tax - General	0	0	232,040
Litigation Tax - Special Purpose	0	0	6,926
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	281,336
Business Tax	0	0	138,472
Mixed Drink Tax	0	0	2,869
Other County Local Option Taxes	0	0	33,621
<u>Statutory Local Taxes</u>			
Bank Excise Tax	0	0	21,750
Wholesale Beer Tax	0	0	75,772
Beer Privilege Tax	0	0	950
Total Local Taxes	\$ 0	\$ 0	\$ 8,555,780

(Continued)

Exhibit K-5

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

	Capital Projects Funds		Total
	Community Development/ Industrial Park	Other Capital Projects	
<u>Licenses and Permits</u>			
<u>Licenses</u>			
Animal Registration	\$ 0	\$ 0	\$ 883
Cable TV Franchise	0	0	1,419
<u>Permits</u>			
Beer Permits	0	0	1,496
Building Permits	0	0	15,102
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,900</u>
<u>Fines, Forfeitures, and Penalties</u>			
<u>Circuit Court</u>			
Fines	\$ 0	\$ 0	\$ 1,188
Officers Costs	0	0	7,846
Drug Court Fees	0	0	92
Data Entry Fee - Circuit Court	0	0	1,225
Courtroom Security Fee	0	0	849
<u>Criminal Court</u>			
Victims Assistance Assessments	0	0	4,236
<u>General Sessions Court</u>			
Fines	0	0	15,546
Fines for Littering	0	0	48
Officers Costs	0	0	23,578
Game and Fish Fines	0	0	637
Drug Control Fines	0	0	784
Jail Fees	0	0	25,249
DUI Treatment Fines	0	0	5,012
Data Entry Fee - General Sessions Court	0	0	28,611

(Continued)

Exhibit K-5

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

	Capital Projects Funds		Total
	Community Development/ Industrial Park	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>			
<u>General Sessions Court (Cont.)</u>			
Courtroom Security Fee	\$ 0	\$ 0	\$ 70,734
Victims Assistance Assessments	0	0	22,137
<u>Juvenile Court</u>			
Fines	0	0	569
Officers Costs	0	0	1,013
Data Entry Fee - Juvenile Court	0	0	270
<u>Chancery Court</u>			
Officers Costs	0	0	806
Data Entry Fee - Chancery Court	0	0	2,800
Courtroom Security Fee	0	0	1,516
<u>Judicial District Drug Program</u>			
Drug Task Force Forfeitures and Seizures	0	0	47,126
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 261,872</b>
<u>Charges for Current Services</u>			
<u>General Service Charges</u>			
Residential Waste Collection Charge	\$ 0	\$ 0	\$ 622,778
Patient Charges	0	0	1,014,993
Zoning Studies	0	0	120
Work Release Charges for Board	0	0	259
Health Department Collections	0	0	109,106
<u>Fees</u>			
Recreation Fees	0	0	38,938
Copy Fees	0	0	2,557
Telephone Commissions	0	0	56,490

(Continued)

Exhibit K-5

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

	Capital Projects Funds		Total
	Community Development/ Industrial Park	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>			
<u>Fees (Cont.)</u>			
Vending Machine Collections	\$ 0	\$ 0	\$ 14,866
Constitutional Officers' Fees and Commissions	0	0	188,668
Data Processing Fee - Register	0	0	5,222
Data Processing Fee - Sheriff	0	0	1,931
Sexual Offender Registration Fee - Sheriff	0	0	1,500
Data Processing Fee - County Clerk	0	0	1,872
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,059,300</u>
<u>Other Local Revenues</u>			
<u>Recurring Items</u>			
Investment Income	\$ 0	\$ 0	\$ 61,952
Lease/Rentals	0	17,826	43,646
Sale of Materials and Supplies	0	0	69,198
Commissary Sales	0	0	22,138
Sale of Gasoline	0	0	140,481
Miscellaneous Refunds	0	0	43,407
<u>Nonrecurring Items</u>			
Sale of Property	0	0	104,852
<u>Other Local Revenues</u>			
Other Local Revenues	0	0	32,522
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 17,826</u>	<u>\$ 518,196</u>
<u>Fees Received From County Officials</u>			
<u>Excess Fees</u>			
Trustee	\$ 0	\$ 0	\$ 174,480

(Continued)



Exhibit K-5

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

	Capital Projects Funds		Total
	Community Development/ Industrial Park	Other Capital Projects	
<u>Fees Received From County Officials (Cont.)</u>			
<u>Fees In-Lieu-of Salary</u>			
County Clerk	\$ 0	\$ 0	\$ 209,517
Circuit Court Clerk	0	0	24,063
General Sessions Court Clerk	0	0	416,000
Clerk and Master	0	0	91,676
Juvenile Court Clerk	0	0	15,859
Register	0	0	61,841
Sheriff	0	0	8,686
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 1,002,122
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	\$ 0	\$ 0	\$ 18,585
<u>Public Safety Grants</u>			
Law Enforcement Training Programs	0	0	11,400
Drug Control Grants	0	0	8,139
<u>Health and Welfare Grants</u>			
Other Health and Welfare Grants	0	0	36,425
<u>Public Works Grants</u>			
Bridge Program	0	0	26,887
State Aid Program	0	0	245,904
Litter Program	0	0	34,573
<u>Other State Revenues</u>			
Income Tax	0	0	13,982
Vehicle Certificate of Title Fees	0	0	5,820
Alcoholic Beverage Tax	0	0	74,307

(Continued)

Exhibit K-5

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

	Capital Projects Funds		Total
	Community Development/ Industrial Park	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>			
<u>Other State Revenues (Cont.)</u>			
State Revenue Sharing - T.V.A.	\$ 0	\$ 0	\$ 428,062
Contracted Prisoner Boarding	0	0	633,921
Gasoline and Motor Fuel Tax	0	0	1,821,943
Petroleum Special Tax	0	0	13,556
Registrar's Salary Supplement	0	0	15,164
Other State Grants	0	0	21,765
Other State Revenues	0	0	2,960
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,413,393</u>
<u>Federal Government</u>			
<u>Federal Through State</u>			
USDA - Other	\$ 0	\$ 0	\$ 120,188
Community Development	1,063,525	0	1,063,525
<u>Direct Federal Revenue</u>			
Forest Service	0	0	40,988
Tax Credit Bond Rebate	0	0	95,837
Total Federal Government	<u>\$ 1,063,525</u>	<u>\$ 0</u>	<u>\$ 1,320,538</u>
<u>Other Governments and Citizens Groups</u>			
<u>Other Governments</u>			
Contributions	\$ 0	\$ 0	\$ 301,808
Contracted Services	0	0	60,751
<u>Citizens Groups</u>			
Donations	0	0	5,939
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 368,498</u>
Total	<u>\$ 1,063,525</u>	<u>\$ 17,826</u>	<u>\$ 17,518,599</u>

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, 2016

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 3,585,276	\$ 0	\$ 0	\$ 3,585,276
Discount on Property Taxes	(42,259)	0	0	(42,259)
Trustee's Collections - Prior Year	132,141	0	0	132,141
Trustee's Collections - Bankruptcy	1,274	0	0	1,274
Circuit Clerk/Clerk and Master Collections - Prior Years	96,538	0	0	96,538
Interest and Penalty	29,391	0	0	29,391
Payments in-Lieu-of Taxes - T.V.A.	131,333	0	0	131,333
<u>County Local Option Taxes</u>				
Local Option Sales Tax	1,744,513	0	0	1,744,513
Wheel Tax	273,242	0	0	273,242
Mixed Drink Tax	3,059	0	0	3,059
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	2,252	0	0	2,252
Other Statutory Local Taxes	40,308	0	0	40,308
Total Local Taxes	\$ 5,997,068	\$ 0	\$ 0	\$ 5,997,068
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 988	\$ 0	\$ 0	\$ 988
Total Licenses and Permits	\$ 988	\$ 0	\$ 0	\$ 988
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Lunch Payments - Adults	\$ 0	\$ 0	\$ 13,674	\$ 13,674

(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	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
A la Carte Sales	\$ 0	\$ 0	\$ 57,297	\$ 57,297
Receipts from Individual Schools	32,461	0	0	32,461
Other Charges for Services	0	0	141,210	141,210
Total Charges for Current Services	<u>\$ 32,461</u>	<u>\$ 0</u>	<u>\$ 212,181</u>	<u>\$ 244,642</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 0	\$ 596	\$ 596
Lease/Rentals	1,442	0	0	1,442
Miscellaneous Refunds	10,254	0	0	10,254
<u>Other Local Revenues</u>				
Other Local Revenues	131,574	0	0	131,574
Total Other Local Revenues	<u>\$ 143,270</u>	<u>\$ 0</u>	<u>\$ 596</u>	<u>\$ 143,866</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 108,473	\$ 0	\$ 0	\$ 108,473
<u>State Education Funds</u>				
Basic Education Program	16,401,774	0	0	16,401,774
Early Childhood Education	610,008	0	0	610,008
School Food Service	0	0	19,195	19,195
Driver Education	2,058	0	0	2,058
Other State Education Funds	135,505	0	0	135,505
Career Ladder Program	70,278	0	0	70,278

(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	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	\$ 256,538	\$ 0	\$ 0	\$ 256,538
Other State Grants	59,234	0	0	59,234
Total State of Tennessee	\$ 17,643,868	\$ 0	\$ 19,195	\$ 17,663,063
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,168,132	\$ 1,168,132
USDA - Commodities	0	0	64,828	64,828
Breakfast	0	0	535,245	535,245
USDA - Other	0	0	35,892	35,892
USDA Food Service Equipment Grant	0	0	27,652	27,652
Vocational Education - Basic Grants to States	0	88,364	0	88,364
Title I Grants to Local Education Agencies	0	987,764	0	987,764
Special Education - Grants to States	0	718,875	0	718,875
Special Education Preschool Grants	0	56,998	0	56,998
English Language Acquisition Grants	0	7,666	0	7,666
Safe and Drug-free Schools - State Grants	0	395,000	0	395,000
Rural Education	0	55,428	0	55,428
Eisenhower Professional Development State Grants	0	213,126	0	213,126
Other Federal through State	0	661,826	0	661,826
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	82,805	0	0	82,805
Total Federal Government	\$ 82,805	\$ 3,185,047	\$ 1,831,749	\$ 5,099,601

(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	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<hr/>				
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 66,000	\$ 0	\$ 0	\$ 66,000
Total Other Governments and Citizens Groups	\$ 66,000	\$ 0	\$ 0	\$ 66,000
Total	\$ 23,966,460	\$ 3,185,047	\$ 2,063,721	\$ 29,215,228

Exhibit K-7

Haywood County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2016

General Fund

General Government

County Commission

Other Salaries and Wages	\$	19,096	
Board and Committee Members Fees		20,550	
Social Security		2,256	
Pensions		2,464	
Employee and Dependent Insurance		3,557	
Life Insurance		1,299	
Audit Services		5,636	
Dues and Memberships		4,345	
Other Contracted Services		59,124	
Food Supplies		8,363	
Other Charges		468	
Total County Commission			\$ 127,158

Beer Board

Secretary to Board	\$	150	
Board and Committee Members Fees		300	
Legal Notices, Recording, and Court Costs		95	
Total Beer Board			545

County Mayor/Executive

County Official/Administrative Officer	\$	73,738	
Accountants/Bookkeepers		55,442	
Secretary(ies)		22,400	
Part-time Personnel		2,853	
Educational Incentive - Official/Admin Officer		2,520	
Social Security		13,601	
Pensions		17,993	
Employee and Dependent Insurance		11,965	
Life Insurance		872	
Unemployment Compensation		318	
Other Fringe Benefits		3,360	
Communication		6,892	
Data Processing Services		15,772	
Dues and Memberships		2,312	
Maintenance and Repair Services - Office Equipment		119	
Maintenance and Repair Services - Vehicles		1,398	
Postal Charges		2,707	
Travel		2,308	
Gasoline		764	
Library Books/Media		1,668	
Office Supplies		3,649	
Premiums on Corporate Surety Bonds		197	
Workers' Compensation Insurance		439	
Other Charges		107,310	
Office Equipment		2,426	
Total County Mayor/Executive			353,023

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

County Official/Administrative Officer	\$	5,400	
Social Security		413	
Pensions		662	
Operating Lease Payments		1,783	
Legal Services		27,565	
Library Books/Media		5,703	
Workers' Compensation Insurance		13	
Total County Attorney			\$ 41,539

Election Commission

County Official/Administrative Officer	\$	57,459	
Part-time Personnel		8,452	
Election Commission		4,717	
Election Workers		8,665	
Social Security		4,940	
Pensions		7,034	
Employee and Dependent Insurance		1,209	
Life Insurance		253	
Unemployment Compensation		197	
Communication		4,620	
Data Processing Services		17,465	
Dues and Memberships		150	
Legal Notices, Recording, and Court Costs		1,044	
Maintenance Agreements		4,284	
Postal Charges		1,088	
Printing, Stationery, and Forms		3,433	
Travel		375	
Office Supplies		2,058	
Workers' Compensation Insurance		141	
Other Charges		10	
Total Election Commission			127,594

Register of Deeds

County Official/Administrative Officer	\$	63,843
Deputy(ies)		28,200
Educational Incentive - Official/Admin Officer		2,520
Social Security		7,116
Pensions		11,690
Employee and Dependent Insurance		4,385
Life Insurance		509
Unemployment Compensation		96
Other Fringe Benefits		840
Communication		1,752
Dues and Memberships		743
Postal Charges		237
Printing, Stationery, and Forms		1,468
Rentals		1,243

(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.)

Travel	\$	537	
Duplicating Supplies		306	
Office Supplies		155	
Premiums on Corporate Surety Bonds		197	
Workers' Compensation Insurance		216	
Data Processing Equipment		8,564	
Total Register of Deeds			\$ 134,617

Development

Supervisor/Director	\$	32,600	
Secretary(ies)		1,200	
Social Security		2,584	
Pensions		4,144	
Employee and Dependent Insurance		5,099	
Life Insurance		243	
Unemployment Compensation		100	
Communication		2,001	
Contracts with Government Agencies		12,828	
Data Processing Services		1,134	
Dues and Memberships		342	
Legal Notices, Recording, and Court Costs		47	
Maintenance and Repair Services - Vehicles		2,149	
Postal Charges		7	
Travel		1,796	
Gasoline		1,210	
Office Supplies		1,454	
Workers' Compensation Insurance		1,278	
Total Development			70,216

County Buildings

Supervisor/Director	\$	70,055	
Guards		52,964	
Custodial Personnel		108,758	
Overtime Pay		286	
Other Salaries and Wages		20,764	
Social Security		19,410	
Pensions		21,781	
Employee and Dependent Insurance		15,061	
Life Insurance		1,251	
Unemployment Compensation		1,500	
Other Fringe Benefits		10,080	
Communication		16,049	
Maintenance Agreements		45,985	
Maintenance and Repair Services - Vehicles		1,226	
Rentals		2,400	
Custodial Supplies		4,273	
Duplicating Supplies		2,342	

(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.)

Gasoline	\$	4,744	
Utilities		218,235	
Other Supplies and Materials		65,883	
Workers' Compensation Insurance		9,677	
Other Charges		732	
Building Improvements		35,974	
Total County Buildings			\$ 729,430

Other General Administration

Other Charges	\$	122,422	
Total Other General Administration			122,422

Finance

Accounting and Budgeting

Board and Committee Members Fees	\$	11,450	
Total Accounting and Budgeting			11,450

Property Assessor's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		93,538	
Educational Incentive - Official/Admin Officer		2,520	
Board and Committee Members Fees		775	
Social Security		13,272	
Pensions		21,078	
Employee and Dependent Insurance		12,866	
Life Insurance		1,017	
Unemployment Compensation		412	
Other Fringe Benefits		4,200	
Communication		3,146	
Contracts with Private Agencies		2,530	
Data Processing Services		22,085	
Dues and Memberships		1,465	
Maintenance and Repair Services - Vehicles		529	
Postal Charges		2,177	
Rentals		7,200	
Travel		1,638	
Other Contracted Services		5,018	
Duplicating Supplies		702	
Gasoline		127	
Office Supplies		1,816	
Utilities		4,607	
Workers' Compensation Insurance		1,925	
Data Processing Equipment		678	
Office Equipment		3,670	
Total Property Assessor's Office			272,834

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Reappraisal Program

Other Salaries and Wages	\$	20,415	
Social Security		565	
Unemployment Compensation		89	
Data Processing Services		1,940	
Other Contracted Services		14,551	
Total Reappraisal Program			\$ 37,560

County Trustee's Office

Social Security	\$	12,666	
Pensions		19,901	
Employee and Dependent Insurance		15,100	
Life Insurance		848	
Unemployment Compensation		396	
Communication		5,520	
Data Processing Services		6,822	
Dues and Memberships		703	
Maintenance Agreements		4,093	
Maintenance and Repair Services - Office Equipment		274	
Postal Charges		4,694	
Printing, Stationery, and Forms		1,696	
Office Supplies		3,446	
Premiums on Corporate Surety Bonds		2,781	
Workers' Compensation Insurance		382	
Other Charges		456	
Total County Trustee's Office			79,778

County Clerk's Office

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		132,645	
Part-time Personnel		1,706	
Educational Incentive - Official/Admin Officer		2,520	
Social Security		15,405	
Pensions		23,584	
Employee and Dependent Insurance		17,430	
Life Insurance		966	
Unemployment Compensation		606	
Other Fringe Benefits		5,040	
Communication		2,498	
Dues and Memberships		758	
Operating Lease Payments		1,260	
Maintenance Agreements		16,179	
Postal Charges		2,464	
Printing, Stationery, and Forms		251	
Travel		1,129	
Office Supplies		3,110	
Premiums on Corporate Surety Bonds		197	
Workers' Compensation Insurance		428	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Data Processing Equipment	\$	1,325	
Office Equipment		110	
Total County Clerk's Office			\$ 293,454

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		238,577	
Educational Incentive - Official/Admin Officer		2,520	
Jury and Witness Expense		6,554	
Social Security		22,984	
Pensions		34,374	
Employee and Dependent Insurance		34,656	
Life Insurance		1,971	
Unemployment Compensation		957	
Other Fringe Benefits		11,970	
Communication		1,968	
Data Processing Services		30,693	
Dues and Memberships		510	
Maintenance and Repair Services - Office Equipment		791	
Postal Charges		2,605	
Printing, Stationery, and Forms		874	
Rentals		4,174	
Travel		877	
Remittance of Revenue Collected		4,409	
Office Supplies		1,329	
Premiums on Corporate Surety Bonds		500	
Workers' Compensation Insurance		716	
Other Charges		200	
Office Equipment		8,856	
Total Circuit Court			476,908

General Sessions Judge

Judge(s)	\$	170,369	
Secretary(ies)		29,413	
Social Security		12,282	
Pensions		24,769	
Employee and Dependent Insurance		2,418	
Life Insurance		745	
Unemployment Compensation		96	
Other Fringe Benefits		2,520	
Communication		1,730	
Dues and Memberships		590	
Travel		643	
Library Books/Media		868	
Office Supplies		519	
Workers' Compensation Insurance		453	
Total General Sessions Judge			247,415

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court Clerk

Postal Charges	\$	500	
Printing, Stationery, and Forms		746	
Office Supplies		3,243	
Total General Sessions Court Clerk	\$		4,489

Chancery Court

County Official/Administrative Officer	\$	63,843	
Deputy(ies)		62,629	
Educational Incentive - Official/Admin Officer		2,520	
Social Security		9,337	
Pensions		15,999	
Employee and Dependent Insurance		8,977	
Life Insurance		740	
Unemployment Compensation		312	
Other Fringe Benefits		1,680	
Communication		1,719	
Dues and Memberships		1,225	
Legal Notices, Recording, and Court Costs		361	
Postal Charges		767	
Printing, Stationery, and Forms		365	
Travel		100	
Office Supplies		841	
Premiums on Corporate Surety Bonds		101	
Workers' Compensation Insurance		294	
Other Charges		230	
Data Processing Equipment		9,655	
Office Equipment		259	
Total Chancery Court			181,954

Juvenile Court

Youth Service Officer(s)	\$	58,305	
Social Security		4,703	
Pensions		7,548	
Employee and Dependent Insurance		1,986	
Life Insurance		419	
Unemployment Compensation		192	
Other Fringe Benefits		3,360	
Communication		2,310	
Dues and Memberships		215	
Legal Services		8,670	
Postal Charges		172	
Travel		677	
Office Supplies		1,433	
Workers' Compensation Insurance		139	
Other Charges		567	
Total Juvenile Court			90,696

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,228	
Supervisor/Director		41,137	
Deputy(ies)		258,325	
Lieutenant(s)		199,232	
Sergeant(s)		119,038	
Secretary(ies)		51,841	
Educational Incentive - Official/Admin Officer		2,520	
Overtime Pay		47,217	
In-service Training		11,400	
Social Security		61,368	
Pensions		92,571	
Employee and Dependent Insurance		92,341	
Life Insurance		4,886	
Unemployment Compensation		2,006	
Other Fringe Benefits		25,410	
Communication		23,674	
Dues and Memberships		1,834	
Legal Notices, Recording, and Court Costs		337	
Maintenance Agreements		4,693	
Maintenance and Repair Services - Equipment		5,974	
Maintenance and Repair Services - Office Equipment		279	
Maintenance and Repair Services - Vehicles		35,549	
Medical and Dental Services		450	
Postal Charges		1,170	
Travel		1,948	
Tuition		2,800	
Gasoline		39,563	
Law Enforcement Supplies		7,202	
Library Books/Media		464	
Office Supplies		3,118	
Tires and Tubes		7,092	
Uniforms		7,779	
Other Supplies and Materials		2,334	
Premiums on Corporate Surety Bonds		726	
Vehicle and Equipment Insurance		10,974	
Workers' Compensation Insurance		25,412	
Other Charges		15,183	
Law Enforcement Equipment		7,756	
Motor Vehicles		34,007	
Other Equipment		100	
Total Sheriff's Department			\$ 1,319,938

Jail

Assistant(s)	\$	35,065
Supervisor/Director		38,100
Deputy(ies)		486,963
Secretary(ies)		29,640

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Cafeteria Personnel	\$	71,977	
Overtime Pay		76,396	
Social Security		57,096	
Pensions		79,829	
Employee and Dependent Insurance		83,250	
Life Insurance		6,000	
Unemployment Compensation		2,959	
Other Fringe Benefits		24,150	
Communication		4,828	
Maintenance Agreements		17,673	
Maintenance and Repair Services - Equipment		34,004	
Maintenance and Repair Services - Office Equipment		685	
Maintenance and Repair Services - Vehicles		186	
Medical and Dental Services		619,450	
Postal Charges		432	
Printing, Stationery, and Forms		1,358	
Travel		3,691	
Remittance of Revenue Collected		500	
Custodial Supplies		20,868	
Drugs and Medical Supplies		41,285	
Food Supplies		211,372	
Gasoline		897	
Library Books/Media		196	
Office Supplies		2,432	
Prisoners Clothing		9,092	
Uniforms		7,141	
Other Supplies and Materials		2,289	
Vehicle and Equipment Insurance		1,116	
Workers' Compensation Insurance		25,690	
Data Processing Equipment		7,028	
Food Service Equipment		12,141	
Office Equipment		1,369	
Total Jail			\$ 2,017,148

Workhouse

County Official/Administrative Officer	\$	12,181
Assistant(s)		23,808
Laborers		21,063
Overtime Pay		665
Social Security		3,986
Pensions		4,692
Employee and Dependent Insurance		11,599
Life Insurance		383
Unemployment Compensation		214
Other Fringe Benefits		1,680
Communication		2,061
Maintenance and Repair Services - Buildings		1,427

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse (Cont.)

Maintenance and Repair Services - Equipment	\$	13,441	
Other Contracted Services		2,180	
Diesel Fuel		6,166	
Fertilizer, Lime, and Seed		16,000	
Gasoline		3,223	
Utilities		5,040	
Vehicle and Equipment Insurance		1,116	
Workers' Compensation Insurance		1,189	
Other Charges		1,170	
Building Improvements		1,840	
Other Equipment		5,991	
Total Workhouse			\$ 141,115

Fire Prevention and Control

Other Per Diem and Fees	\$	24,599	
Social Security		1,205	
Pensions		1,932	
Life Insurance		155	
Unemployment Compensation		108	
Contracts with Government Agencies		249,215	
Maintenance and Repair Services - Equipment		16,851	
Maintenance and Repair Services - Vehicles		9,824	
Diesel Fuel		3,463	
Gasoline		1,736	
Liability Insurance		785	
Vehicle and Equipment Insurance		34,560	
Workers' Compensation Insurance		7,027	
Total Fire Prevention and Control			351,460

Civil Defense

Contributions	\$	19,395	
Total Civil Defense			19,395

Rescue Squad

Contributions	\$	10,000	
Vehicle and Equipment Insurance		2,976	
Total Rescue Squad			12,976

County Coroner/Medical Examiner

Medical Personnel	\$	4,400	
Total County Coroner/Medical Examiner			4,400

Other Public Safety

Contracts with Government Agencies	\$	162,816	
Total Other Public Safety			162,816

(Continued)



Exhibit K-7

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

General Fund (Cont.)

Public Health and Welfare

Local Health Center

Custodial Personnel	\$	16,800	
Communication		2,838	
Contracts with Government Agencies		16,484	
Maintenance and Repair Services - Buildings		7,673	
Custodial Supplies		206	
Drugs and Medical Supplies		493	
Office Supplies		2,066	
Utilities		7,494	
Total Local Health Center			\$ 54,054

Rabies and Animal Control

Contracts with Government Agencies	\$	73,771	
Total Rabies and Animal Control			73,771

Ambulance/Emergency Medical Services

Assistant(s)	\$	50,542	
Supervisor/Director		26,015	
Medical Personnel		2,000	
Materials Supervisor		5,600	
Paraprofessionals		448,727	
Secretary(ies)		31,388	
Attendants		356,327	
Part-time Personnel		63,051	
Overtime Pay		50,737	
Other Salaries and Wages		28,479	
In-service Training		3,739	
Social Security		80,893	
Pensions		81,371	
Employee and Dependent Insurance		60,273	
Life Insurance		5,000	
Unemployment Compensation		3,506	
Other Fringe Benefits		23,100	
Communication		9,048	
Contracts with Private Agencies		43,480	
Data Processing Services		5,995	
Dues and Memberships		2,239	
Laundry Service		75	
Licenses		1,287	
Maintenance Agreements		8,480	
Maintenance and Repair Services - Buildings		8,387	
Maintenance and Repair Services - Vehicles		36,961	
Postal Charges		2,526	
Travel		2,084	
Tuition		1,001	
Custodial Supplies		1,167	
Diesel Fuel		15,402	
Drugs and Medical Supplies		55,262	

(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.)

Gasoline	\$	6,549	
Instructional Supplies and Materials		1,041	
Office Supplies		14,611	
Uniforms		11,868	
Utilities		8,935	
Other Supplies and Materials		2,416	
Liability Insurance		17,799	
Refunds		441	
Vehicle and Equipment Insurance		14,531	
Workers' Compensation Insurance		90,409	
Motor Vehicles		135,000	
Other Equipment		106,726	
Total Ambulance/Emergency Medical Services	\$		1,924,468

Alcohol and Drug Programs

Other Supplies and Materials	\$	25,979	
Total Alcohol and Drug Programs			25,979

Other Local Health Services

Other Supplies and Materials	\$	9,778	
Total Other Local Health Services			9,778

Appropriation to State

Paraprofessionals	\$	32,796	
Clerical Personnel		59,764	
Social Security		7,041	
Pensions		6,912	
Employee and Dependent Insurance		6,122	
Life Insurance		318	
Unemployment Compensation		563	
Other Fringe Benefits		2,100	
Travel		3,063	
Workers' Compensation Insurance		1,509	
Total Appropriation to State			120,188

Social, Cultural, and Recreational Services

Libraries

Librarians	\$	50,394	
Social Security		3,618	
Pensions		6,664	
Employee and Dependent Insurance		10,540	
Life Insurance		409	
Unemployment Compensation		192	
Other Fringe Benefits		4,060	
Contributions		75,272	
Workers' Compensation Insurance		122	
Total Libraries			151,271

(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

County Official/Administrative Officer	\$	47,561	
Supervisor/Director		20,730	
Foremen		34,326	
Laborers		116,102	
Secretary(ies)		31,950	
Temporary Personnel		53,995	
Overtime Pay		797	
Social Security		23,795	
Pensions		32,185	
Employee and Dependent Insurance		34,200	
Life Insurance		1,800	
Unemployment Compensation		1,487	
Other Fringe Benefits		11,550	
Communication		5,189	
Contributions		5,100	
Dues and Memberships		910	
Maintenance and Repair Services - Buildings		31,602	
Maintenance and Repair Services - Equipment		8,718	
Maintenance and Repair Services - Office Equipment		413	
Maintenance and Repair Services - Vehicles		7,374	
Pest Control		1,476	
Postal Charges		343	
Travel		234	
Custodial Supplies		7,379	
Fertilizer, Lime, and Seed		25,774	
Gasoline		9,298	
Office Supplies		4,905	
Utilities		79,132	
Other Supplies and Materials		31,405	
Refunds		15,920	
Vehicle and Equipment Insurance		3,498	
Workers' Compensation Insurance		12,187	
Other Charges		11,930	
Building Improvements		29,071	
Heating and Air Conditioning Equipment		6,695	
Maintenance Equipment		10,098	
Motor Vehicles		19,800	
Total Parks and Fair Boards			\$ 738,929

Other Social, Cultural, and Recreational

Temporary Personnel	\$	14,475	
Unemployment Compensation		147	
Contracts with Government Agencies		119,031	
Travel		288	
Gasoline		141	
Office Supplies		284	
Total Other Social, Cultural, and Recreational			134,366

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	123,167	
Communication		3,641	
Licenses		2,091	
Travel		5,805	
Custodial Supplies		493	
Other Supplies and Materials		45	
Workers' Compensation Insurance		3	
Other Charges		5,135	
Total Agricultural Extension Service			\$ 140,380

Soil Conservation

Secretary(ies)	\$	25,283	
Other Salaries and Wages		43,586	
Social Security		5,131	
Pensions		8,843	
Employee and Dependent Insurance		7,280	
Life Insurance		471	
Unemployment Compensation		192	
Other Fringe Benefits		3,360	
Workers' Compensation Insurance		1,015	
Total Soil Conservation			95,161

Other Operations

Industrial Development

Engineering Services	\$	660	
Other Contracted Services		79,664	
Other Charges		9,323	
Motor Vehicles		37,500	
Site Development		50,000	
Total Industrial Development			177,147

Other Economic and Community Development

Contracts with Private Agencies	\$	12,593	
Travel		8,297	
Other Contracted Services		7,864	
Testing		1,469	
Other Supplies and Materials		5,951	
Total Other Economic and Community Development			36,174

Veterans' Services

Other Salaries and Wages	\$	12,891	
Social Security		991	
Unemployment Compensation		90	
Communication		2,166	
Data Processing Services		399	
Postal Charges		134	
Rentals		600	

(Continued)

Exhibit K-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Travel	\$	1,208	
Office Supplies		701	
Workers' Compensation Insurance		35	
Total Veterans' Services			\$ 19,215

Other Charges

Assistant(s)	\$	22,412	
Supervisor/Director		27,497	
Social Security		3,960	
Pensions		6,682	
Employee and Dependent Insurance		6,695	
Life Insurance		316	
Unemployment Compensation		192	
Other Fringe Benefits		4,830	
Communication		1,006	
Maintenance Agreements		1,608	
Workers' Compensation Insurance		1,657	
Total Other Charges			76,855

Contributions to Other Agencies

Contributions	\$	236,987	
Remittance of Revenue Collected		26,372	
Total Contributions to Other Agencies			263,359

Miscellaneous

Building and Contents Insurance	\$	63,867	
Liability Insurance		91,504	
Trustee's Commission		132,824	
Other Charges		6,340	
Total Miscellaneous			294,535

Principal on Debt

General Government

Principal on Capital Leases	\$	83,688	
Total General Government			83,688

Interest on Debt

General Government

Interest on Capital Leases	\$	163	
Total General Government			163

Total General Fund \$ 11,851,811

Solid Waste/Sanitation Fund

Public Health and Welfare

Waste Pickup

Supervisor/Director	\$	20,674	
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(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Waste Pickup (Cont.)

Equipment Operators	\$	98,182	
Secretary(ies)		30,465	
Educational Assistants		900	
Part-time Personnel		1,355	
Overtime Pay		879	
Life Insurance		762	
Unemployment Compensation		566	
Other Fringe Benefits		11,760	
Communication		1,984	
Data Processing Services		30,419	
Legal Notices, Recording, and Court Costs		108	
Maintenance and Repair Services - Equipment		450	
Maintenance and Repair Services - Office Equipment		897	
Postal Charges		20,185	
Printing, Stationery, and Forms		421	
Diesel Fuel		25,066	
Electricity		4,097	
Equipment and Machinery Parts		74,393	
Gasoline		8,016	
Instructional Supplies and Materials		6,723	
Lubricants		1,869	
Office Supplies		154	
Tires and Tubes		20,255	
Other Supplies and Materials		4,180	
Other Charges		3,403	
Maintenance Equipment		7,759	
Total Waste Pickup			\$ 375,922

Other Operations

Other Charges

Trustee's Commission	\$	6,282	
Vehicle and Equipment Insurance		4,046	
Workers' Compensation Insurance		8,722	
Total Other Charges			19,050

Employee Benefits

Social Security	\$	12,140	
Pensions		14,321	
Employee and Dependent Insurance		20,821	
Total Employee Benefits			47,282

Total Solid Waste/Sanitation Fund \$ 442,254

Drug Control Fund

Public Safety

Drug Enforcement

Law Enforcement Supplies	\$	477	
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(Continued)

Exhibit K-7

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement (Cont.)

Trustee's Commission	\$	482	
Vehicle and Equipment Insurance		579	
Law Enforcement Equipment		32,002	
Motor Vehicles		34,007	
Total Drug Enforcement			\$ 67,547

Total Drug Control Fund \$ 67,547

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	173,747	
Total County Trustee's Office			\$ 173,747

Total Constitutional Officers - Fees Fund 173,747

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	76,907	
Accountants/Bookkeepers		33,232	
Educational Incentive - Official/Admin Officer		2,520	
Longevity Pay		2,100	
Board and Committee Members Fees		13,200	
Communication		4,753	
Data Processing Services		7,866	
Dues and Memberships		3,338	
Legal Notices, Recording, and Court Costs		1,367	
Maintenance and Repair Services - Office Equipment		100	
Postal Charges		301	
Travel		1,738	
Drugs and Medical Supplies		585	
Electricity		9,102	
Office Supplies		697	
Other Charges		1,749	
Total Administration			\$ 159,555

Highway and Bridge Maintenance

Laborers	\$	448,038	
Asphalt - Liquid		345,545	
Crushed Stone		142,219	
Fertilizer, Lime, and Seed		82,920	
Other Road Materials		8,520	
Pipe		28,821	
Road Signs		1,980	
Salt		15,281	
Wood Products		2,330	
Total Highway and Bridge Maintenance			1,075,654

(Continued)

Exhibit K-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Laborers	\$	105,101	
Diesel Fuel		145,504	
Equipment and Machinery Parts		100,000	
Gasoline		103,633	
Lubricants		4,593	
Tires and Tubes		24,845	
Total Operation and Maintenance of Equipment			\$ 483,676

Other Charges

Liability Insurance	\$	4,000	
Premiums on Corporate Surety Bonds		619	
Trustee's Commission		29,486	
Vehicle and Equipment Insurance		52,104	
Workers' Compensation Insurance		36,864	
Total Other Charges			123,073

Employee Benefits

Social Security	\$	49,309	
Pensions		81,024	
Employee and Dependent Insurance		101,203	
Unemployment Compensation		417	
Other Fringe Benefits		2,481	
Total Employee Benefits			234,434

Capital Outlay

Engineering Services	\$	35,000	
Bridge Construction		75,416	
Highway Equipment		142,328	
State Aid Projects		236,362	
Other Capital Outlay		4,100	
Total Capital Outlay			493,206

Total Highway/Public Works Fund \$ 2,569,598

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	876,397	
Total General Government			\$ 876,397

Education

Principal on Other Loans	\$	285,004	
Total Education			285,004

Interest on Debt

General Government

Interest on Bonds	\$	549,490	
Total General Government			549,490

(Continued)



Exhibit K-7

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

Education

Interest on Other Loans	\$ 9,152	
Total Education		\$ 9,152

Other Debt Service

General Government

Trustee's Commission	\$ 24,901	
Other Debt Issuance Charges	4,561	
Total General Government		29,462

Education

Other Debt Service	\$ 3,503	
Total Education		3,503

Total General Debt Service Fund		\$ 1,753,008
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General Capital Projects Fund

Capital Projects

Public Safety Projects

Building Improvements	\$ 46,773	
Total Public Safety Projects		\$ 46,773

Public Health and Welfare Projects

Architects	\$ 3,800	
Building Improvements	195,965	
Total Public Health and Welfare Projects		199,765

Social, Cultural, and Recreation Projects

Building Improvements	\$ 3,525	
Total Social, Cultural, and Recreation Projects		3,525

Other General Government Projects

Other Road Materials	\$ 9,000	
Building Improvements	9,879	
Other Construction	9,000	
Total Other General Government Projects		27,879

Education Capital Projects

Workers' Compensation Insurance	\$ 1,233	
Total Education Capital Projects		1,233

Total General Capital Projects Fund		279,175
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Community Development/Industrial Park Fund

Capital Projects

Public Safety Projects

Motor Vehicles	\$ 40,500	
Total Public Safety Projects		\$ 40,500

(Continued)

Exhibit K-7

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

<u>Community Development/Industrial Park Fund (Cont.)</u>		
<u>Capital Projects (Cont.)</u>		
<u>Other General Government Projects</u>		
Consultants	\$	21,760
Engineering Services		77,800
Legal Services		698
General Construction Materials		743,732
Bridge Construction		207,731
Total Other General Government Projects		<u>\$ 1,051,721</u>
Total Community Development/Industrial Park Fund		\$ 1,092,221
<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Contributions	\$	66,000
Total Education Capital Projects		<u>\$ 66,000</u>
Total Education Capital Projects Fund		66,000
<u>Other Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>General Administration Projects</u>		
Other Construction	\$	7,174
Total General Administration Projects		<u>\$ 7,174</u>
Total Other Capital Projects Fund		<u>7,174</u>
Total Governmental Funds - Primary Government		<u><u>\$ 18,302,535</u></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, 2016

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 6,830,869	
Career Ladder Program	37,170	
Career Ladder Extended Contracts	10,381	
Educational Assistants	568,920	
Other Salaries and Wages	33,950	
Certified Substitute Teachers	29,660	
Non-certified Substitute Teachers	51,900	
Social Security	434,115	
Pensions	687,196	
Medical Insurance	879,415	
Dental Insurance	41,393	
Employer Medicare	102,886	
Other Contracted Services	13,032	
Instructional Supplies and Materials	146,237	
Textbooks	133,236	
Other Supplies and Materials	2,861	
Other Charges	3,269	
Regular Instruction Equipment	65,964	
Total Regular Instruction Program		\$ 10,072,454

Alternative Instruction Program

Teachers	\$ 374,463	
Career Ladder Program	1,000	
Other Salaries and Wages	64,664	
Certified Substitute Teachers	65	
Non-certified Substitute Teachers	4,068	
Social Security	24,033	
Pensions	39,322	
Medical Insurance	50,881	
Dental Insurance	1,529	
Employer Medicare	6,035	
Instructional Supplies and Materials	215	
Other Supplies and Materials	468	
Total Alternative Instruction Program		566,743

Special Education Program

Teachers	\$ 1,124,513
Career Ladder Program	2,000
Homebound Teachers	23,141
Educational Assistants	137,483
Other Salaries and Wages	48,128
Certified Substitute Teachers	2,094
Non-certified Substitute Teachers	7,000
Social Security	78,661
Pensions	123,389
Medical Insurance	139,123

(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 (Cont.)

Dental Insurance	\$	6,836	
Employer Medicare		18,450	
Other Contracted Services		13,317	
Instructional Supplies and Materials		10,050	
Other Supplies and Materials		3,999	
Special Education Equipment		26,778	
Total Special Education Program			\$ 1,764,962

Vocational Education Program

Teachers	\$	478,383	
Certified Substitute Teachers		3,445	
Non-certified Substitute Teachers		6,976	
Social Security		28,485	
Pensions		43,439	
Medical Insurance		40,909	
Dental Insurance		2,447	
Employer Medicare		6,710	
Maintenance and Repair Services - Equipment		2,166	
Other Contracted Services		2,616	
Instructional Supplies and Materials		8,716	
T&I Construction Materials		7,132	
Textbooks		7,580	
Other Supplies and Materials		518	
Vocational Instruction Equipment		1,172	
Total Vocational Education Program			640,694

Support Services

Attendance

Supervisor/Director	\$	69,112	
Career Ladder Program		1,000	
Other Salaries and Wages		13,733	
Social Security		4,040	
Pensions		6,338	
Medical Insurance		12,375	
Dental Insurance		607	
Employer Medicare		1,144	
Travel		209	
Other Contracted Services		15,499	
Other Supplies and Materials		468	
In Service/Staff Development		2,866	
Other Charges		3,219	
Total Attendance			130,610

Health Services

Supervisor/Director	\$	56,572
Career Ladder Program		2,000

(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.)

Medical Personnel	\$	72,110	
Social Security		7,443	
Pensions		12,720	
Medical Insurance		16,125	
Dental Insurance		612	
Employer Medicare		1,741	
Travel		3,734	
Other Contracted Services		8,069	
Drugs and Medical Supplies		1,554	
Other Supplies and Materials		7,464	
In Service/Staff Development		1,924	
Other Charges		3,521	
Total Health Services	\$		195,589

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		261,868	
Other Salaries and Wages		68,715	
Social Security		17,733	
Pensions		27,751	
Medical Insurance		40,349	
Dental Insurance		1,829	
Employer Medicare		4,510	
Contracts with Government Agencies		120,806	
Contracts with Other School Systems		46,618	
Evaluation and Testing		65,837	
Travel		754	
Other Contracted Services		1,086	
Other Supplies and Materials		52,050	
In Service/Staff Development		12,544	
Other Charges		18,524	
Other Equipment		25,322	
Total Other Student Support			767,296

Regular Instruction Program

Supervisor/Director	\$	371,082	
Career Ladder Program		9,001	
Librarians		224,385	
Instructional Computer Personnel		107,540	
Other Salaries and Wages		761	
Social Security		41,112	
Pensions		64,462	
Medical Insurance		86,827	
Dental Insurance		3,962	
Employer Medicare		9,615	
Travel		2,656	

(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.)

Other Contracted Services	\$	6,595	
Library Books/Media		26,239	
Periodicals		3,198	
Other Supplies and Materials		817	
In Service/Staff Development		10,702	
Other Charges		491	
Other Equipment		16,762	
Total Regular Instruction Program			\$ 986,207

Alternative Instruction Program

Travel	\$	2,113	
Other Supplies and Materials		207	
Total Alternative Instruction Program			2,320

Special Education Program

Supervisor/Director	\$	136,250	
Career Ladder Program		2,000	
Psychological Personnel		126,904	
In-service Training		666	
Social Security		15,952	
Pensions		24,030	
Medical Insurance		14,149	
Dental Insurance		917	
Employer Medicare		3,731	
Travel		8,637	
Other Contracted Services		17,074	
Other Supplies and Materials		6,107	
In Service/Staff Development		5,272	
Other Charges		132	
Total Special Education Program			361,821

Vocational Education Program

Supervisor/Director	\$	58,939	
Secretary(ies)		43,170	
Social Security		6,222	
Pensions		10,621	
Medical Insurance		176	
Dental Insurance		306	
Employer Medicare		1,455	
Travel		4,739	
Other Contracted Services		63	
Other Supplies and Materials		8,917	
In Service/Staff Development		1,615	
Total Vocational Education Program			136,223

(Continued)

Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

On-behalf Payments to OPEB	\$ 108,473	
Total Other Programs		\$ 108,473

Board of Education

Secretary to Board	\$ 3,335	
Board and Committee Members Fees	4,815	
Social Security	473	
Pensions	409	
Medical Insurance	931	
Unemployment Compensation	26,963	
Employer Medicare	111	
Audit Services	7,500	
Dues and Memberships	9,122	
Legal Services	33,809	
Postal Charges	1,400	
Travel	8,505	
Other Contracted Services	27,742	
Liability Insurance	35,484	
Premiums on Corporate Surety Bonds	350	
Trustee's Commission	146,629	
Workers' Compensation Insurance	210,164	
In Service/Staff Development	3,124	
Refund to Applicant for Criminal Investigation	646	
Other Charges	1,790	
Total Board of Education		523,302

Director of Schools

County Official/Administrative Officer	\$ 96,960	
Career Ladder Program	1,000	
Clerical Personnel	125,438	
Social Security	12,818	
Pensions	24,234	
Medical Insurance	31,506	
Dental Insurance	306	
Employer Medicare	2,998	
Communication	21,074	
Dues and Memberships	2,924	
Postal Charges	4,163	
Travel	3,990	
Other Contracted Services	6,910	
Office Supplies	13,501	
Other Supplies and Materials	1,871	
In Service/Staff Development	942	
Other Charges	1,263	
Administration Equipment	1,550	
Total Director of Schools		353,448

(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	\$	348,828	
Career Ladder Program		3,000	
Accountants/Bookkeepers		70,736	
Assistant Principals		390,632	
Secretary(ies)		203,822	
Social Security		59,504	
Pensions		100,779	
Medical Insurance		114,071	
Dental Insurance		3,775	
Employer Medicare		13,916	
Communication		57,000	
Travel		1,324	
Other Contracted Services		40,900	
Other Supplies and Materials		376	
In Service/Staff Development		3,023	
Other Charges		262	
Administration Equipment		390	
Total Office of the Principal			\$ 1,412,338

Fiscal Services

Supervisor/Director	\$	68,430	
Accountants/Bookkeepers		86,492	
Clerical Personnel		78,842	
Social Security		13,287	
Pensions		28,659	
Medical Insurance		33,235	
Dental Insurance		102	
Employer Medicare		3,107	
Data Processing Services		983	
Dues and Memberships		757	
Maintenance and Repair Services - Equipment		506	
Travel		656	
Other Contracted Services		9,590	
Data Processing Supplies		4,176	
Other Supplies and Materials		21	
In Service/Staff Development		804	
Administration Equipment		3,890	
Total Fiscal Services			333,537

Operation of Plant

Other Salaries and Wages	\$	1,100	
Social Security		68	
Employer Medicare		16	
Other Contracted Services		622,704	
Electricity		562,020	
Natural Gas		89,303	

(Continued)



Exhibit K-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Water and Sewer	\$	75,080	
Boiler Insurance		8,110	
Building and Contents Insurance		147,766	
Other Charges		571	
Total Operation of Plant			\$ 1,506,738

Maintenance of Plant

Supervisor/Director	\$	44,285	
Maintenance Personnel		182,531	
Social Security		13,268	
Pensions		26,734	
Medical Insurance		31,764	
Employer Medicare		3,103	
Laundry Service		5,009	
Maintenance and Repair Services - Buildings		178,891	
Maintenance and Repair Services - Equipment		8,652	
Other Contracted Services		74,367	
Other Supplies and Materials		195,813	
Other Charges		2,970	
Maintenance Equipment		26,803	
Total Maintenance of Plant			794,190

Transportation

Supervisor/Director	\$	44,158	
Mechanic(s)		163,585	
Bus Drivers		597,529	
Other Salaries and Wages		149,973	
Social Security		58,666	
Pensions		101,685	
Medical Insurance		21,234	
Dental Insurance		213	
Employer Medicare		13,720	
Communication		21,300	
Contracts with Parents		7,402	
Laundry Service		6,715	
Maintenance and Repair Services - Vehicles		26,702	
Medical and Dental Services		12,640	
Travel		1,368	
Other Contracted Services		69,073	
Diesel Fuel		114,219	
Gasoline		30,923	
Lubricants		9,066	
Tires and Tubes		38,284	
Vehicle Parts		125,112	
Other Supplies and Materials		48,032	
Vehicle and Equipment Insurance		45,623	

(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.)

In Service/Staff Development	\$	4,704	
Other Charges		1,864	
Administration Equipment		6,575	
Transportation Equipment		86,956	
Total Transportation			\$ 1,807,321

Central and Other

Data Processing Personnel	\$	94,569	
Other Salaries and Wages		66,830	
Social Security		9,247	
Pensions		15,473	
Medical Insurance		19,670	
Dental Insurance		306	
Employer Medicare		2,163	
Data Processing Services		35,100	
Maintenance and Repair Services - Equipment		463	
Travel		4,000	
Other Contracted Services		33,642	
Data Processing Supplies		15,963	
Other Supplies and Materials		8,099	
Data Processing Equipment		33,729	
Other Equipment		6,382	
Total Central and Other			345,636

Operation of Non-Instructional Services

Food Service

Food Supplies	\$	250	
Total Food Service			250

Early Childhood Education

Teachers	\$	284,590	
Educational Assistants		111,772	
Other Salaries and Wages		25,322	
Certified Substitute Teachers		2,437	
Non-certified Substitute Teachers		3,620	
Social Security		24,643	
Pensions		42,108	
Medical Insurance		50,949	
Dental Insurance		1,811	
Employer Medicare		5,791	
Other Contracted Services		3,324	
Instructional Supplies and Materials		35,555	
Other Supplies and Materials		3,280	
In Service/Staff Development		3,896	
Other Charges		3,376	
Regular Instruction Equipment		533	
Total Early Childhood Education			603,007

(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	\$	28,908	
Consultants		2,500	
Building Improvements		686,149	
Total Regular Capital Outlay			\$ 717,557

Total General Purpose School Fund \$ 24,130,716

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	904,782	
Educational Assistants		183,540	
Other Salaries and Wages		20,448	
Certified Substitute Teachers		1,625	
Non-certified Substitute Teachers		2,265	
Social Security		64,989	
Pensions		105,299	
Medical Insurance		99,800	
Dental Insurance		3,744	
Employer Medicare		15,368	
Other Contracted Services		27,082	
Instructional Supplies and Materials		14,009	
Regular Instruction Equipment		52,262	
Total Regular Instruction Program			\$ 1,495,213

Special Education Program

Teachers	\$	43,355	
Educational Assistants		433,055	
Social Security		27,693	
Pensions		55,632	
Medical Insurance		62,804	
Dental Insurance		306	
Employer Medicare		6,477	
Instructional Supplies and Materials		7,826	
Other Supplies and Materials		6,139	
Total Special Education Program			643,287

Vocational Education Program

Maintenance and Repair Services - Equipment	\$	231	
Other Contracted Services		10,710	
Instructional Supplies and Materials		4,093	
Vocational Instruction Equipment		51,766	
Total Vocational Education Program			66,800

(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

Other Student Support

Other Salaries and Wages	\$	67,199	
Social Security		3,966	
Pensions		6,115	
Medical Insurance		5,259	
Dental Insurance		306	
Employer Medicare		928	
Travel		13,200	
Other Supplies and Materials		49,488	
In Service/Staff Development		21,961	
Other Charges		670	
Other Equipment		1,540	
Total Other Student Support			\$ 170,632

Regular Instruction Program

Supervisor/Director	\$	34,555	
Instructional Computer Personnel		28,581	
Other Salaries and Wages		23,633	
In-service Training		6,480	
Social Security		5,781	
Pensions		9,395	
Employer Medicare		1,352	
Travel		1,964	
Other Contracted Services		13,166	
Other Supplies and Materials		101,806	
In Service/Staff Development		12,283	
Total Regular Instruction Program			238,996

Special Education Program

Assessment Personnel	\$	54,000	
In-service Training		2,250	
Social Security		3,373	
Pensions		5,085	
Medical Insurance		4,433	
Dental Insurance		305	
Employer Medicare		789	
Other Contracted Services		36,176	
Other Supplies and Materials		2,756	
In Service/Staff Development		3,608	
Total Special Education Program			112,775

Vocational Education Program

Travel	\$	2,571	
Total Vocational Education Program			2,571

Transportation

Bus Drivers	\$	1,216	
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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.)

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Social Security	\$	75	
Pensions		105	
Employer Medicare		18	
Total Transportation			\$ 1,414

Operation of Non-Instructional Services

Community Services

Supervisor/Director	\$	37,396	
Teachers		245,751	
Clerical Personnel		5,873	
Educational Assistants		10,037	
Other Salaries and Wages		29,473	
Social Security		19,912	
Pensions		31,300	
Employer Medicare		4,750	
Travel		800	
Instructional Supplies and Materials		3,928	
Other Supplies and Materials		538	
In Service/Staff Development		1,603	
Other Charges		240	
Other Equipment		836	
Total Community Services			\$ 392,437

Total School Federal Projects Fund \$ 3,124,125

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	61,603	
Accountants/Bookkeepers		41,148	
Clerical Personnel		30,300	
Cafeteria Personnel		555,086	
Social Security		40,754	
Pensions		81,534	
Medical Insurance		62,479	
Unemployment Compensation		1,084	
Employer Medicare		9,531	
Other Fringe Benefits		22,963	
Maintenance and Repair Services - Equipment		33,000	
Transportation - Other than Students		4,200	
Travel		5,627	
Other Contracted Services		20,439	
Food Preparation Supplies		76,350	
Food Supplies		869,335	
Office Supplies		3,324	
Uniforms		1,090	

(Continued)

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

Central Cafeteria Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

USDA - Commodities	\$	64,828	
Other Supplies and Materials		18,957	
In Service/Staff Development		1,799	
Refund to Applicant for Criminal Investigation		48	
Other Charges		1,000	
Food Service Equipment		30,234	
Total Food Service			<u>\$ 2,036,713</u>

Total Central Cafeteria Fund \$ 2,036,713

Total Governmental Funds - Haywood County School Department \$ 29,291,554

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, 2016

	Cities - Sales Tax Fund
<hr/>	
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 1,617,404
Total Cash Receipts	<u>\$ 1,617,404</u>
 <u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 1,601,230
Trustee's Commission	16,174
Total Cash Disbursements	<u>\$ 1,617,404</u>
 Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2015	<u>0</u>
 Cash Balance, June 30, 2016	<u><u>\$ 0</u></u>

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## SINGLE AUDIT SECTION

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

**Independent Auditor's 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***

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Haywood County, Tennessee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Haywood County's basic financial statements, and have issued our report thereon dated February 16, 2017. Our report includes a reference to other auditors who audited the financial statements of the discretely presented Haywood County Utility District, as described in our report on Haywood County's financial statements. This report does not include the results of other auditors testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a

combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2016-001, 2016-003(A-E), 2016-004, 2016-005, 2016-006, 2016-008, and 2016-009.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Haywood County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2016-002, 2016-003(F), 2016-007, 2016-010, and 2016-011.

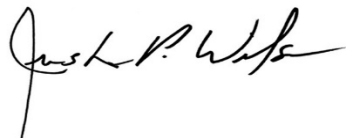
### **Haywood County's Responses to the Findings**

Haywood County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Haywood County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

February 16, 2017

JPW/yu



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

**Independent Auditor's Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and Report on the Schedule of  
Expenditures of Federal Awards Required by the Uniform Guidance**

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

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Haywood County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Haywood County's major federal programs for the year ended June 30, 2016. 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.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Haywood County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Haywood County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Haywood County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of Haywood County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Haywood County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

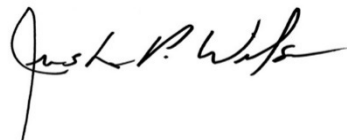
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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, 2016, and the related notes to the financial statements, which collectively comprise Haywood County's basic financial statements. We issued our report thereon dated February 16, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

February 16, 2017

JPW/yu

Haywood County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1) (2)  
For the Year Ended June 30, 2016

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 535,245
National School Lunch Program	10.555	N/A	1,168,132 (4)
Summer Food Service Program for Children	10.559	N/A	35,892
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	27,652
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	64,828 (4)
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	(3)	120,188
Total U.S. Department of Agriculture			\$ 1,951,937
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	34817	\$ 1,063,525
Total U.S. Department of Housing and Urban Development			\$ 1,063,525
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(3)	\$ 18,585
Total U.S. Department of Justice			\$ 18,585
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 987,323
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	718,875
Special Education - Preschool Grants	84.173	N/A	56,998
Career and Technical Education - Basic Grants to States	84.048	N/A	88,364
Twenty-first Century Community Learning Centers	84.287	N/A	398,714
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	108,560
Rural Education	84.358	N/A	55,427
English Language Acquisition State Grants	84.365	N/A	7,586
Supporting Effective Instruction State Grant	84.367	N/A	213,126
Teacher and School Leader Incentive Grants	84.374	N/A	553,266
Total U.S. Department of Education			\$ 3,188,239
Delta Regional Authority:			
Direct Program:			
Delta Area Economic Development	90.201	95-0750-0-1-452	\$ 21,765
Total Delta Regional Authority			\$ 21,765
Executive Office of the President:			
Passed-through Thirtieth Judicial District Drug Task Force:			
High Intensity Drug Trafficking Areas Program	95.001	(3)	\$ 8,139
Total Executive Office of the President			\$ 8,139
Total Expenditures of Federal Awards			\$ 6,252,190

(Continued)

Haywood County, Tennessee  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Innovative Healthful Behavioral Services - State Department of Health	N/A	GG1440749-01	\$ 21,041
Litter Grant - State Department of Transportation	N/A	(3)	34,573
Early Childhood Education - State Department of Education	N/A	(3)	610,008
Coordinated School Health - State Department of Education	N/A	(3)	90,000
Family Resource Center - State Department of Education	N/A	(3)	29,612
ConnecTenn - State Department of Education	N/A	(3)	7,963
ACT/EXP - State Department of Education	N/A	(3)	5,188
Art Student Ticket Subsidy - State Department of Education	N/A	(3)	2,742
School Climate - State Department of Education	N/A	(3)	40,864
Safe Schools - State Department of Education	N/A	(3)	<u>18,370</u>
 Total State Grants			 <u>\$ 860,361</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Haywood County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.
- (3) Information not available.
- (4) Total for CFDA No. 10.555 is \$1,232,960.

Haywood County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2016

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Haywood County, Tennessee, for the year ended June 30, 2016.

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<b><u>OFFICE OF COUNTY MAYOR</u></b>					
2015	193	2015-001	The Solid Waste Disposal Fund had a Deficit in Unrestricted Net Position	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	193	2015-002	A Lease-Purchase Agreement and a Capital Outlay Note were not Issued in Compliance with State Statutes	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	194	2015-003	Expenditures Exceeded Appropriations	N/A	Corrected
2015	194	2015-004	The Office had Deficiencies in Purchasing Procedures	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	195	2015-005	County Officials did not Adequately Control Access to the Courthouse Offices	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	195	2015-006	The County Mayor's Office had Deficiencies in Computer System Backup Procedures	N/A	Not Corrected - See Explanation on Corrective Action Plan
2015	196	2015-007	The Ambulance Service had Deficiencies in Computer System Backup Procedures	N/A	Corrected
2015	196	2015-008	Some Ambulance Service Funds were not Deposited Within Three Days of Collection	N/A	Corrected
<b><u>OFFICE OF CHIEF ADMINISTRATIVE HIGHWAY OFFICER</u></b>					
2015	197	2015-009	The Highway Department did not Maintain a System to Account for Materials Used on Some Types of Road Projects	N/A	Not Corrected - See Explanation on Corrective Action Plan
<b><u>OFFICES OF CLERK AND MASTER AND REGISTER OF DEEDS</u></b>					
2015	197	2015-010	Multiple Employees Operated from the Same Cash Drawer	N/A	Corrected



Haywood County, Tennessee  
 Summary Schedule of Prior-year Findings (Cont.)

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<b><u>OFFICE OF REGISTER OF DEEDS</u></b>					
2015	198	2015-011	The Register of Deeds Allowed Individuals Unsupervised Access to the Office After Business Hours	N/A	Corrected
<b><u>OFFICE OF REGISTER OF DEEDS AND THE AMBULANCE SERVICE</u></b>					
2015	198	2015-012	Duties were not Segregated Adequately	N/A	Corrected
<b><u>OFFICE OF SOLID WASTE AND CHIEF ADMINISTRATIVE HIGHWAY OFFICER</u></b>					
2015	198	2015-012	Duties were not Segregated Adequately	N/A	Not Corrected - See Explanation on Corrective Action Plan

*Prior-year Federal Awards Findings*

There were no prior-year federal award findings to report.

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**HAYWOOD COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2016**

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

**Financial Statements:**

- 1. Our report on the financial statements of Haywood County is unmodified.
- 2. Internal Control Over Financial Reporting:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **YES**
- 3. Noncompliance material to the financial statements noted? **NO**

**Federal Awards:**

- 4. Internal Control Over Major Federal Programs:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **NONE REPORTED**
- 5. Type of report auditor issued on compliance for major programs: **UNMODIFIED**
- 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
- 7. Identification of Major Federal Programs:
  - \* CFDA Number: 14.228 Community Development Block Grants/  
State's Program
  - \* CFDA Numbers 84.027 and 84.173 Special Education Cluster: Special  
Education - Grants to States and Special  
Education - Preschool Grants
- 8. Dollar threshold used to distinguish between Type A and Type B Programs: **\$750,000**
- 9. Auditee qualified as low-risk auditee? **YES**

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses are paraphrased and presented following each finding and recommendation. The county mayor, chief administrative highway officer, school department finance director, and trustee provided corrective action plans, which are paraphrased and presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report.

Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

### **OFFICE OF COUNTY MAYOR**

**FINDING 2016-001**                    **THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT IN UNRESTRICTED NET POSITION**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The Solid Waste Disposal Fund had a deficit in unrestricted net position of \$1,141,399 at June 30, 2016. This deficit resulted from the recognition of a liability totaling \$1,763,297 in the financial statements for costs associated with closing the county's landfill and monitoring the landfill for 30 years after its closure. Generally accepted accounting principles and state statutes require that such costs be reflected in the financial statements. This deficiency exists because management failed to correct the finding noted in prior-year audit reports and failed to provide adequate financing to fund the liability.

### **RECOMMENDATION**

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

### **MANAGEMENT'S RESPONSE – COUNTY MAYOR**

We concur with this finding. The liability for costs associated with the closing of the Haywood County Landfill in 1998 and the monitoring of the landfill for 30 years after its closure will be complete at the end of the postclosure term in 2028. In the event of a problem arising from the closed landfill, the county will use all available county funds to correct the problem.

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**FINDING 2016-002**                    **LEASE-PURCHASE AGREEMENTS WERE NOT ISSUED IN COMPLIANCE WITH STATE STATUTES**  
(Noncompliance Under *Government Auditing Standards*)

On December 9, 2015, the county entered into a \$241,726 lease-purchase agreement for an ambulance and four defibrillators, and on February 18, 2016, the county entered into a \$100,413 lease-purchase agreement for a bulldozer. The office did not file the Reports on

Debt Obligation with the state Comptroller's Office for these lease-purchase agreements until June 23, 2016. Section 9-21-151, *Tennessee Code Annotated*, requires that within 45 days following the issuance of debt, a county must provide to the state Comptroller's Office certain information, such as a description of the purchase for which the debt was issued, a description of the debt obligation, and an itemized description of the costs of issuance. This deficiency was the result of management's failure to correct the finding noted in the prior-year audit report.

#### RECOMMENDATION

The office should file a Report on Debt Obligation with the state Comptroller's Office for each debt issuance within 45 days of issuance as required by state statute.

#### MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding. The county will attempt to file all necessary Reports on Debt Obligation with the state Comptroller's Office within 45 days following the issuance of debt.

#### FINDING 2016-003

#### **THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**

(A. through E. – Internal Control – Significant Deficiency Under *Government Auditing Standards*; F. – Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for determining whether the purchasing process was operating as designed, we selected a sample of 67 disbursements totaling \$771,110 from a population of 4,865 vendor checks totaling \$10,740,598. Our examination revealed the following deficiencies, which are the result of a lack of management oversight, a lack of understanding of internal controls and sound business practices, and management's failure to correct the finding noted in the prior-year audit report.

- A. In ten of 13 applicable instances, purchase orders were not issued. Purchase orders are necessary to control who has purchasing authority for the county and to document purchase commitments. The failure to issue purchase orders increases the risks of unauthorized purchases.
- B. In two of 13 applicable instances, purchase orders were issued after the purchases were made. This practice defeats the purpose of issuing a purchase order and makes the purchase order an approval for payment rather than an approval of the purchase.
- C. In three of 67 applicable instances, disbursements were made without adequate documentation. The failure to maintain adequate documentation increases the risks of unauthorized purchases.
- D. In five of 67 applicable instances, purchases were coded to accounts that did not reflect the true nature of the expenditures. Sound budgetary principles require

expenditures to be coded to accounts that reflect the true nature of the expenditures. Misclassifying expenditures diminishes the usefulness of the accounting records as a management tool.

- E. In four of 48 applicable instances, invoices were paid late, resulting in service charges. Sound business practices dictate that invoices should be paid when payments are due to avoid unnecessary service charges.
- F. The county has adopted a travel policy governing employee business-related travel; however, in two of nine applicable instances, employees were reimbursed for meals at a different rate than allowed by the policy. The failure to follow the county's travel policy increases the risks of unauthorized expenditures.

### RECOMMENDATION

The County Mayor's Office should issue purchase orders for all applicable purchases before purchases are made to strengthen internal controls over purchasing procedures and to document purchasing commitments. Adequate documentation should be maintained to support all disbursements. Expenditures should be coded to accounts that most appropriately reflect the true nature of the transactions. Invoices should be paid on a current basis. The county should comply with its travel policy for the payment of employee business-related travel expense.

### MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding. The office will attempt to issue purchase orders for all applicable purchases in the future. Supporting documentation will be maintained for all disbursements. The office will work to ensure all purchases are coded properly, and invoices are paid timely. The office will issue travel reimbursements in accordance with the county's travel policy.

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### FINDING 2016-004

### **COUNTY OFFICIALS DID NOT ADEQUATELY CONTROL ACCESS TO THE COURTHOUSE OFFICES** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our examination disclosed that county officials did not adequately control access to the courthouse offices. One key will open multiple doors in the courthouse: at least one exterior door to the courthouse, a conference room, and the Offices of the Trustee, County Mayor, and Budget Director. Individuals who are not office employees could potentially enter one of the offices unsupervised. Sound business practices dictate that unsupervised access to offices weakens internal controls over assets. This deficiency is the result of management's decision and the failure of management to correct the finding noted in the prior-year audit report.

### RECOMMENDATION

County officials should control access to the courthouse offices.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding. Access to courthouse offices will be better controlled in the future.

FINDING 2016-005

**THE COMMUNITY DEVELOPMENT/INDUSTRIAL PARK FUND HAD A CASH OVERDRAFT AND A DEFICIT IN UNASSIGNED FUND BALANCE AT JUNE 30, 2016**

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

The Community Development/Industrial Park Fund had a cash overdraft of \$4,732 and a deficit in unassigned fund balance of \$4,732 at June 30, 2016. The cash overdraft resulted from the issuance of checks exceeding cash on deposit with the county trustee, and the deficit in unassigned fund balance resulted in expenditures exceeding available funds. Sound business practices dictate that expenditures be held within available funds.

RECOMMENDATION

The office should liquidate the cash overdraft and should not issue checks exceeding cash on deposit with the county trustee, and expenditures should be held within available funding.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding. The county will liquidate the cash overdraft and attempt to prevent the issuance of checks exceeding cash on deposit with the county trustee in the future. In addition, the county will attempt to restore the unassigned fund balance deficit and hold expenditures within available funds.

FINDING 2016-006

**THE OFFICE USED A SIGNATURE STAMP FOR VENDOR AND PAYROLL CHECKS**

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

Our examination disclosed that a signature stamp was used to affix the signature of the bookkeeper to vendor and payroll checks. *Tennessee Code Annotated* does not provide authority for the use of a signature stamp. Also, internal controls over the use of a signature stamp are inherently weak. This deficiency is the result of a lack of management oversight and a lack of understanding of internal controls.

RECOMMENDATION

The office should immediately discontinue the use of a signature stamp.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding. The county will discontinue the use of the signature stamp and dispose of any signature stamps currently maintained.

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FINDING 2016-007                    **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**  
(Noncompliance Under *Government Auditing Standards*)

System backups were not stored off-site. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. 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. This deficiency is also a result of management's failure to correct the finding noted in the prior-year audit report. Proper system backup procedures were implemented in May 2016.

RECOMMENDATION

Management should ensure backups are rotated off-site on a weekly basis.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding. As noted in the finding, proper system backup procedures were implemented in May 2016. Management will continue to perform daily backups and rotate backups off-site on a weekly basis.

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OFFICE OF CHIEF ADMINISTRATIVE HIGHWAY OFFICER

FINDING 2016-008                    **THE HIGHWAY DEPARTMENT DID NOT MAINTAIN A SYSTEM TO ACCOUNT FOR MATERIALS USED ON SOME TYPES OF ROAD PROJECTS**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The Highway Department had a system to determine the use of road materials such as bridge lumber and rock, for state-aid road projects. However, the department did not have a system to account for materials used on other types of road projects. Sound business practices dictate that the department account for the use of road materials. This deficiency exists because management failed to correct the finding noted in prior-year audit reports. The failure to

maintain a system to document the use of road materials results in a loss of control over 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.

**MANAGEMENT'S RESPONSE – CHIEF ADMINISTRATIVE HIGHWAY OFFICER**

We disagree with this finding. At the Haywood County Highway Department, we pride ourselves on responsible and efficient fiscal management. We do not feel this finding, while taken seriously, is necessary at this time.

**AUDITOR'S COMMENT**

Currently, the Highway Department does not have a system to account for materials used on some types of road projects, which could result in a loss of control over assets and increases the risk of inventory loss.

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**OFFICES OF SOLID WASTE AND CHIEF ADMINISTRATIVE HIGHWAY OFFICER**

**FINDING 2016-009**

**DUTIES WERE NOT SEGREGATED ADEQUATELY**

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

Duties were not segregated adequately among management and employees in the Offices of Solid Waste and Chief Administrative Highway Officer. Employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Sound business practices dictate that management is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

**RECOMMENDATION**

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

**MANAGEMENT'S RESPONSE – COUNTY MAYOR**

We concur with this finding. The Solid Waste Office will attempt to properly segregate duties in the future to the extent possible using available resources.



MANAGEMENT’S RESPONSE – CHIEF ADMINISTRATIVE HIGHWAY OFFICER

We disagree with this finding. At the Haywood County Highway Department, we pride ourselves on responsible and efficient fiscal management. We do not feel this finding, while taken seriously, is necessary at this time.

AUDITOR’S COMMENT

Currently, duties are not segregated adequately in the Office of Chief Administrative Highway Officer. Sound business practices dictate that management is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations.

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OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2016-010

**AMOUNTS WITHHELD FROM CONTRACTOR PAYMENTS WERE NOT DEPOSITED INTO AN ESCROW ACCOUNT**

(Noncompliance Under *Government Auditing Standards*)

The School Department did not deposit amounts withheld from contractor payments into an escrow account related to a \$685,900 construction contract for school improvements. Section 66-34-104, *Tennessee Code Annotated*, requires that funds withheld from contractor payments be deposited into an escrow account with a third-party for contracts of \$500,000 or more. This deficiency was the result of a lack of management oversight that could result in the loss of interest earnings for the contractor.

RECOMMENDATION

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

MANAGEMENT’S RESPONSE – SCHOOL DEPARTMENT FINANCE DIRECTOR

We concur with this finding and are aware that an escrow account should be set up for third-party contracts priced at \$500,000 or more, and funds withheld from contractor payments should be deposited therein until satisfactory completion of third-party contract work. We have set up retainage accounts in the past for third-party contracts. This finding was due to a transitional period in management and miscommunication.

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**OFFICE OF TRUSTEE**

**FINDING 2016-011**

**THE TRUSTEE PAID CHECKS ISSUED BY THE  
COMMUNITY DEVELOPMENT/INDUSTRIAL PARK  
FUND THAT EXCEEDED AVAILABLE FUNDS**  
(Noncompliance Under *Government Auditing Standards*)

The trustee paid checks issued from the Community Development/Industrial Park Fund that exceeded the available cash balance on deposit by \$4,732 at June 30, 2016. Section 8-11-104(5), *Tennessee Code Annotated*, prohibits the trustee from paying a check if sufficient funds are not available. This deficiency exists because the county mayor issued checks that exceeded cash on deposit with the trustee, and the trustee honored the checks.

**RECOMMENDATION**

The trustee should not pay checks that exceed available cash as required by state statute.

**MANAGEMENT'S RESPONSE – TRUSTEE**

I concur with this finding.

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

There were no findings and questioned costs related to federal awards for the year ended June 30, 2016.

**Haywood County, Tennessee  
Management's Corrective Action Plan  
For the Year Ended June 30, 2016**

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal awards are presented below:

**Corrective Action - Financial Statement Findings**

**OFFICE OF COUNTY MAYOR**

**FINDING 2016-001                      **THE SOLID WASTE DISPOSAL FUND HAD A DEFICIT  
IN UNRESTRICTED NET POSITION****

Response and Corrective Action Plan Prepared by:	Franklin Smith, County Mayor, Haywood County, Tennessee
Persons Responsible for Implementing the Corrective Action:	Franklin Smith, County Mayor, and Clinton Neal, Solid Waste Director
Anticipated Completion Date of Corrective Action:	2028
Repeat Finding:	Yes
Reason Why Corrective Action was Not Taken – PY:	Lack of fund balance and revenue collections necessary to fund the deficit.

**Planned Corrective Action:**

The liability for costs associated with the closing of the Haywood County Landfill in 1998 and monitoring of the landfill for 30 years after its closure will be complete at the end of the postclosure term in 2028. In the event of a problem arising from the closed landfill, the county will use all available county funds to correct the problem.

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**FINDING 2016-002                      **LEASE-PURCHASE AGREEMENTS WERE NOT ISSUED  
IN COMPLIANCE WITH STATE STATUTES****

Response and Corrective Action Plan Prepared by:	Franklin Smith, County Mayor, Haywood County, Tennessee
Person Responsible for Implementing the Corrective Action:	Rachel Ellington, Budget Director
Anticipated Completion Date of Corrective Action:	July 1, 2016
Repeat Finding:	Yes

Reason Why Corrective Action was Not Taken – PY: Vacancy in the Budget Director’s position.

Planned Corrective Action:

The budget director will file the Reports on Debt Obligation with the state Comptroller’s office within 45 days of the issuance of debt as required by state statutes.

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**FINDING 2016-003 THE OFFICE HAD DEFICIENCIES IN PURCHASING PROCEDURES**

Response and Corrective Action Plan Prepared by: Franklin Smith, County Mayor, Haywood County, Tennessee

Person Responsible for Implementing the Corrective Action: Same

Anticipated Completion Date of Corrective Action: June 30, 2017

Repeat Finding: Yes

Reason Why Corrective Action was Not Taken – PY: Lack of success in enforcement of purchasing procedures.

Planned Corrective Action:

The office will more diligently enforce purchasing procedures in the future. Purchase orders will be issued before the purchase. Supporting documentation will be maintained and filed for all disbursements. The office will work with department heads and elected officials to ensure that all purchases are coded to the proper accounts and that invoices are paid on time. The accounts payable clerk will issue travel reimbursements in accordance with the county’s adopted travel policies.

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**FINDING 2016-004 COUNTY OFFICIALS DID NOT ADEQUATELY CONTROL ACCESS TO THE COURTHOUSE OFFICES**

Response and Corrective Action Plan Prepared by: Franklin Smith, County Mayor, Haywood County, Tennessee

Person Responsible for Implementing the Corrective Action: Same

Anticipated Completion Date of Corrective Action: June 30, 2017

Repeat Finding: Yes

Reason Why Corrective Action was Not Taken – PY: Lack of management oversight.

Planned Corrective Action:

The office will request funding to change the locks at the courthouse.

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FINDING 2016-005

**THE COMMUNITY DEVELOPMENT/INDUSTRIAL PARK  
FUND HAD A CASH OVERDRAFT AND A DEFICIT IN  
UNASSIGNED FUND BALANCE AT JUNE 30, 2016**

Response and Corrective Action Plan Prepared by: Franklin Smith, County Mayor, Haywood County, Tennessee

Persons Responsible for Implementing the Corrective Action: Franklin Smith, County Mayor; Rachel Ellington, Budget Director; and William Howse, Trustee

Anticipated Completion Date of Corrective Action: June 30, 2017

Repeat Finding: No

Reason Why Corrective Action was Not Taken – PY: N/A

Planned Corrective Action:

The county will liquidate the cash overdraft and restore the deficit in unassigned fund balance. In the future, the county will work to prevent the issuance of checks exceeding cash on deposit with the county trustee and hold expenditures within available funds, paying special attention to grant expenditures and reimbursements.

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FINDING 2016-006

**THE OFFICE USED A SIGNATURE STAMP FOR  
VENDOR AND PAYROLL CHECKS**

Response and Corrective Action Plan Prepared by: Franklin Smith, County Mayor, Haywood County, Tennessee

Persons Responsible for Implementing the Corrective Action: Franklin Smith, County Mayor, and Tiwauna Mann, Accounts Payable/Payroll Clerk

Anticipated Completion Date of Corrective Action: February 9, 2017

Repeat Finding: No

Reason Why Corrective Action was Not Taken – PY: N/A

Planned Corrective Action:

The accounts payable/payroll clerk will discontinue the use of and dispose of the signature stamp maintained in her office.

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FINDING 2016-007

**THE OFFICE HAD DEFICIENCIES IN COMPUTER  
SYSTEM BACKUP PROCEDURES**

Response and Corrective Action Plan Prepared by: Franklin Smith, County Mayor, Haywood County, Tennessee

Person Responsible for Implementing the Corrective Action: Rachel Ellington, Budget Director  
Anticipated Completion Date of Corrective Action: February 1, 2017  
Repeat Finding: Yes  
Reason Why Corrective Action was Not Taken – PY: Vacancy in the Budget Director’s position.

Planned Corrective Action:

The budget director will perform a backup of the computer system in the Office of Mayor daily (all working days.) The budget director will save verification of such backups. The daily backups will be stored on external hard drives, which will be replaced every five years at a minimum. Daily backups will be rotated off-site on a weekly basis. In addition, Haywood County has purchased an online disaster recovery solution from our vendor in order to maintain additional backup data for disaster recovery purposes.

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**OFFICE OF CHIEF ADMINISTRATIVE HIGHWAY OFFICER**

**FINDING 2016-008**                      **THE HIGHWAY DEPARTMENT DID NOT MAINTAIN A SYSTEM TO ACCOUNT FOR MATERIALS USED ON SOME TYPES OF ROAD PROJECTS**

Response and Corrective Action Plan Prepared by: Greg McCarley, Chief Administrative Highway Officer, Haywood County, Tennessee  
Person Responsible for Implementing the Corrective Action: Same  
Anticipated Completion Date of Corrective Action: N/A  
Repeat Finding: Yes  
Reason Why Corrective Action was Not Taken – PY: The official does not feel corrective action is necessary at this time.

Planned Corrective Action:

We have no plans of corrective action.

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**OFFICES OF SOLID WASTE AND CHIEF ADMINISTRATIVE HIGHWAY OFFICER**

**FINDING 2016-009**                      **DUTIES WERE NOT SEGREGATED ADEQUATELY**

Response and Corrective Action Plan Prepared by: Franklin Smith, County Mayor, and Greg McCarley, Chief Administrative Highway Officer, Haywood County, Tennessee

Persons Responsible for Implementing the Corrective Action: Clinton Neal, Solid Waste Director, and Greg McCarley, Chief Administrative Highway Officer

Anticipated Completion Date of Corrective Action: Office of Solid Waste: June 30, 2017, Chief Administrative Highway Officer: N/A  
Repeat Finding: Yes

Reason Why Corrective Action was Not Taken – PY: Office of Solid Waste: The department failed to segregate duties to the extent necessary. Chief Administrative Highway Officer - The official does not feel corrective action is necessary at this time.

Planned Corrective Action – Office of Solid Waste:

The office will segregate duties by utilizing employees of both Sanitation (Fund 116) and Solid Waste Disposal (Fund 207) for the receipting and depositing processes of each fund in order to have an internal check before funds are deposited with the trustee.

Planned Corrective Action – Chief Administrative Highway Officer:

We have no plans of corrective action.

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**OFFICE OF DIRECTOR OF SCHOOLS**

**FINDING 2016-010                      **AMOUNTS WITHHELD FROM CONTRACTOR PAYMENTS WERE NOT DEPOSITED INTO AN ESCROW ACCOUNT****

Response and Corrective Action Plan Prepared by: Larry Livingston, School Department Finance Director, Haywood County, Tennessee

Person Responsible for Implementing the Corrective Action: Same  
Anticipated Completion Date of Corrective Action: February 2, 2017  
Repeat Finding: No  
Reason Why Corrective Action was Not Taken – PY: N/A

Planned Corrective Action:

To avoid any miscommunication, all parties involved in the procurement and payment of a third-party contract of \$500,000 or more will be properly notified of any and all aspects of the contract in order to comply with the state statute that requires funds withheld from such contractor payments be deposited into an escrow account. An agreed upon portion of any third-party contract price of \$500,000 or more will be deliberately withheld until the work is substantially complete to assure that the contractor or subcontractor will satisfy its obligations and complete a construction project. The retainage amount will be subtracted



from each invoice submitted for payment and deposited in an escrow account setup at a local bank to set aside these funds until the project is satisfactorily completed.

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**OFFICE OF TRUSTEE**

**FINDING 2016-011**

**THE TRUSTEE PAID CHECKS ISSUED BY THE  
COMMUNITY DEVELOPMENT/INDUSTRIAL PARK  
FUND THAT EXCEEDED AVAILABLE FUNDS**

Response and Corrective Action Plan Prepared by:	William Howse, Trustee, Haywood County, Tennessee
Person Responsible for Implementing the Corrective Action:	Same
Anticipated Completion Date of Corrective Action:	June 30, 2017
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY:	N/A

**Planned Corrective Action:**

The office will check cash balances closer in the future.

## **BEST PRACTICE**

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

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

### **HAYWOOD COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

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